

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

AND

DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2022 AND 2021

Smith  Sullivan
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 302  Westborough, Massachusetts 01581

Tel: 508.871.7178 Fax: 508.871.7179 www.ssbcpa.com

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.
AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021



Mission Statement

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

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

C O N T E N T S

| | <i>Pages</i> |
|--|--------------|
| <i><u>Consolidated Financial Statements</u></i> | |
| Independent Auditors' Report..... | 1 - 2 |
| Consolidated Statements of Financial Position as of June 30, 2022 and 2021..... | 3 |
| Consolidated Statements of Activities for the Years Ended June 30, 2022 and 2021..... | 4 |
| Consolidated Statements of Functional Expenses for the Years Ended June 30, 2022 and 2021..... | 5 |
| Consolidated Statements of Cash Flows for the Years Ended June 30, 2022 and 2021..... | 6 |
| Notes to Consolidated Financial Statements..... | 7 - 21 |
| <i><u>Supplemental Consolidating Statements</u></i> | |
| Consolidating Statement of Financial Position as of June 30, 2022..... | 22 |
| Consolidating Statement of Financial Position as of June 30, 2021..... | 23 |
| Consolidating Statement of Activities for the Year Ended June 30, 2022..... | 24 |
| Consolidating Statement of Activities for the Year Ended June 30, 2021..... | 25 |
| Consolidating Statement of Functional Expenses for the Year Ended June 30, 2022..... | 26 |
| Consolidating Statement of Functional Expenses for the Year Ended June 30, 2021..... | 27 |
| Consolidating Statement of Cash Flows for the Year Ended June 30, 2022..... | 28 |
| Consolidating Statement of Cash Flows for the Year Ended June 30, 2021..... | 29 |

Smith Sullivan & Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 302  Westborough, Massachusetts 01581

Tel: 508.871.7178 Fax: 508.871.7179 www.ssbcpa.com

INDEPENDENT AUDITORS' REPORT

To the Boards of Directors
Dudley Street Neighborhood Initiative, Inc. and
Dudley Neighbors Incorporated and Subsidiaries
Roxbury, Massachusetts

Opinion

We have audited the accompanying financial statements of Dudley Street Neighborhood Initiative, Inc. and Dudley Neighbors Incorporated and Subsidiaries (Massachusetts nonprofit organizations) (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dudley Street Neighborhood Initiative, Inc. and Dudley Neighbors Incorporated and Subsidiaries as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dudley Street Neighborhood Initiative, Inc. and Dudley Neighbors Incorporated and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

To the Boards of Directors
Dudley Street Neighborhood Initiative, Inc. and
Dudley Neighbors Incorporated and Subsidiaries
Page Two

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dudley Street Neighborhood Initiative, Inc. and Dudley Neighbors Incorporated and Subsidiaries' 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 audits.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 22 - 29 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
August 9, 2023

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

ASSETS

| | <u>2022</u> | <u>2021</u> |
|--|--------------------------|--------------------------|
| <u>CURRENT ASSETS:</u> | | |
| Cash | \$ 1,795,869 | \$ 1,193,293 |
| Grants and Contributions Receivable | 803,672 | 761,489 |
| Rent and Real Estate Taxes Receivable, Net | 314,980 | 112,146 |
| Prepaid Expenses | <u>11,682</u> | <u>10,607</u> |
| Total Current Assets | <u>2,926,203</u> | <u>2,077,535</u> |
| <u>NET PROPERTY AND EQUIPMENT</u> | <u>14,646,292</u> | <u>14,401,375</u> |
| <u>OTHER ASSETS:</u> | | |
| Grants Receivable, Non-Current | 100,000 | 336,162 |
| Loan Receivable | 67,000 | 67,000 |
| Interest Receivable | <u>498,782</u> | <u>457,455</u> |
| Total Other Assets | <u>665,782</u> | <u>860,617</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 18,238,277</u> | <u>\$ 17,339,527</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|--------------------------|--------------------------|
| <u>CURRENT LIABILITIES:</u> | | |
| Loan Payable | \$ 5,866 | \$ 5,500 |
| Capital Lease Obligation | - | 7,638 |
| Accounts Payable and Accrued Expenses | 223,816 | 66,576 |
| Accrued Payroll and Related Costs | 39,239 | 43,224 |
| Passthrough Funds | 527,220 | 481,845 |
| Deferred Rent | <u>6,970</u> | <u>16,837</u> |
| Total Current Liabilities | <u>803,111</u> | <u>621,620</u> |
| <u>LONG-TERM LIABILITIES:</u> | | |
| Passthrough Funds | - | 247,955 |
| Capital Lease Obligation, Net of Current Portion | - | 2,174 |
| Loan Payable, Net of Current Portion | 334,827 | 340,290 |
| Mortgage Note Payable | <u>1,402,704</u> | <u>1,271,122</u> |
| Total Long-Term Liabilities | <u>1,737,531</u> | <u>1,861,541</u> |
| <u>TOTAL LIABILITIES</u> | <u>2,540,642</u> | <u>2,483,161</u> |
| <u>NET ASSETS:</u> | | |
| Net Assets Without Donor Restrictions | 14,834,094 | 14,207,968 |
| Net Assets With Donor Restrictions | <u>863,541</u> | <u>648,398</u> |
| Total Net Assets | <u>15,697,635</u> | <u>14,856,366</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 18,238,277</u> | <u>\$ 17,339,527</u> |

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

| | 2022 | | | 2021 | | |
|---|---|--|-----------------------------|---|--|-----------------------------|
| | <u>WITHOUT DONOR RESTRICTIONS</u> | <u>WITH DONOR RESTRICTIONS</u> | <u>TOTAL</u> | <u>WITHOUT DONOR RESTRICTIONS</u> | <u>WITH DONOR RESTRICTIONS</u> | <u>TOTAL</u> |
| <u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u> | | | | | | |
| <i>Support and Revenues:</i> | | | | | | |
| Rental Income and Real Estate Tax Reimbursement | \$ 507,862 | \$ - | \$ 507,862 | \$ 258,815 | \$ - | \$ 258,815 |
| Program Service Revenue | 17,400 | - | 17,400 | 7,863 | - | 7,863 |
| Gifts, Grants and Contributions | 894,166 | 1,100,708 | 1,994,874 | 413,269 | 1,187,720 | 1,600,989 |
| Paycheck Protection Program Grant | - | - | - | 184,845 | - | 184,845 |
| Donated Services | 54,492 | - | 54,492 | 173,028 | - | 173,028 |
| Interest Income | 41,578 | - | 41,578 | 38,694 | - | 38,694 |
| Miscellaneous Income | 2,648 | - | 2,648 | 3,991 | - | 3,991 |
| Total Support and Revenues | 1,518,146 | 1,100,708 | 2,618,854 | 1,080,505 | 1,187,720 | 2,268,225 |
| <i>Reclassification of Net Assets:</i> | | | | | | |
| Net Assets Released from Restrictions | 885,565 | (885,565) | - | 894,477 | (894,477) | - |
| <u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u> | <u>2,403,711</u> | <u>215,143</u> | <u>2,618,854</u> | <u>1,974,982</u> | <u>293,243</u> | <u>2,268,225</u> |
| <u>FUNCTIONAL EXPENSES:</u> | | | | | | |
| Program Services | 1,234,786 | - | 1,234,786 | 1,208,234 | - | 1,208,234 |
| Administrative | 403,891 | - | 403,891 | 387,160 | - | 387,160 |
| Fund Raising | 138,908 | - | 138,908 | 74,810 | - | 74,810 |
| <u>TOTAL FUNCTIONAL EXPENSES</u> | <u>1,777,585</u> | <u>-</u> | <u>1,777,585</u> | <u>1,670,204</u> | <u>-</u> | <u>1,670,204</u> |
| <u>CHANGE IN NET ASSETS</u> | 626,126 | 215,143 | 841,269 | 304,778 | 293,243 | 598,021 |
| <u>NET ASSETS - BEGINNING OF YEAR</u> | <u>14,207,968</u> | <u>648,398</u> | <u>14,856,366</u> | <u>13,903,190</u> | <u>355,155</u> | <u>14,258,345</u> |
| <u>NET ASSETS - END OF YEAR</u> | <u>\$ 14,834,094</u> | <u>\$ 863,541</u> | <u>\$ 15,697,635</u> | <u>\$ 14,207,968</u> | <u>\$ 648,398</u> | <u>\$ 14,856,366</u> |

