

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATED FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2020 AND 2019



80 Flanders Road, Suite 200  Westborough, Massachusetts 01581
Tel: 508.871.7178 Fax: 508.871.7179 www.ssbcpa.com

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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.
REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Dudley Street Neighborhood Initiative, Inc. and its subsidiary, Dudley Neighbors Incorporated (Massachusetts nonprofit organizations) (collectively the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, 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.

Management's Responsibility for the Consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 from 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 Organization'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 the Organization'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 financial position of Dudley Street Neighborhood Initiative, Inc. and its subsidiary as of June 30, 2020 and 2019 and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 24 - 31 are presented for purposes of additional analysis and are 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.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
March 10, 2021

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 774,815	\$ 654,033
Cash, Conditional Grant Advance	26,145	-
Cash Restricted for Collateral	-	25,000
Grants and Contributions Receivable	350,445	200,000
Accounts Receivable, Program Services, Net	2,450	3,075
Rent Receivable, Net	122,719	116,188
Prepaid Expenses	22,747	9,880
Total Current Assets	<u>1,299,321</u>	<u>1,008,176</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>14,400,347</u>	<u>14,422,428</u>
<u>OTHER ASSETS:</u>		
Loan Receivable	67,000	67,000
Interest Receivable	419,148	383,638
Total Other Assets	<u>486,148</u>	<u>450,638</u>
<u>TOTAL ASSETS</u>	<u>\$ 16,185,816</u>	<u>\$ 15,881,242</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Loan Payable	\$ 4,802	\$ 4,511
Capital Lease Obligation	9,639	8,624
Accounts Payable and Accrued Expenses	96,675	91,000
Accrued Payroll and Related Costs	38,435	38,036
Passthrough Funds	117,000	-
Conditional Grant Advance	26,145	-
Deferred Rent	9,914	21,663
Total Current Liabilities	<u>302,610</u>	<u>163,834</u>
<u>LONG-TERM LIABILITIES:</u>		
Capital Lease Obligation, Net of Current Portion	7,638	16,540
Loan Payable, Net of Current Portion	346,101	350,905
Mortgage Note Payable	1,271,122	1,124,548
Total Long-Term Liabilities	<u>1,624,861</u>	<u>1,491,993</u>
<u>TOTAL LIABILITIES</u>	<u>1,927,471</u>	<u>1,655,827</u>
<u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions	13,903,190	13,869,308
Net Assets With Donor Restrictions	355,155	356,107
Total Net Assets	<u>14,258,345</u>	<u>14,225,415</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 16,185,816</u>	<u>\$ 15,881,242</u>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>WITHOUT DONOR</u> <u>RESTRICTIONS</u>	<u>WITH DONOR</u> <u>RESTRICTIONS</u>	<u>CONSOLIDATED</u> <u>TOTAL</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>			
<i>Support and Revenues:</i>			
Rental Income and Real Estate Tax Reimbursement	\$ 275,396	\$ -	\$ 275,396
Program Service Revenue	7,397	-	7,397
Gifts, Grants and Contributions	533,108	682,050	1,215,158
Paycheck Protection Program Grant	132,555	-	132,555
Donated Services	56,397	-	56,397
Interest Income	39,554	-	39,554
Miscellaneous Income	4,978	-	4,978
Total Support and Revenues	1,049,385	682,050	1,731,435
<i>Reclassification of Net Assets:</i>			
Net Assets Released from Restrictions	683,002	(683,002)	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>1,732,387</u>	<u>(952)</u>	<u>1,731,435</u>
