

DUDLEY NEIGHBORS INCORPORATED
AND
SUBSIDIARIES
Consolidated Financial Statements
and
Independent Auditors' Report
June 30, 2014 and 2013

**Dudley Neighbors Incorporated
and
Subsidiaries**

Contents

	<i>Page</i>
Independent Auditors' Report	1
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6



Randall S. Davis & Company LLP

Certified Public Accountants

Creating Value From Numbers

Independent Auditors' Report

To the Board of Directors of
Dudley Neighbors Incorporated

We have audited the accompanying financial statements of Dudley Neighbors Incorporated (DNI) and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of DNI and Subsidiaries as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the DNI and Subsidiaries 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 16, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Russell C. Jarvis & Company LLP". The signature is written in a cursive, flowing style.

August 28, 2015

**Dudley Neighbors Incorporated
and
Subsidiaries**
Consolidated Statements of Financial Position
June 30, 2014 and 2013

	2014	2013
<i>Assets</i>		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 31,166	\$ 7,121
Accounts receivable (net of allowance of \$236,026 per year)	46,753	36,824
Due from employee	6,087	
Deferred rents	234,658	203,140
Deferred lease fee	80,000	80,000
Interest receivable	-	115,654
Total current assets	398,664	442,739
<i>Non-Current Assets:</i>		
Loan receivable	67,000	67,000
Interest receivable	241,605	219,063
Total non-current assets	308,605	286,063
<i>Property and Equipment:</i>		
Land and improvements	13,776,002	13,120,801
Building and improvements	179,318	179,318
Furniture and equipment	23,076	23,076
Less: accumulated depreciation	(554,248)	(523,464)
Net property and equipment	13,424,148	12,799,731
Total assets	\$ 14,131,417	\$ 13,528,533
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities:</i>		
Accounts payable and accrued expenses	\$ 3,127	\$ 4,008
Accrued property taxes	67,221	70,314
Total current liabilities	70,348	74,322
<i>Long-Term Debt</i>		
Due to related entity	519,881	517,798
Total liabilities	590,229	592,120
<i>Unrestricted Net Assets:</i>		
Designated for land acquisitions and maintenance	289,199	289,199
Undesignated	13,251,989	12,647,214
Total unrestricted net assets	13,541,188	12,936,413
Total liabilities and net assets	\$ 14,131,417	\$ 13,528,533

See accompanying notes to financial statements.

**Dudley Neighbors Incorporated
and
Subsidiaries**
Consolidated Statements of Activities
For the Years Ended June 30, 2014 and 2013

	<i>2014</i>	<i>2013</i>
<i>Change in Unrestricted Net Assets:</i>		
<i>Revenue and Support:</i>		
Rental income	\$ 264,974	\$ 263,735
Grants and contributions	762,966	33,292
Interest	54,275	47,190
Other income	<u>61,442</u>	<u>60,216</u>
Total revenue and support	<u>1,143,657</u>	<u>404,433</u>
<i>Expenses:</i>		
<i>Program and Supporting Services:</i>		
Community Development	472,849	412,938
Management and general	<u>60,492</u>	<u>34,144</u>
Total program and supporting services	<u>533,341</u>	<u>447,083</u>
Unallocated expenses	<u>5,541</u>	<u>2,855</u>
Total expenses	<u>538,882</u>	<u>449,938</u>
Change in net assets	<u>604,775</u>	<u>(45,504)</u>
Net assets, beginning of year	<u>12,936,413</u>	<u>12,981,917</u>
Net assets, end of year	<u>\$ 13,541,188</u>	<u>\$ 12,936,413</u>

See accompanying notes to financial statements.

**Dudley Neighbors Incorporated
and
Subsidiaries**
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

	2014	2013
<i>Cash Flows From Operating Activities</i>		
Change in net assets	\$ 604,775	\$ (45,504)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	209,772	126,074
Donated property and equipment	(655,201)	-
Depreciation	30,784	45,752
(Increase)/decrease in operating assets:		
Accounts receivable	(219,701)	(82,726)
Due from employee	(6,087)	-
Deferred rents receivable	(31,518)	(13,694)
Interest receivable	93,112	(4,653)
Increase/(decrease) in operating liabilities:		
Accounts payable and accrued expenses	(881)	(69,950)
Accrued property taxes	(3,093)	(64,672)
Due to related entity	2,083	97,577
Net cash provided by (used in) operating activities	<u>24,045</u>	<u>(11,796)</u>
Cash and cash equivalents, beginning of year	<u>7,121</u>	<u>18,917</u>
Cash and cash equivalents, end of year	<u>\$ 31,166</u>	<u>\$ 7,121</u>

See accompanying notes to financial statements.