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

| | 2022 | | | | 2021 | | | |
|----------------------------------|-----------------------------------|-----------------------------------|-------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|-------------------------------------|
| | <u>PROGRAM</u> <u>SERVICES</u> | <u>ADMINI-</u> <u>STRATIVE</u> | <u>FUND</u> <u>RAISING</u> | <u>CONSOLIDATED</u> <u>TOTAL</u> | <u>PROGRAM</u> <u>SERVICES</u> | <u>ADMINI-</u> <u>STRATIVE</u> | <u>FUND</u> <u>RAISING</u> | <u>CONSOLIDATED</u> <u>TOTAL</u> |
| Salaries and Wages | \$ 365,279 | \$ 87,824 | \$ 105,481 | \$ 558,584 | \$ 425,330 | \$ 137,156 | \$ 45,721 | \$ 608,207 |
| Payroll Taxes | 37,537 | 8,920 | 10,524 | 56,981 | 44,986 | 14,848 | 5,009 | 64,843 |
| Fringe Benefits | 32,664 | 7,907 | 9,352 | 49,923 | 51,537 | 18,608 | 6,552 | 76,697 |
| Grants/Subawards | - | - | - | - | 40,000 | - | - | 40,000 |
| Consultants/Professional Fees | 131,879 | 124,461 | - | 256,340 | 232,132 | 153,419 | 8,016 | 393,567 |
| Program/Project Costs | 15,443 | - | - | 15,443 | 51,857 | 4,817 | 1,313 | 57,987 |
| COVID-19 Assistance | 53,121 | - | - | 53,121 | 157,910 | - | - | 157,910 |
| Real Estate Taxes | 321,407 | - | - | 321,407 | 70,174 | - | - | 70,174 |
| Occupancy | 179,953 | 8,249 | 6,787 | 194,989 | 55,885 | 7,069 | 5,858 | 68,812 |
| Insurance | 27,204 | 1,850 | 486 | 29,540 | 25,390 | 3,167 | 180 | 28,737 |
| Depreciation Expense | 32,778 | 2,145 | 1,778 | 36,701 | 41,462 | 1,625 | 1,347 | 44,434 |
| Office Supplies and Expenses | 19,582 | 6,057 | 3,152 | 28,791 | 11,430 | 4,244 | 814 | 16,488 |
| Staff Travel | 1,908 | 613 | - | 2,521 | 141 | 16 | - | 157 |
| Dues, Fees and Subscriptions | 15,561 | 52,022 | 515 | 68,098 | - | 18,199 | - | 18,199 |
| Interest Expense | - | 18,009 | - | 18,009 | - | 20,603 | - | 20,603 |
| Bad Debt Expense | - | 47,053 | - | 47,053 | - | 1,940 | - | 1,940 |
| Miscellaneous Expense | 470 | 38,781 | 833 | 40,084 | - | 1,449 | - | 1,449 |
| Total Functional Expenses | <u>\$ 1,234,786</u> | <u>\$ 403,891</u> | <u>\$ 138,908</u> | <u>\$ 1,777,585</u> | <u>\$ 1,208,234</u> | <u>\$ 387,160</u> | <u>\$ 74,810</u> | <u>\$ 1,670,204</u> |

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Change in Net Assets | \$ 841,269 | \$ 598,021 |
| <i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i> | | |
| Depreciation Expense | 36,701 | 44,434 |
| <i>(Increase) Decrease in Current Assets:</i> | | |
| Grants and Contributions Receivable | (42,183) | (411,044) |
| Accounts Receivable, Program Services, Net | - | 2,450 |
| Rent and Real Estate Taxes Receivable, Net | (202,835) | 10,573 |
| Prepaid Expenses | (1,076) | 12,139 |
| <i>Increase (Decrease) in Current Liabilities:</i> | | |
| Accounts Payable and Accrued Expenses | 157,240 | (30,099) |
| Accrued Payroll and Related Costs | (3,984) | 4,789 |
| Passthrough Funds | (202,580) | 364,845 |
| Conditional Grant Advance | - | (26,145) |
| Deferred Rent | (9,867) | 6,923 |
| <i>(Increase) Decrease in Other Assets:</i> | | |
| Grants Receivable, Non-Current | 236,162 | (336,162) |
| Interest Receivable | (41,327) | (38,307) |
| <i>Increase (Decrease) in Non-Current Liabilities:</i> | | |
| Passthrough Funds | - | 247,955 |
| Net Adjustment | <u>(73,749)</u> | <u>(147,649)</u> |
| <u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u> | <u>767,520</u> | <u>450,372</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | |
| Cash Outlay for Capital Expenditures | <u>(281,618)</u> | <u>(45,461)</u> |
| Net Cash Flows From Investing Activities | <u>(281,618)</u> | <u>(45,461)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | |
| Proceeds from Mortgage Note Payable | 131,583 | - |
| Principal Payments on Loans Payable | (5,097) | (5,113) |
| Principal Payments on Capital Lease Obligations | <u>(9,812)</u> | <u>(7,465)</u> |
| Net Cash Flows From Financing Activities | <u>116,674</u> | <u>(12,578)</u> |
| <u>NET INCREASE IN CASH BALANCES</u> | <u>602,576</u> | <u>392,333</u> |
| <u>CASH BALANCES - BEGINNING OF YEAR</u> | <u>1,193,293</u> | <u>800,960</u> |
| <u>CASH BALANCES - END OF YEAR</u> | <u>\$ 1,795,869</u> | <u>\$ 1,193,293</u> |
| <i>Supplemental Disclosures :</i> | | |
| Interest Paid | <u>\$ 18,009</u> | <u>\$ 20,603</u> |

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 ORGANIZATION AND PURPOSE

Dudley Street Neighborhood Initiative, Inc.:

Dudley Street Neighborhood Initiative (“DSNI”) is a thirty-five-year-old resident-led, nonprofit planning and organizing group in the Roxbury/North Dorchester area of Boston. DSNI’s mission is to empower Dudley residents to organize, plan for, create, and control a vibrant, diverse and high-quality neighborhood in collaboration with community partners. DSNI’s approach to neighborhood revitalization is comprehensive and focuses on four strategic areas - Development without Displacement, Resident Empowerment, Neighborhood Development and Youth Voice. In partnership with nonprofit organizations, businesses, and religious institutions serving the neighborhood, DSNI works to implement resident-led revitalization plans. DSNI qualifies as a public charity under Section 509(a)(1) of the Internal Revenue Code (“IRC”). DSNI has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to DSNI qualify for the maximum charitable deduction for federal income tax purposes.

Dudley Neighbors Incorporated:

Dudley Neighbors Incorporated (“DNI”), located in Roxbury, Massachusetts, is a community land trust and nonprofit 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, to eliminate blight and carry on community revitalization activity under a regulatory agreement with the Boston Planning and Development Agency (formerly 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 DSNI to carry out the housing development component of DSNI’s Comprehensive Master Plan guide by revitalizing the Dudley Street Neighborhood. DSNI has a controlling interest in DNI through its power to appoint six out of nine voting members to the Board of Directors and DSNI has the ability to require that some of the voting members come from its board. Typically, two or three of DNI’s voting board members also serve on the Board of Directors of DSNI.

The following is a list of the DNI Subsidiaries:

Dudley Neighbors Two, Inc. (“DNI 2”):

DNI 2, a Massachusetts nonprofit corporation, was organized in 2006 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”):

DNI 3, a Massachusetts nonprofit corporation, was organized in 2006 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.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 1 *(Continued)*

DNI 4, Inc.:

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 4, Inc. owns properties that are held for farming and gardening purposes. DNI is the sole member of DNI 4, Inc.

DNI 5, Inc.:

DNI 5, Inc., a Massachusetts nonprofit corporation, was organized in 2013 to perform the functions of, and to carry out the purposes of, Dudley Street Neighborhood Initiative, Inc., and its affiliated entities. DNI 5, Inc. owns properties that are held for commercial use. DNI is the sole member of DNI 5, Inc.

DNI North Avenue LLC:

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

Dudley Neighbors Incorporated was the sole corporate member of the following disregarded LLC's under Section 301.7701-3(b)(1)(ii) of the United States Treasury Regulation and applicable Massachusetts law:

- DNI Woodward Park Homes LLC
- DNI Woodward Park Homes II South LLC
- DNI Woodward Park Homes II North LLC
- DNI Woodsville Julian Homes LLC
- DNI Winthrop Estates LLC

The above-mentioned entities had been dissolved by the Secretary of the Commonwealth of Massachusetts on April 19, 2011. On June 30, 2016, each of the above entities granted certain parcels of real estate property that were previously owned by DNI to Dudley Neighbors Holding LLC for a \$10 consideration.

Dudley Neighbors Holding LLC ("DNH") is a Massachusetts corporation organized on December 23, 2015 as a disregarded entity under Section 301.7701-3(b)(1)(ii) of the United States Treasury Regulation and applicable Massachusetts law. DNH was organized to acquire, develop, construct, rehabilitate, improve, maintain, finance, manage, operate, lease, sell, convey, assign mortgages and otherwise deal with real estate, whether directly or indirectly, through one or more business trusts, partnerships, limited liability companies or other entities, and to carry on any related or unrelated lawful business, trade, purpose or activity. DNI is the sole corporate member of DNH.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 2 PROGRAM SERVICES

Dudley Street Neighborhood Initiative:

Dudley Street Neighborhood Initiative's strategic focus areas consist of the following:

- *Development Without Displacement* - Includes all aspects of land use, physical development, affordable housing, and commercial and economic development.
- *Resident Empowerment* - Includes providing meaningful leadership opportunities for residents that build civic engagement and inform community processes and comprehensive planning.
- *Youth Voice* – Includes engaging young people in the comprehensive planning process through various training and leadership activities.
- *Neighborhood Development* – Includes opportunities for residents to build their assets and gain wealth as well as creative placemaking activities that celebrate and preserve the communities culture and build healthy systems.

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.

Dudley Neighbors Incorporated:

Dudley Neighbors Incorporated is the community land trust established by DSNI thirty years ago to carry out the economic development plans of the neighborhood, which includes development without displacement, affordable housing, and community economic development. DNI's economic development and housing activities are based on DSNI's vision and implemented by the DSNI Sustainable Economic Development team. DNI partners with nonprofit and private developers to build affordable housing, commercial spaces and other uses determined through community planning processes and serves as the steward of the land. The land trust now owns more than 30 acres of land in the Dudley neighborhood, with 227 units of affordable housing, community farms, a greenhouse, playgrounds and commercial spaces.

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 improvement, 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, contributions from the general public and grants from foundations that support the work.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 2 *(Continued)*

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 development
- Dudley Village North and South - 50 rental units and 8,000 square feet mixed use development
- Brookford Dalin Dean Homes - 10-unit homeownership development
- 492 Dudley Street - commercial building
- 568-572 Columbia Road - commercial building
- 33 North Ave - single family home
- 31-33 Woodville Street - 2-unit family home

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The consolidated financial statements of Dudley Street Neighborhood Initiative, Inc. and Dudley Neighbors Incorporated and Subsidiaries have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles, has in management’s opinion, resulted in reliable and consistent financial reporting by the Organization.

Principles of Consolidation:

The accompanying consolidated financial statements incorporate the accounts of DSNI, DNI and subsidiaries (collectively the “Organization”). All material inter-affiliated accounts and transactions are eliminated in the consolidated financial statements.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 3 *(Continued)*

Financial Statement Presentation:

The Organization reports information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as defined below.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. As of June 30, 2022 and 2021, the Organization has no net assets that are required to be maintained in perpetuity. The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Receivables:

Grants and Contributions Receivable reflects the balance due on pledges and gift commitments that are intended to support programs, events and general operations, including time restricted gifts. The portion of grants and contributions receivable which is scheduled for payment in the coming fiscal year is classified as current, while commitments that exceed one year are classified as non-current. Promises to give with payment dates that extend beyond one year are discounted to their present value when such amounts are considered material. As of June 30, 2022 and 2021, the non-current grants receivable were due in FY 2024 and 2023, respectively. Management considers these commitments to be fully collectible and therefore, has not established a reserve for uncollectible amounts. For the year presented, the Organization did not report any losses on unpaid pledge and gift commitments.

Rent and Real Estate Taxes Receivable, Net represents amounts due from tenants of the various ground leases and are presented net of an allowance for uncollectible amounts. Management provides for probable uncollectible amounts for tenant rents through a provision for bad debt expense and an adjustment to a valuation allowance. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has established an allowance for doubtful accounts in the amount of \$98,000 and \$92,898 as of June 30, 2022 and 2021, respectively.

Management periodically reviews receivables to determine if any balances are uncollectible. The allowance for uncollectible receivables is determined based on historical experience, review of specific accounts, an assessment of economic conditions, and a review of subsequent collections.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 3 *(Continued)*

Property, Equipment, and Depreciation:

Land and land improvements, buildings and improvements, leasehold improvements, and furniture and equipment purchases are capitalized at cost, if purchased, or if donated, at fair value on the date of receipt. Expenditures for maintenance, repairs, and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. DSNI has a capitalization policy of \$1,000, while DNI utilizes a capitalization threshold of \$500. Depreciation of property and equipment is computed using the straight-line method and is charged against support and revenues over the following estimated useful lives of the assets, as expressed in terms of years.

| <u>Asset Category</u> | <u>Life</u> |
|-------------------------|-------------|
| Land | - |
| Land Improvements | 10 |
| Buildings | 40 |
| Building Improvements | 10 - 20 |
| Furniture and Equipment | 3 - 7 |

The Organization reviews their investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of the property. There were no impairment losses recognized in the years presented.

Agency Transactions:

Occasionally, DSNI acts as the lead agent on community initiatives and collaborations which involve the efforts of other nonprofit partners. In this capacity, DSNI submits grant applications and proposals for funding on behalf of other organizations as well as funding for DSNI's role in the initiative. The terms of these funding agreements do not grant DSNI the unilateral power to redirect the funds for other purposes (known as "variance power") and have been classified as agency transactions. Under Generally Accepted Accounting Principles, agency funds are not considered to be contributions to DSNI, and are carried as either cash or grants receivable with a corresponding liability on the Consolidated Statements of Financial Position. During the years presented, DSNI received grant commitments that met this criteria and has recorded grants receivable with a corresponding liability for *Passthrough Funds*. The obligation for agency transactions is classified as current or non-current to coincide with the timing of the corresponding grant commitment and management's expectations about the related payment terms.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 3 *(Continued)*

Revenue Recognition:

Rental Income and Real Estate Tax Reimbursement - DNI

Rental Income is derived from land and office space leases and is recognized as earned in accordance with the underlying lease. Advance receipts of rental income are deferred and classified as liabilities until earned. Real Estate Taxes are paid to the City of Boston and the Commonwealth of Massachusetts by DNI and charged back to tenants pursuant to the terms of the underlying ground leases.

Contributions, Gifts and Grants:

The Organization is the beneficiary of contributions in the form of grants from other organizations, governmental agencies, donations of cash and financial assets from individuals and contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor's stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the Organization reasonably expects to collect. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material. Amounts receivable from donors are evaluated yearly for collectability and an allowance for uncollectible pledges is recorded as necessary.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restriction are met, at which time the net assets are reclassified to net assets without donor restrictions.

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable grant advance. When the conditions are met the revenue is reported as contributions without donor restrictions unless there are further restrictions over and above those associated with the donor conditions. In such cases, when the conditions and restrictions are met within the same reporting period, the support is recognized as contributions or grants without donor restrictions.

Paycheck Protection Program

DSNI received two loans from People's United Bank through the Paycheck Protection Program ("PPP") established by the U.S. CARES Act. The Organization elected to account for the expected forgivable portion of these loans as conditional grant commitments. The first loan, referred to as PPP-1, in the amount of \$158,700 was received on April 25, 2020. The second loan, referred to as PPP-2, also in the amount of \$158,700, was received on May 6, 2021. As of June 30, 2021 and 2020, the Organization has incurred \$184,845 and \$132,555, respectively, of qualifying costs which have been recognized as grant income for the fiscal years then ended. DSNI applied for and was granted full forgiveness on both loans.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 3 *(Continued)*

Donations of Nonfinancial Assets:

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the years ended June 30, 2022 and 2021, DNI received \$54,492 and \$86,514 respectively, in pro-bono legal services in support of its community development program and general corporate matters. Contributions of legal services are recognized at fair value based on current rates for similar legal services. All such donations are without donor restrictions. The Organization does not monetize its nonfinancial donations.