**Dudley Neighbors Incorporated
and
Subsidiaries**
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

1. Organizations

Dudley Neighbors Incorporated (DNI), located in Roxbury, Massachusetts, is a community land trust and not-for-profit urban revitalization corporation organized under the Commonwealth of Massachusetts General Laws Chapter 121A. DNI was organized to ensure that the residents of the Dudley neighborhood will always own the land in the Dudley Triangle, a 30-acre section of Roxbury and North Dorchester, Massachusetts, eliminate blight and carry on community revitalization activity under a regulatory agreement with the Boston Redevelopment Authority. The regulatory agreement regulates DNI's operations and grants it eminent domain authority to acquire privately owned vacant land in the Dudley Triangle.

DNI was organized by the Dudley Street Neighborhood Initiative, Inc. (DSNI), a nonprofit tax-exempt 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 revitalizing the Dudley Street neighborhood. DSNI has a controlling interest in DNI through its power to appoint six out of nine voting members of DNI's 11-member board. DSNI has the ability to require that some of the voting members come from its board. At June 30, 2014, three of DNI's voting board members also served on the board of directors of DSNI.

To achieve its mission, DNI operates a community development program that primarily acquires vacant land, leases it to private and non-profit developers for the purpose of building affordable housing in accordance with the Comprehensive Master Plan. Upon sale of the housing and improvements, DNI enters into a 99-year ground lease with the homeowner or project owner in the case of a cooperative development.

DNI's operations are funded through minimal lease fees from leaseholders and contributions from the general public.

To date, DNI has the following developments on its properties.

- Winthrop Estates – 36 unit homeownership development
- Stafford Heights Coops – 41 unit low-income housing cooperative development
- Brook Ave Coop – 36 unit housing cooperative development
- Woodward Park Homes – 31 unit homeownership development
- Woodville Julian Homes – 11 unit homeownership and 2 unit rental development
- Dudley Village North and South – 5- rental units and 8,000 sq. ft. mix use development
- Brookford Dalin Dean Homes – 10 units of affordable homeownership
- 492 Dudley Street – Commercial building
- 550 Dudley Street –commercial building.

**Dudley Neighbors Incorporated
and
Subsidiaries**

Notes to Consolidated Financial Statements - *Continued*
June 30, 2014 and 2013

1. Organizations - Continued

Dudley Investments for Neighborhood Economics, Inc. (DINE), is a Massachusetts nonprofit corporation currently seeking tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. DINE was organized to own and operate an urban greenhouse facility located in Roxbury, Massachusetts. DINE has had no financial activity since it was organized in 1999. DNI is the sole member of DINE.

Dudley Neighbors Two, Inc. (DNI 2), a Massachusetts nonprofit corporation, was organized to hold title to a parcel of real estate named Dudley Village North located in Roxbury, Massachusetts, which was previously owned by DNI. DNI is the sole member of DNI 2. Funding for DNI 2's activity is provided by ground rents and property tax recoveries.

Dudley Neighbors Three, Inc. (DNI 3), a Massachusetts nonprofit corporation, was organized to hold title to a parcel of real estate named Dudley Village South, located in Roxbury, Massachusetts, which was previously owned by DNI. DNI is the sole member of DNI 3. Funding for DNI 3's activity is provided by ground rents and property tax recoveries.

DNI Winthrop Estates LLC (LLC 1) is a Massachusetts corporation organized in 2007 as a disregarded entity under Section 301.7701-3(b)(1)(ii) of the United States Treasury Regulation and applicable Massachusetts law. DNI Winthrop Estates LLC was organized to hold title to certain parcels of real property situated on Dudley Street, Dennis Street, Moreland Street, Huckins Street and Winthrop Street in the Roxbury District of Boston Massachusetts, which was previously owned by DNI. DNI is the sole member of DNI Winthrop Estates LLC.