Functional Expenses:

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that are common to several functions are allocated using the Organization's time and space usage allocation formula. In the accompanying Consolidated Statements of Functional Expenses, expenses allocated by time include *Salaries and Wages*, *Payroll Taxes* and *Fringe Benefits*. *Occupancy*, *Depreciation Expense*, and *Office Supplies and Expenses* are all allocated based upon space usage. Supporting services are those related to managing the Organization's general operations and its programs on a day-to-day basis. Supporting services have been sub-classified below:

Administrative - includes all activities related to the Organization's internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

Tax Position:

The Organization currently evaluates all tax positions and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by the Organization and its subsidiaries are the existence of Unrelated Business Income Tax and the Organization's tax-exempt status under IRC Section 501(c)(3) and the fact that changes may result from closing of statute of limitations on tax returns, new legislation, and clarification of existing legislation through government pronouncements, the courts, and through the examination process.

DNI North Avenue LLC, a single member LLC, is treated as a disregarded entity for income tax purposes. Income or loss is reported directly on DSNI's information filings.

For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on these evaluations.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 3 *(Continued)*

Reclassification:

Certain amounts in the prior year have been reclassified to conform to the current year presentation. Reclassifications made to the prior year have no impact on total net assets or changes in net assets.

Recent Accounting Guidance:

Recently Implemented Standards

On September 17, 2020, the FASB issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency in reporting nonprofit gifts-in-kind in the Organization's financial statements. This standard was adopted by the Organization effective July 1, 2021. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognized and recorded donated goods and services, and therefore, no changes in the previously issued consolidated financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. This standard was adopted by the Organization effective July 1, 2020. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue, and therefore no changes in the previously issued audited consolidated financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Recently Issued Standards

In February 2016, the FASB issued ASC Update No. 2016-02, (Topic 842) *Leases* which establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. This standard is effective for this Organization in financial statements issued for the fiscal year beginning July 1, 2022. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 4 PROPERTY AND EQUIPMENT

Property and Equipment consists of land and land improvements, lease improvements, buildings and associated improvements, furnishings, and equipment. The following is a summary of property and equipment as of June 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------------|-------------------------|
| <u>DNI</u> | | |
| Land | \$13,907,885 | \$13,907,885 |
| Land Improvements | 782,535 | 520,912 |
| Buildings and Improvements | 697,031 | 677,037 |
| Furniture and Equipment | <u>10,220</u> | <u>10,220</u> |
| Subtotal DNI Property | 15,397,671 | 15,116,054 |
| Less: Accumulated Depreciation | <u>(760,730)</u> | <u>(736,148)</u> |
| DNI Property, Net | <u>\$14,636,941</u> | <u>\$14,379,906</u> |
| <u>DSNI</u> | | |
| Furniture and Equipment | \$ 159,306 | \$ 159,306 |
| Less: Accumulated Depreciation | <u>(149,955)</u> | <u>(137,837)</u> |
| DSNI Property, Net | <u>\$ 9,351</u> | <u>\$ 21,469</u> |
| Consolidated Property and Equipment, Net | <u>\$14,646,292</u> | <u>\$14,401,375</u> |

Property Acquisition:

In April 2017, DNI 5, Inc. acquired the property located at 559 Columbia Road and 568-572 Columbia Road, Dorchester, Massachusetts for \$1,000,000. The purchase was funded by an Acquisition Opportunities Program from the City of Boston in the amount of \$1,400,000 that is structured as a non-interest bearing loan. DNI has fully drawn down on the loan proceeds to fund necessary renovations and carrying costs (such as utilities) of the building.

In March 2022, DNI 5, Inc. conveyed the property located at 559 Columbia Road, Dorchester, MA to the Boston Redevelopment Authority *d/b/a* Boston Planning & Development Agency (an agency for the City of Boston) for \$100. The conveyed property is a vacant lot which was included in the above noted April 2017 acquisition and bundled loan from the City of Boston. The property was transferred without a corresponding reduction in the acquisition loan; therefore, it is the position of DNI that the transaction was not complete as of June 30, 2022. As of the financial statement release date, DNI was in discussions with the City of Boston regarding a debt modification agreement. The book value of the property (acquisition plus accumulated carrying costs) is approximately \$250,000, while the current assessed value is roughly double that amount. Since the transaction has not been completed, pending the determination of consideration in the form of debt reduction, DNI has not recorded the conveyance.

DNI is currently working with the City of Boston and community partners to plan the future of this property in coordination with a revitalization plan for Upham's Corner. In June 2021, Dorchester Bay Economic Development Corporation (DBEDC) and Preservation of Affordable Housing (POAH) were designated co-developers for the DNI-owned site located at 568-572 Columbia Road. A Memorandum of Understanding was fully executed on August 9, 2022.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 4 *(Continued)*

The property purchased is in current use and therefore, the Organization has included this asset as *Property and Equipment* in the accompanying Consolidated Statements of Financial Position.

NOTE 5 LOAN RECEIVABLE

DNI has a formal loan agreement with Stafford Heights Limited Partnership (“Stafford Heights”) for a cooperative housing development built on land that is 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. *Loan Receivable* represents the remaining \$67,000 of a \$367,000 mortgage note. Interest income accrued during FY 2022 and 2021 was \$41,327 and \$38,309, respectively. Cumulative accrued interest as of June 30, 2022 and 2021 was \$498,782 and \$457,455, respectively. As of the financial statement release date, DNI and Stafford Heights were negotiating the terms of a loan modification, and therefore, the balance of the loan receivable and accrued interest is presented as a non-current asset in the accompanying Consolidated Statements of Financial Position.

NOTE 6 DEBT

Local Enterprise Assistance Fund (“LEAF”):

In May 2018, DSNI entered into a formal term loan agreement in the amount of \$360,000 with LEAF. The term loan refinanced an existing line-of-credit with an outstanding balance of \$100,000, provided additional funds in the amount of \$260,000 and is structured as a ten-year note with monthly payments of principal and interest based on a 30-year amortization schedule. The interest is fixed at 6.25% per year, with monthly payments of principal and interest totaling \$2,217 and requires DSNI to maintain a debt service coverage ratio of 1:1. A property owned by DNI located at 492 Dudley Street in Dorchester, Massachusetts serves as collateral for the loan. Interest expense in connection with this loan amounted to \$18,009 and \$20,213 for the years ended June 30, 2022 and 2021, respectively.

The principal portion of the above debt scheduled for payment in FY 2023 is \$5,866 and the remaining non-current maturities for the subsequent five-year period is scheduled below:

| <u>Fiscal Year Ending</u> | <u>Amount</u> |
|---------------------------|------------------|
| June 30, 2024 | \$ 6,139 |
| June 30, 2025 | 6,501 |
| June 30, 2026 | 6,885 |
| June 30, 2027 | 7,291 |
| Thereafter* | <u>308,011</u> |
| Total | <u>\$334,827</u> |

*Includes a balloon payment of \$303,256

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 6 (Continued)

City of Boston:

As further disclosed in Note 4, DNI 5, Inc. acquired a property in Dorchester, Massachusetts with a plan to renovate the building. On April 19, 2017, DNI 5, Inc. entered into a mortgage loan agreement with the City of Boston through its Public Facility Commission with a maximum borrowing limit of \$1,429,100. This non-interest bearing loan matures on April 19, 2027. The loan was obtained to fund all costs and expenses for the acquisition of and rehabilitation work on the Upham Corner Building (568-572 Columbia Road, Dorchester, Massachusetts). DNI has guaranteed this loan. As of June 30, 2022 and 2021, the outstanding balance was \$1,402,704 and \$1,271,122, respectively, and is recorded as *Mortgage Note Payable* in the accompanying Consolidated Statements of Financial Position. DNI intends to sell the building as part of a community revitalization project and will repay the debt upon the sale. DNI intends to retain ownership of the land, consistent with its primary charitable mission.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2022 and 2021, net assets with donor restrictions are restricted for the following projects and purposes:

| <u>Nature of Restriction</u> | <u>2022</u> | <u>2021</u> |
|----------------------------------|------------------|------------------|
| Development Without Displacement | \$360,690 | \$ - |
| Neighborhood Development | 244,409 | 260,862 |
| Time Restricted | 180,000 | 333,333 |
| Resident Empowerment | 76,442 | 21,737 |
| Land Trust | 2,000 | 2,000 |
| Community Garden | - | 30,466 |
| Total | <u>\$863,541</u> | <u>\$648,398</u> |

For the years presented, net assets were released from restriction for the following projects and purposes:

| <u>Nature of Restriction</u> | <u>2022</u> | <u>2021</u> |
|----------------------------------|------------------|------------------|
| Development Without Displacement | \$232,017 | \$265,834 |
| Neighborhood Development | 374,983 | 362,791 |
| Resident Empowerment | 198,099 | 212,101 |
| Time Restrictions Lapsed | 50,000 | 16,667 |
| Community Garden | 30,466 | 27,084 |
| Youth Program | - | 10,000 |
| Total | <u>\$885,565</u> | <u>\$894,477</u> |

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 8 PROPERTY TAXES

DNI, DNI 2, and DNI 3 are parties to Chapter 121A agreements with the Commonwealth of Massachusetts, which exempts real property from local taxation and subjects them to an alternative tax. This alternative tax payment is due annually by March 15th. 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. Due to staff turnover and delays caused by the pandemic, the annual taxes for calendar years 2020 and 2021 were remitted late, and subject to penalties and interest. DNI filed and paid all outstanding taxes in September 2021 and January 2023, and as of the financial statement release date, was compliant with its filings. As a result of the delay, there is a timing difference in the recognition of the expenses with corresponding reimbursements due such that the FY 2022 fiscal year includes two calendar years of Chapter 121A taxes, while FY 2021 has understated expenses of \$124,897 and offsetting understated reimbursement revenue. As of June 30, 2022, *Accounts Payable and Accrued Expenses* includes \$150,176 which was due for calendar year 2021 and paid in January 2023.

NOTE 9 LEASE COMMITMENTS

Operating Lease:

DSNI executed a five-year lease for office space located at 550 Dudley Street. Under the lease agreement, rent is payable in monthly installments of \$4,961 starting May 1, 2018. Actual rent expense is recognized on a straight-line basis, where the difference between the rent expense recognized and the amount paid is reported as *Deferred Rent* in the accompanying Consolidated Statements of Financial Position. A security deposit of \$1,000 was paid by DSNI. The aggregate rent expense recognized for the years ended June 30, 2022 and 2021 was \$48,360 and \$52,721, respectively.

As of June 30, 2022, the future minimum lease obligation arising from this commitment is \$26,166, which is due in FY 2023.

NOTE 10 CONCENTRATIONS

Cash:

The Organization is subject to concentrations in credit risk relating primarily to cash. For the years presented, the majority of the Organization's cash deposits and investments are held in one financial institution. Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") under the applicable limits; however, at times cash balances may exceed federally insured limits. As of June 30, 2022 and 2021 cash balances in excess of the FDIC coverage were \$1,295,590 and \$664,300, respectively. The Organization has not experienced any losses on uninsured cash balances.

Receivables:

As of June 30, 2021, the balance due on two grant commitments accounts for 88% of total *Grants and Contributions Receivable*.

As of June 30, 2022, the balance due on three grant commitments accounts for 90% of total *Grants and Contributions Receivable*.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 10 (Continued)

As of June 30, 2022, the balance due from two commercial properties accounts for approximately 77% of land rent and real estate tax reimbursements due. These balances were paid in full subsequent to year end.

NOTE 11 CONTINGENCIES

Impact of COVID-19:

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of grants, contributions, revenue and other material adverse effects to the Organization's financial position, change in net assets and cash flows. The Organization is not able to estimate the length of severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effect on the Organization's operations continue for an extended period of time, the Organization may have to seek alternative measures to finance its operation. There is no assurance these measures will be successful.

NOTE 12 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of the years presented, reduced by amounts which are not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year of the Consolidated Statement of Financial Position date or when restricted by donors for purposes more limited than general expenditures.

| | <u>2022</u> | <u>2021</u> |
|---|--------------------|--------------------|
| Financial Assets: | | |
| Cash | \$1,795,869 | \$1,193,293 |
| Grants and Contributions Receivable | 903,672 | 1,097,651 |
| Rent and Real Estate Taxes Receivable, Net | 314,980 | 112,146 |
| Loan Receivable | 67,000 | 67,000 |
| Interest Receivable | <u>498,782</u> | <u>457,455</u> |
| Total Financial Assets | 3,580,303 | 2,927,545 |
| Less: Amounts Not Available to be Used | | |
| Within One Year: | | |
| Grants Receivable Non-Current | (100,000) | (336,162) |
| Passthrough Funds | (527,220) | (729,800) |
| Loan Receivable | (67,000) | (67,000) |
| Interest Receivable | <u>(498,782)</u> | <u>(457,455)</u> |
| Financial Assets Available to Meet General Expenditures Within One Year | <u>\$2,387,301</u> | <u>\$1,337,128</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 12 *(Continued)*

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities of operating programs as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 13 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the consolidated financial statements. Therefore, Management has evaluated subsequent events through August 9, 2023, the date which the consolidated financial statements were available for issue, and noted the following events which met the criteria for disclosure:

City of Boston, Mayor’s Office of Housing Grant:

DSNI, as convening organization for the Greater Boston Community Land Trust Network (“GBCLTN”) was granted \$2,000,000 to establish a Revolving Loan Fund in the amount of \$1,500,000 for GBCLTN members and to utilize the remaining \$500,000 to further the activities that build the scale, impact and capacity of Community Land Trusts in Boston. The term of the grant is January 27, 2023 through December 31, 2026. The Revolving Loan Fund will be administered by DSNI and serviced by the Local Enterprise Assistance Corporation (“LEAF”). The remaining \$500,000, known as the Impact Fund, will be used to provide permanent subsidies, program development and administration of the fund.

Stafford Heights:

As disclosed in Note 5, DNI holds a note receivable from Stafford Heights which matured in December 2022. As of the financial statement release date, DNI was in negotiation with Stafford Heights to restructure the note.

Operating Lease:

As disclosed in Note 9, DSNI’s lease for office space expired in May 2023, at which time, DSNI continued to occupy the space on a tenancy at will basis while the lease extension was under negotiation.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2022