DNI Woodward Park Homes LLC (LLC 2) is a Massachusetts corporation organized in 2007 as a disregarded entity under Section 301.7701-3(b)(1)(ii) of the United States Treasury Regulation and applicable Massachusetts law. DNI Woodward Park Homes LLC was organized to hold title to certain parcels of real property situated on Woodward Park Street, Howard Avenue and Howard Street in the Dorchester District of Boston Massachusetts, which was previously owned by DNI. DNI is the sole member of DNI Woodward Park Homes LLC.

DNI Woodward Park Homes II South LLC (LLC 3) is a Massachusetts corporation organized in 2007 as a disregarded entity under Section 301.7701-3(b)(1)(ii) of the United States Treasury Regulation and applicable Massachusetts law. DNI Woodward Park Homes II South LLC was organized to hold title to certain parcels of real property situated on Howard Avenue, Dean Street, Brookford Street, Robinhood Street and Hartford Terrace in the Dorchester District of Boston Massachusetts, which was previously owned by DNI. DNI is the sole member of DNI Woodward Park Homes II South LLC.

**Dudley Neighbors Incorporated
and
Subsidiaries**

Notes to Consolidated Financial Statements - *Continued*
June 30, 2014 and 2013

1. Organizations - Continued

DNI Woodward Park Homes II North LLC (LLC 4) is a Massachusetts corporation organized in 2007 as a disregarded entity under Section 301.7701-3(b)(1)(ii) of the United States Treasury Regulation and applicable Massachusetts law. DNI Woodward Park Homes II North LLC was organized to hold title to certain parcels of real property situated on Brook Avenue, and Downey Court in the Dorchester District of Boston Massachusetts, which was previously owned by DNI. DNI is the sole member of DNI Woodward Park Homes II North LLC.

DNI Woodville Julian Homes LLC (LLC 5) is a Massachusetts corporation organized in 2007 as a disregarded entity under Section 301.7701-3(b)(1)(ii) of the United States Treasury Regulation and applicable Massachusetts law. DNI Woodville Julian Homes LLC was organized to hold title to certain parcels of real property situated on Woodville Street, Rand Street, and Julian Street in the Dorchester and Roxbury Districts of Boston Massachusetts, which was previously owned by DNI. DNI is the sole member of DNI Woodville Julian Homes LLC.

DNI Brookford Dalin Dean Street Homes LLC (LLC 6) is a Massachusetts corporation organized in 2008 as a disregarded entity under Section 301.7701-3(b)(1)(ii) of the United States Treasury Regulation and applicable Massachusetts law. DNI Brookford Dalin Dean Street Homes LLC was organized to hold title to certain parcels of real property situated on Brookford Street, Dalin Place, Dean Street, Julian Street, Dacia Street, Ingleside Street, Adrian Street and Victor Street in the Dorchester District of Boston, Massachusetts, which was previously owned by DNI. DNI is the sole member of DNI Brookford Dalin Dean Street Homes LLC.

DNI 4, Inc., a Massachusetts nonprofit corporation, was organized to perform the functions of, and to carry out the purposes of, Dudley Street Neighborhood Initiative, Inc., and its affiliated entities. DNI is the sole member of DNI 4, Inc.

DNI 5, Inc., a Massachusetts nonprofit corporation, was organized to perform the functions of, and to carry out the purposes of, Dudley Street Neighborhood Initiative, Inc., and its affiliated entities. DNI is the sole member of DNI 5, Inc.

North Ave LLC, a single member LLC, was created to hold title to land under a single family home. DNI is the sole member of North Ave LLC.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of DNI and its wholly owned subsidiaries (collectively, the Organization). All significant intercompany transactions and balances have been eliminated in consolidation.

**Dudley Neighbors Incorporated
and
Subsidiaries**

Notes to Consolidated Financial Statements - *Continued*
June 30, 2014 and 2013

2. *Summary of Significant Accounting Policies - Continued*

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in United States of America.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Net Assets Classification

Net assets of the Organization 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.
- *Temporarily Restricted Net Assets* - net assets subject to donor imposed stipulations that may or will be satisfied through the actions of the Organization and/or the passage of time. At June 30, 2014 and 2013, the Organization had no temporarily restricted net assets.
- *Permanently Restricted Net Assets* – Net assets subject to donor imposed stipulations that the Organization permanently maintain certain contributed assets. Permanent restrictions do not pass with the expiration of time, nor can they be removed through the Organization's actions. At June 30, 2014 and 2013, the Organization had no permanently restricted net assets.