| | <u>DSNI</u> | <u>DNI</u> | <u>ELIMIN- ATIONS</u> | <u>CONSOLIDATED TOTAL</u> |
|--|---------------------|----------------------|---------------------------|-------------------------------|
| <u>ASSETS</u> | | | | |
| <u>CURRENT ASSETS:</u> | | | | |
| Cash | \$ 1,364,779 | \$ 431,090 | \$ - | \$ 1,795,869 |
| Grants and Contributions Receivable | 803,672 | - | - | 803,672 |
| Rent and Real Estate Taxes Receivable, Net | - | 314,980 | - | 314,980 |
| Prepaid Expenses | 3,209 | 8,473 | - | 11,682 |
| Total Current Assets | <u>2,171,660</u> | <u>754,543</u> | <u>-</u> | <u>2,926,203</u> |
| <u>NET PROPERTY AND EQUIPMENT</u> | <u>9,351</u> | <u>14,636,941</u> | <u>-</u> | <u>14,646,292</u> |
| <u>OTHER ASSETS:</u> | | | | |
| Grants Receivable, Non-Current | 100,000 | - | - | 100,000 |
| Loan Receivable | - | 67,000 | - | 67,000 |
| Interest Receivable | - | 498,782 | - | 498,782 |
| Due from DNI | 197,987 | - | (197,987) | - |
| Total Other Assets | <u>297,987</u> | <u>565,782</u> | <u>(197,987)</u> | <u>665,782</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 2,478,998</u> | <u>\$ 15,957,266</u> | <u>\$ (197,987)</u> | <u>\$ 18,238,277</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| <u>CURRENT LIABILITIES:</u> | | | | |
| Loan Payable | \$ 5,866 | \$ - | \$ - | \$ 5,866 |
| Accounts Payable and Accrued Expenses | 22,632 | 201,184 | - | 223,816 |
| Accrued Payroll and Related Costs | 32,863 | 6,376 | - | 39,239 |
| Passthrough Funds | 527,220 | - | - | 527,220 |
| Due to DSNI | - | 197,987 | (197,987) | - |
| Deferred Rent | 1,970 | 5,000 | - | 6,970 |
| Total Current Liabilities | <u>590,551</u> | <u>410,547</u> | <u>(197,987)</u> | <u>803,111</u> |
| <u>LONG-TERM LIABILITIES:</u> | | | | |
| Loan Payable, Net of Current Portion | 334,827 | - | - | 334,827 |
| Mortgage Note Payable | - | 1,402,704 | - | 1,402,704 |
| Total Long-Term Liabilities | <u>334,827</u> | <u>1,402,704</u> | <u>-</u> | <u>1,737,531</u> |
| <u>TOTAL LIABILITIES</u> | <u>925,378</u> | <u>1,813,251</u> | <u>(197,987)</u> | <u>2,540,642</u> |
| <u>NET ASSETS:</u> | | | | |
| Net Assets Without Donor Restrictions | 692,079 | 14,142,015 | - | 14,834,094 |
| Net Assets With Donor Restrictions | 861,541 | 2,000 | - | 863,541 |
| Total Net Assets | <u>1,553,620</u> | <u>14,144,015</u> | <u>-</u> | <u>15,697,635</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 2,478,998</u> | <u>\$ 15,957,266</u> | <u>\$ (197,987)</u> | <u>\$ 18,238,277</u> |

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2021

| | <u>DSNI</u> | <u>DNI</u> | <u>ELIMIN- ATIONS</u> | <u>CONSOLIDATED TOTAL</u> |
|--|---------------------|----------------------|---------------------------|-------------------------------|
| <u>ASSETS</u> | | | | |
| <u>CURRENT ASSETS:</u> | | | | |
| Cash | \$ 814,921 | \$ 378,372 | \$ - | \$ 1,193,293 |
| Grants and Contributions Receivable | 761,489 | - | - | 761,489 |
| Rent Receivable, Net | - | 112,146 | - | 112,146 |
| Prepaid Expenses | 3,077 | 7,530 | - | 10,607 |
| Total Current Assets | <u>1,579,487</u> | <u>498,048</u> | <u>-</u> | <u>2,077,535</u> |
| <u>NET PROPERTY AND EQUIPMENT</u> | <u>21,469</u> | <u>14,379,906</u> | <u>-</u> | <u>14,401,375</u> |
| <u>OTHER ASSETS:</u> | | | | |
| Grants Receivable, Non-Current | 336,162 | - | - | 336,162 |
| Loan Receivable | - | 67,000 | - | 67,000 |
| Interest Receivable | - | 457,455 | - | 457,455 |
| Due from DNI | - | 15,544 | (15,544) | - |
| Total Other Assets | <u>336,162</u> | <u>539,999</u> | <u>(15,544)</u> | <u>860,617</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 1,937,118</u> | <u>\$ 15,417,953</u> | <u>\$ (15,544)</u> | <u>\$ 17,339,527</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| <u>CURRENT LIABILITIES:</u> | | | | |
| Loan Payable | \$ 5,500 | \$ - | \$ - | \$ 5,500 |
| Capital Lease Obligation | 7,638 | - | - | 7,638 |
| Accounts Payable and Accrued Expenses | 54,953 | 11,623 | - | 66,576 |
| Accrued Payroll and Related Costs | 26,207 | 17,017 | - | 43,224 |
| Passthrough Funds | 481,845 | - | - | 481,845 |
| Due to DSNI | 15,544 | - | (15,544) | - |
| Deferred Rent | 5,942 | 10,895 | - | 16,837 |
| Total Current Liabilities | <u>597,629</u> | <u>39,535</u> | <u>(15,544)</u> | <u>621,620</u> |
| <u>LONG-TERM LIABILITIES:</u> | | | | |
| Passthrough Funds | 247,955 | - | - | 247,955 |
| Capital Lease Obligation, Net of Current Portion | 2,174 | - | - | 2,174 |
| Loan Payable, Net of Current Portion | 340,290 | - | - | 340,290 |
| Mortgage Note Payable | - | 1,271,122 | - | 1,271,122 |
| Total Long-Term Liabilities | <u>590,419</u> | <u>1,271,122</u> | <u>-</u> | <u>1,861,541</u> |
| <u>TOTAL LIABILITIES</u> | <u>1,188,048</u> | <u>1,310,657</u> | <u>(15,544)</u> | <u>2,483,161</u> |
| <u>NET ASSETS:</u> | | | | |
| Net Assets Without Donor Restrictions | 133,138 | 14,074,830 | - | 14,207,968 |
| Net Assets With Donor Restrictions | 615,932 | 32,466 | - | 648,398 |
| Total Net Assets | <u>749,070</u> | <u>14,107,296</u> | <u>-</u> | <u>14,856,366</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 1,937,118</u> | <u>\$ 15,417,953</u> | <u>\$ (15,544)</u> | <u>\$ 17,339,527</u> |

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>DSNI</u> | | | <u>DNI</u> | | | <u>ELIMIN-</u> <u>ATIONS</u> | <u>CONSOLIDATED</u> <u>ACTIVITIES</u> |
|--|---|--|----------------------------|---|--|-----------------------------|---------------------------------|--|
| | <u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u> | <u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u> | <u>SUBTOTAL</u> | <u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u> | <u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u> | <u>SUBTOTAL</u> | | |
| <u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u> | | | | | | | | |
| <i>Support and Revenues:</i> | | | | | | | | |
| Rental Income and Real Estate Tax Reimbursement | \$ - | \$ - | \$ - | \$ 507,862 | \$ - | \$ 507,862 | \$ - | \$ 507,862 |
| Program Service Revenue | 6,400 | - | 6,400 | 11,000 | - | 11,000 | - | 17,400 |
| Gifts, Grants and Contributions | 577,233 | 1,100,708 | 1,677,941 | 316,933 | - | 316,933 | - | 1,994,874 |
| Donated Services | 27,246 | - | 27,246 | 27,246 | - | 27,246 | - | 54,492 |
| Interest Income | 200 | - | 200 | 41,378 | - | 41,378 | - | 41,578 |
| Miscellaneous Income | 2,648 | - | 2,648 | - | - | - | - | 2,648 |
| <i>Reclassification of Net Assets:</i> | | | | | | | | |
| Net Assets Released from Restrictions | 855,099 | (855,099) | - | 30,466 | (30,466) | - | - | - |
| <u>TOTAL SUPPORT, REVENUES</u> <u>AND RECLASSIFICATIONS</u> | <u>1,468,826</u> | <u>245,609</u> | <u>1,714,435</u> | <u>934,885</u> | <u>(30,466)</u> | <u>904,419</u> | <u>-</u> | <u>2,618,854</u> |
| <u>FUNCTIONAL EXPENSES:</u> | | | | | | | | |
| Program Services | 552,142 | - | 552,142 | 682,644 | - | 682,644 | - | 1,234,786 |
| Administrative | 241,649 | - | 241,649 | 162,242 | - | 162,242 | - | 403,891 |
| Fund Raising | 116,094 | - | 116,094 | 22,814 | - | 22,814 | - | 138,908 |
| <u>TOTAL FUNCTIONAL EXPENSES</u> | <u>909,885</u> | <u>-</u> | <u>909,885</u> | <u>867,700</u> | <u>-</u> | <u>867,700</u> | <u>-</u> | <u>1,777,585</u> |
| <u>CHANGE IN NET ASSETS</u> | <u>558,941</u> | <u>245,609</u> | <u>804,550</u> | <u>67,185</u> | <u>(30,466)</u> | <u>36,719</u> | <u>-</u> | <u>841,269</u> |
| <u>NET ASSETS - BEGINNING OF YEAR</u> | <u>133,138</u> | <u>615,932</u> | <u>749,070</u> | <u>14,074,830</u> | <u>32,466</u> | <u>14,107,296</u> | <u>-</u> | <u>14,856,366</u> |
| <u>NET ASSETS - END OF YEAR</u> | <u>\$ 692,079</u> | <u>\$ 861,541</u> | <u>\$ 1,553,620</u> | <u>\$ 14,142,015</u> | <u>\$ 2,000</u> | <u>\$ 14,144,015</u> | <u>\$ -</u> | <u>\$ 15,697,635</u> |

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

| | DSNI | | | DNI | | | ELIMIN- ATIONS | CONSOLIDATED ACTIVITIES |
|---|----------------------------------|-------------------------------|--------------------------|----------------------------------|-------------------------------|-----------------------------|------------------------|-----------------------------|
| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | SUBTOTAL | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | SUBTOTAL | | |
| <u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u> | | | | | | | | |
| <i>Support and Revenues:</i> | | | | | | | | |
| Rental Income and Real Estate Tax Reimbursement | \$ - | \$ - | \$ - | \$ 258,815 | \$ - | \$ 258,815 | \$ - | \$ 258,815 |
| Program Service Revenue | 7,863 | - | 7,863 | - | - | - | - | 7,863 |
| Gifts, Grants and Contributions | 276,115 | 1,130,170 | 1,406,285 | 193,266 | 57,550 | 250,816 | (56,112) | 1,600,989 |
| Paycheck Protection Program Grant | 184,845 | - | 184,845 | - | - | - | - | 184,845 |
| Donated Services | 86,514 | - | 86,514 | 86,514 | - | 86,514 | - | 173,028 |
| Interest Income | - | - | - | 38,694 | - | 38,694 | - | 38,694 |
| Miscellaneous Income | - | - | - | 3,991 | - | 3,991 | - | 3,991 |
| <i>Reclassification of Net Assets:</i> | | | | | | | | |
| Net Assets Released from Restrictions | 867,393 | (867,393) | - | 27,084 | (27,084) | - | - | - |
| <u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u> | <u>1,422,730</u> | <u>262,777</u> | <u>1,685,507</u> | <u>608,364</u> | <u>30,466</u> | <u>638,830</u> | <u>(56,112)</u> | <u>2,268,225</u> |
| <u>FUNCTIONAL EXPENSES:</u> | | | | | | | | |
| Program Services | 693,187 | - | 693,187 | 571,159 | - | 571,159 | (56,112) | 1,208,234 |
| Administrative | 342,651 | - | 342,651 | 44,509 | - | 44,509 | - | 387,160 |
| Fund Raising | 74,810 | - | 74,810 | - | - | - | - | 74,810 |
| <u>TOTAL FUNCTIONAL EXPENSES</u> | <u>1,110,648</u> | <u>-</u> | <u>1,110,648</u> | <u>615,668</u> | <u>-</u> | <u>615,668</u> | <u>(56,112)</u> | <u>1,670,204</u> |
| <u>CHANGE IN NET ASSETS</u> | <u>312,082</u> | <u>262,777</u> | <u>574,859</u> | <u>(7,304)</u> | <u>30,466</u> | <u>23,162</u> | <u>-</u> | <u>598,021</u> |
| <u>NET ASSETS - BEGINNING OF YEAR</u> | <u>(178,944)</u> | <u>353,155</u> | <u>174,211</u> | <u>14,082,134</u> | <u>2,000</u> | <u>14,084,134</u> | <u>-</u> | <u>14,258,345</u> |
| <u>NET ASSETS - END OF YEAR</u> | <u>\$ 133,138</u> | <u>\$ 615,932</u> | <u>\$ 749,070</u> | <u>\$ 14,074,830</u> | <u>\$ 32,466</u> | <u>\$ 14,107,296</u> | <u>\$ -</u> | <u>\$ 14,856,366</u> |

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>DSNI</u> | | | | <u>DNI</u> | | | | <u>ELIMIN- ATIONS</u> | <u>CONSOLIDATED</u> |
|----------------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|-------------------------|--------------------------|---------------------------|--------------------------------|
| | <u>PROGRAM SERVICES</u> | <u>ADMINI- STRATIVE</u> | <u>FUND RAISING</u> | <u>SUBTOTAL</u> | <u>PROGRAM SERVICES</u> | <u>ADMINI- STRATIVE</u> | <u>FUND RAISING</u> | <u>SUBTOTAL</u> | | <u>FUNCTIONAL EXPENSES</u> |
| Salaries and Wages | \$ 258,493 | \$ 66,677 | \$ 88,341 | \$ 413,511 | \$ 106,786 | \$ 21,147 | \$ 17,140 | \$ 145,073 | \$ - | \$ 558,584 |
| Payroll Taxes | 24,821 | 6,402 | 8,483 | 39,706 | 12,716 | 2,518 | 2,041 | 17,275 | - | 56,981 |
| Fringe Benefits | 23,289 | 6,007 | 7,959 | 37,255 | 9,375 | 1,900 | 1,393 | 12,668 | - | 49,923 |
| Consultants/Professional Fees | 116,955 | 81,115 | - | 198,070 | 14,924 | 43,346 | - | 58,270 | - | 256,340 |
| Program/Project Costs | 13,003 | - | - | 13,003 | 2,440 | - | - | 2,440 | - | 15,443 |
| COVID-19 Assistance | 53,121 | - | - | 53,121 | - | - | - | - | - | 53,121 |
| Real Estate Taxes | - | - | - | - | 321,407 | - | - | 321,407 | - | 321,407 |
| Occupancy | 24,922 | 6,522 | 5,406 | 36,850 | 155,031 | 1,727 | 1,381 | 158,139 | - | 194,989 |
| Insurance | 2,241 | 1,850 | 486 | 4,577 | 24,963 | - | - | 24,963 | - | 29,540 |
| Depreciation Expense | 8,195 | 2,145 | 1,778 | 12,118 | 24,583 | - | - | 24,583 | - | 36,701 |
| Office Supplies and Expenses | 12,478 | 3,504 | 2,808 | 18,790 | 7,104 | 2,553 | 344 | 10,001 | - | 28,791 |
| Staff Travel | 1,884 | 480 | - | 2,364 | 24 | 133 | - | 157 | - | 2,521 |
| Dues, Fees and Subscriptions | 12,358 | 10,230 | - | 22,588 | 3,203 | 41,792 | 515 | 45,510 | - | 68,098 |
| Interest Expense | - | 18,009 | - | 18,009 | - | - | - | - | - | 18,009 |
| Bad Debt Expense | - | - | - | - | - | 47,053 | - | 47,053 | - | 47,053 |
| Miscellaneous Expense | 382 | 38,708 | 833 | 39,923 | 88 | 73 | - | 161 | - | 40,084 |
| Total Functional Expenses | <u>\$ 552,142</u> | <u>\$ 241,649</u> | <u>\$ 116,094</u> | <u>\$ 909,885</u> | <u>\$ 682,644</u> | <u>\$ 162,242</u> | <u>\$ 22,814</u> | <u>\$ 867,700</u> | <u>\$ -</u> | <u>\$ 1,777,585</u> |