Net assets accumulated that are not subject to donor imposed restrictions, but which the Board of Directors of the Organization has earmarked for specific uses, are segregated in the accounting records as "board-designated" funds within the unrestricted category of net assets.

Rental Income

Rental income is derived from land and office space leases and is recognized as earned in accordance with the underlying leases. All leases between the Organization and its tenants are operating leases.

**Dudley Neighbors Incorporated
and
Subsidiaries**

Notes to Consolidated Financial Statements - *Continued*
June 30, 2014 and 2013

2. *Summary of Significant Accounting Policies - Continued*

Accounts Receivable

Accounts receivable are presented net of the allowance for doubtful accounts. The Organization'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.

Grants and Contributions

Grants and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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.

The Organization 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.

Property and Equipment

Donations of property and equipment and land taken through eminent domain are recorded as support at their estimated fair value. Donated property and equipment 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, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization 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 \$500 are capitalized.

Depreciation expense was \$30,784 and \$45,752 for the fiscal years ended June 30, 2014 and 2013, respectively.

**Dudley Neighbors Incorporated
and
Subsidiaries**

Notes to Consolidated Financial Statements - *Continued*
June 30, 2014 and 2013

2. *Summary of Significant Accounting Policies - Continued*

Planned Major Maintenance Activities

The Organization uses the direct expensing method to account for planned major maintenance activities, under which actual costs incurred are expensed directly when maintenance is performed.

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 loans and is calculated using the compound-interest method on the total principal and interest amounts outstanding. Loans are placed on nonaccrual status when management believes, after considering economic and business conditions and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance for uncollectible interest is established.

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. Costs that cannot be reasonably allocated to programs or supporting services are reported as unallocated expenses.

Donated Goods and Services

The Organization receives donated goods and services in support of its programs. Donated goods 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.

Dudley Neighbors Incorporated
and
Subsidiaries
Notes to Consolidated Financial Statements - *Continued*
June 30, 2014 and 2013

2. *Summary of Significant Accounting Policies - Continued*

Income Taxes

DNI 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. DINE, DNI 2, DNI 3, DNI 4, and DNI 5 are exempt from state income taxes under Chapter 180 of the Massachusetts General Laws and are seeking Federal tax exempt status under section 501(c)(3) of the Internal Revenue Code. For tax purposes, LLC 1 through LLC 6 and North Ave LLC are treated as a part of DNI. Unrelated business income, of which the Organization had none for the fiscal years 2014 and 2013, would be subject to Federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

DNI 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. DNI has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its 2014 returns and believe they are more-likely-than-not of being sustained if examined by Federal or state tax authorities. DNI’s 2011 through 2013 tax years remain subject to examination by Federal and state tax authorities.

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.

3. *Related Party Transactions*

DNI shares certain employees with DSNI. DSNI bills DNI for the payroll and related costs of employees that work on behalf of DNI. DSNI also provides management services, office space and the free use of office equipment to DNI for a nominal management fee of \$2,400 annually. In addition, DSNI provides cash advances and zero interest short-term loans to cover cash flow shortages due to collection issues. During 2014, DSNI contributed \$39,428 to DNI to cover staff and operating costs. \$519,881 and \$517,798, respectively, was owed to DSNI at June 30, 2014 and 2013.

Subsequent to June 30, 2014, DSNI voted to forgive the debt that had accumulated from DNI and develop a formal Memorandum of Understanding that would detail the organizations’ respective roles and responsibilities around staffing, fundraising, office space, equipment and other support.

**Dudley Neighbors Incorporated
and
Subsidiaries**

Notes to Consolidated Financial Statements - *Continued*
June 30, 2014 and 2013

4. *Donated Services*

During fiscal years 2014 and 2013, DNI received legal services on a pro-bono basis in support of its community development program. The services were valued at \$67,988 and \$30,832, respectively, for 2014 and 2013 and are reported in the accompanying financial statements.

5. *Loan Receivable*

Loan receivable represents the remaining \$67,000 of a \$367,000 mortgage loan assigned to DNI by the City of Boston on March 1, 1994. The loan is due from Stafford Heights Limited Partnership for a cooperative housing development built on land owned by DNI. The loan accrues interest at 7.88% per annum, compounded annually, and matures on December 31, 2022. All payments of principal and deferred interest are due at maturity. The loan is secured by a third mortgage on the building. Interest income accrued during 2014 and 2013 was \$22,542 and \$20,895, respectively. Total accrued interest at June 30, 2014 and 2013 was \$241,605 and \$219,063, respectively.

6. *Deferred Lease Fee and Rents*

DNI has a ground lease with Brook Veterans Limited Partnership (Brook Veterans) that required the payment of an initial acquisition fee of \$80,000. The lease agreement allowed for the deferment of payment until February 11, 2014. Until that time, interest on the unpaid balance accrued at a rate of 7% per annum, compounded annually. After the deferral period, monthly interest and late fees were charged at 1.50% and 5%, respectively. Total accrued interest and late fees at June 30, 2014 and 2013 was \$0 and \$115,654, net of write-offs, respectively.

In addition, pursuant to the terms of the ground lease, Brook Veterans is required to pay annual real estate taxes assessed to DNI and monthly rents of \$1,542, beginning in May 1999, adjusted annually by the greater of 5% or the percentage change in the Consumer Price Index, as defined. A minimum annual rent payment of \$4,200 adjusted annually, as previously described, is required under the lease. The balance of the annual payments can be deferred and is payable annually from Brook Veteran's net cash flow as defined in its Partnership Agreement. All deferred amounts are due on the earlier of the 16th anniversary of the date of the lease or the date on which Brook Veterans is no longer controlled by either of the entities controlling it at the time the lease was executed (February 11, 2014). Deferred rents at June 30, 2014 and 2013 totaled \$234,658 and \$203,140, net of write-offs, respectively.

**Dudley Neighbors Incorporated
and
Subsidiaries**

Notes to Consolidated Financial Statements - *Continued*
June 30, 2014 and 2013

7. Leases

Commercial Lease

DNI leases space to a commercial tenant under a noncancelable operating lease that expires in fiscal year 2015. Minimum ground lease payments to be received in 2015 is \$7,843.

Ground Leases

DNI, DNI 2 and DNI 3 have various 99-year ground leases on land leased for development. Estimated minimum ground lease payments to be received in each of the next five fiscal years are as follows:

<i>Fiscal Year</i>	<i>Amount</i>
2015	\$ 110,631
2016	112,989
2017	115,466
2018	118,066
2019	<u>120,796</u>
Total	<u>\$ 577,948</u>

8. Property Taxes

DNI, DNI 2 and DNI 3 have entered into Chapter 121A agreements with the Commonwealth of Massachusetts, which exempts their real property from local taxation and subjects them to an alternative tax. This alternative tax payment is due annually by March 15. Taxes are charged as additional rent to property owners that lease land to cover the related property tax. Real estate taxes are calculated using estimated fair cash values which may vary from the final valuations, since the City of Boston is only required to send Fair Cash Value notifications annually by January 1st to every 121A property owner and the organizations operate on a fiscal year basis that runs from July to June. Real estate tax expense for the fiscal years ended June 30, 2014 and 2013 was estimated to be \$133,647 and \$142,750, respectively. Accrued property taxes payable was estimated to be \$67,221 and \$70,314, respectively, at June 30, 2014 and 2013.

**Dudley Neighbors Incorporated
and
Subsidiaries**

Notes to Consolidated Financial Statements - *Continued*
June 30, 2014 and 2013

9. *Concentration of Risk*

Total receivables from Stafford Heights Limited Partnership (\$308,605 and \$286,063, respectively, at June 30, 2014 and 2013) and Brook Veterans Limited Partnership (\$314,658 and \$398,794, respectively, at June 30, 2014 and 2013) represented 93% and 95%, respectively, of the Organization's total receivables at June 30, 2014 and 2013

The Organization follows the practice of filing statutory liens on all projects where collection problems are anticipated. The liens serve as collateral for the receivables.

10. *Subsequent Events*

The Organization has performed an evaluation of subsequent events through August 28, 2015, which is the date the financial statements were available to be issued.