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

| | <u>DSNI</u> | | | | <u>DNI</u> | | | <u>ELIMIN- ATIONS</u> | <u>CONSOLIDATED</u> |
|----------------------------------|-----------------------------|-----------------------------|-------------------------|----------------------------|-----------------------------|-----------------------------|--------------------------|---------------------------|--------------------------------|
| | <u>PROGRAM SERVICES</u> | <u>ADMINI- STRATIVE</u> | <u>FUND RAISING</u> | <u>SUBTOTAL</u> | <u>PROGRAM SERVICES</u> | <u>ADMINI- STRATIVE</u> | <u>SUBTOTAL</u> | | <u>FUNCTIONAL EXPENSES</u> |
| Salaries and Wages | \$ 269,239 | \$ 119,813 | \$ 45,721 | \$ 434,773 | \$ 156,091 | \$ 17,343 | \$ 173,434 | \$ - | \$ 608,207 |
| Payroll Taxes | 29,498 | 13,127 | 5,009 | 47,634 | 15,488 | 1,721 | 17,209 | - | 64,843 |
| Fringe Benefits | 38,582 | 17,169 | 6,552 | 62,303 | 12,955 | 1,439 | 14,394 | - | 76,697 |
| Grants/Subawards | 96,112 | - | - | 96,112 | - | - | - | (56,112) | 40,000 |
| Consultants/Professional Fees | 50,826 | 140,075 | 8,016 | 198,917 | 181,306 | 13,344 | 194,650 | - | 393,567 |
| Program/Project Costs | 13,649 | 4,817 | 1,313 | 19,779 | 38,208 | - | 38,208 | - | 57,987 |
| COVID-19 Assistance | 157,910 | - | - | 157,910 | - | - | - | - | 157,910 |
| Real Estate Taxes | - | - | - | - | 70,174 | - | 70,174 | - | 70,174 |
| Occupancy | 27,009 | 7,069 | 5,858 | 39,936 | 28,876 | - | 28,876 | - | 68,812 |
| Insurance | 831 | 3,167 | 180 | 4,178 | 24,559 | - | 24,559 | - | 28,737 |
| Depreciation Expense | 6,210 | 1,625 | 1,347 | 9,182 | 35,252 | - | 35,252 | - | 44,434 |
| Office Supplies and Expenses | 3,321 | 3,344 | 814 | 7,479 | 8,109 | 900 | 9,009 | - | 16,488 |
| Staff Travel | - | - | - | - | 141 | 16 | 157 | - | 157 |
| Dues, Fees and Subscriptions | - | 8,553 | - | 8,553 | - | 9,646 | 9,646 | - | 18,199 |
| Interest Expense | - | 20,603 | - | 20,603 | - | - | - | - | 20,603 |
| Bad Debt Expense | - | 1,940 | - | 1,940 | - | - | - | - | 1,940 |
| Miscellaneous Expense | - | 1,349 | - | 1,349 | - | 100 | 100 | - | 1,449 |
| Total Functional Expenses | <u>\$ 693,187</u> | <u>\$ 342,651</u> | <u>\$ 74,810</u> | <u>\$ 1,110,648</u> | <u>\$ 571,159</u> | <u>\$ 44,509</u> | <u>\$ 615,668</u> | <u>\$ (56,112)</u> | <u>\$ 1,670,204</u> |

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>DSNI</u> | <u>DNI</u> | <u>ELIMIN-</u> <u>ATIONS</u> | <u>CONSOLIDATED</u> <u>TOTAL</u> |
|---|----------------------------|--------------------------|---------------------------------|-------------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | | |
| Change in Net Assets | \$ 804,550 | \$ 36,719 | \$ - | \$ 841,269 |
| <i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i> | | | | |
| Depreciation Expense | 12,118 | 24,583 | - | 36,701 |
| <i>(Increase) Decrease in Current Assets:</i> | | | | |
| Grants and Contributions Receivable | (42,183) | - | - | (42,183) |
| Rent and Real Estate Taxes Receivable, Net | - | (202,835) | - | (202,835) |
| Prepaid Expenses | (133) | (943) | - | (1,076) |
| <i>Increase (Decrease) in Current Liabilities:</i> | | | | |
| Accounts Payable and Accrued Expenses | (32,320) | 189,560 | - | 157,240 |
| Accrued Payroll and Related Costs | 6,656 | (10,640) | - | (3,984) |
| Passthrough Funds | (202,580) | - | - | (202,580) |
| Due to DSNI | - | 213,531 | (213,531) | - |
| Deferred Rent | (3,972) | (5,895) | - | (9,867) |
| <i>(Increase) Decrease in Other Assets:</i> | | | | |
| Grants Receivable, Non-Current | 236,162 | - | - | 236,162 |
| Interest Receivable | - | (41,327) | - | (41,327) |
| Due from DNI | (213,531) | - | 213,531 | - |
| Net Adjustment | (239,783) | 166,034 | - | (73,749) |
| <u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u> | <u>564,767</u> | <u>202,753</u> | <u>-</u> | <u>767,520</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | | |
| Cash Outlay for Capital Expenditures | - | (281,618) | - | (281,618) |
| Net Cash Flows From Financing Activities | - | (281,618) | - | (281,618) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | | | |
| Proceeds from Mortgage Note Payable | - | 131,583 | - | 131,583 |
| Principal Payments on Loans Payable | (5,097) | - | - | (5,097) |
| Principal Payments on Capital Lease Obligation | (9,812) | - | - | (9,812) |
| Net Cash Flows From Financing Activities | (14,909) | 131,583 | - | 116,674 |
| <u>NET INCREASE IN CASH BALANCES</u> | <u>549,858</u> | <u>52,718</u> | <u>-</u> | <u>602,576</u> |
| <u>CASH BALANCES - BEGINNING OF YEAR</u> | <u>814,921</u> | <u>378,372</u> | <u>-</u> | <u>1,193,293</u> |
| <u>CASH BALANCES - END OF YEAR</u> | <u>\$ 1,364,779</u> | <u>\$ 431,090</u> | <u>\$ -</u> | <u>\$ 1,795,869</u> |
| <i>Supplemental Disclosures :</i> | | | | |
| Interest Paid | \$ 18,009 | \$ - | \$ - | \$ 18,009 |

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC. AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

| | <u>DSNI</u> | <u>DNI</u> | <u>ELIMIN- ATIONS</u> | <u>CONSOLIDATED TOTAL</u> |
|---|--------------------------|--------------------------|---------------------------|-------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | | |
| Change in Net Assets | \$ 574,859 | \$ 23,162 | \$ - | \$ 598,021 |
| <i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i> | | | | |
| Depreciation Expense | 9,182 | 35,252 | - | 44,434 |
| <i>(Increase) Decrease in Current Assets:</i> | | | | |
| Grants and Contributions Receivable | (451,044) | 40,000 | - | (411,044) |
| Accounts Receivable, Program Services, Net | 2,450 | - | - | 2,450 |
| Rent Receivable, Net | - | 10,573 | - | 10,573 |
| Prepaid Expenses | 11,483 | 656 | - | 12,139 |
| <i>Increase (Decrease) in Current Liabilities:</i> | | | | |
| Accounts Payable and Accrued Expenses | (31,314) | 1,215 | - | (30,099) |
| Accrued Payroll and Related Costs | (4,373) | 9,162 | - | 4,789 |
| Passthrough Funds | 364,845 | - | - | 364,845 |
| Conditional Grant Advance | (26,145) | - | - | (26,145) |
| Due to DSNI | - | (124,142) | 124,142 | - |
| Deferred Rent | (3,972) | 10,895 | - | 6,923 |
| <i>(Increase) Decrease in Other Assets:</i> | | | | |
| Grants and Contributions Receivable | (336,162) | - | - | (336,162) |
| Deferred Interest and Rents | - | - | - | - |
| Interest Receivable | - | (38,307) | - | (38,307) |
| Due from DNI | 124,142 | - | (124,142) | - |
| <i>Increase (Decrease) Long-Term Liabilities:</i> | | | | |
| Passthrough Funds | 247,955 | - | - | 247,955 |
| Net Adjustment | (92,953) | (54,696) | - | (147,649) |
| <u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u> | <u>481,906</u> | <u>(31,534)</u> | <u>-</u> | <u>450,372</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | | |
| Cash Outlay for Capital Expenditures | (14,969) | (30,492) | - | (45,461) |
| Net Cash Flows From Financing Activities | (14,969) | (30,492) | - | (45,461) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | | | |
| Principal Payments on Loans Payable | (5,113) | - | - | (5,113) |
| Principal Payments on Capital Lease Obligation | (7,465) | - | - | (7,465) |
| Net Cash Flows From Financing Activities | (12,578) | - | - | (12,578) |
| <u>NET INCREASE (DECREASE) IN CASH BALANCES</u> | <u>454,359</u> | <u>(62,026)</u> | <u>-</u> | <u>392,333</u> |
| <u>CASH BALANCES - BEGINNING OF YEAR</u> | <u>360,562</u> | <u>440,398</u> | <u>-</u> | <u>800,960</u> |
| <u>CASH BALANCES - END OF YEAR</u> | <u>\$ 814,921</u> | <u>\$ 378,372</u> | <u>\$ -</u> | <u>\$ 1,193,293</u> |
| <i>Supplemental Disclosures :</i> | | | | |
| Interest Paid | \$ 20,603 | \$ - | \$ - | \$ 20,603 |