<u>FUNCTIONAL EXPENSES:</u>			
Program Services	1,297,056	-	1,297,056
Administrative	302,240	-	302,240
Fund Raising	99,209	-	99,209
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>1,698,505</u>	<u>-</u>	<u>1,698,505</u>
<u>CHANGE IN NET ASSETS</u>	<u>33,882</u>	<u>(952)</u>	<u>32,930</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>13,869,308</u>	<u>356,107</u>	<u>14,225,415</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 13,903,190</u>	<u>\$ 355,155</u>	<u>\$ 14,258,345</u>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>WITHOUT DONOR</u> <u>RESTRICTIONS</u>	<u>WITH DONOR</u> <u>RESTRICTIONS</u>	<u>CONSOLIDATED</u> <u>TOTAL</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>			
<i>Support and Revenues:</i>			
Rental Income and Real Estate Tax Reimbursement	\$ 256,921	\$ -	\$ 256,921
Program Service Revenue	17,417	-	17,417
Gifts, Grants and Contributions	241,976	809,108	1,051,084
Donated Services	68,976	-	68,976
Interest Income	35,458	-	35,458
Miscellaneous Income	47,937	-	47,937
Total Support and Revenues	<u>668,685</u>	<u>809,108</u>	<u>1,477,793</u>
<i>Reclassification of Net Assets:</i>			
Net Assets Released from Restrictions	<u>895,441</u>	<u>(895,441)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>1,564,126</u>	<u>(86,333)</u>	<u>1,477,793</u>
<u>FUNCTIONAL EXPENSES:</u>			
Program Services	1,229,311	-	1,229,311
Administrative	341,926	-	341,926
Fund Raising	93,446	-	93,446
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>1,664,683</u>	<u>-</u>	<u>1,664,683</u>
<u>CHANGE IN NET ASSETS</u>	<u>(100,557)</u>	<u>(86,333)</u>	<u>(186,890)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>13,969,865</u>	<u>442,440</u>	<u>14,412,305</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 13,869,308</u>	<u>\$ 356,107</u>	<u>\$ 14,225,415</u>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	<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	\$ 475,476	\$ 97,160	\$ 63,862	\$ 636,498	\$ 356,934	\$ 44,492	\$ 53,877	\$ 455,303
Payroll Taxes	53,745	10,963	7,193	71,901	41,270	4,998	6,259	52,527
Fringe Benefits	73,758	16,923	11,541	102,222	63,214	7,853	9,246	80,313
Grants/Subawards	129,893	-	-	129,893	293,000	7,103	-	300,103
Consultants/Professional Fees	62,540	113,839	9,302	185,681	93,551	216,556	17,325	327,432
Property Management	53,553	-	-	53,553	40,844	-	-	40,844
Program/Project Costs	90,858	9,128	1,540	101,526	14,607	1,859	2,527	18,993
Special Events and Projects	7,520	-	-	7,520	994	168	238	1,400
Real Estate Taxes	200,091	-	-	200,091	171,509	-	-	171,509
Occupancy	56,269	4,355	3,610	64,234	58,420	2,211	2,579	63,210
Insurance	24,998	2,352	376	27,726	23,930	1,443	223	25,596
Depreciation Expense	38,293	1,514	1,255	41,062	36,659	565	660	37,884
Office Supplies and Expenses	22,678	7,389	530	30,597	26,958	2,789	394	30,141
Printing and Postage	3,714	498	-	4,212	3,521	420	118	4,059
Staff Travel	3,219	358	-	3,577	3,397	378	-	3,775
Dues, Fees and Subscriptions	-	8,489	-	8,489	-	8,808	-	8,808
Interest Expense	-	22,724	-	22,724	-	25,918	-	25,918
Bad Debt Expense	-	-	-	-	-	1,760	-	1,760
Miscellaneous Expense	451	6,548	-	6,999	503	14,605	-	15,108
Total Functional Expenses	<u>\$ 1,297,056</u>	<u>\$ 302,240</u>	<u>\$ 99,209</u>	<u>\$ 1,698,505</u>	<u>\$ 1,229,311</u>	<u>\$ 341,926</u>	<u>\$ 93,446</u>	<u>\$ 1,664,683</u>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 32,930	\$ (186,890)
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Depreciation Expense	48,182	37,884
Bad Debt Expense	-	1,760
<i>(Increase) Decrease in Current Assets:</i>		
Grants and Contributions Receivable	(150,445)	216,400
Accounts Receivable, Program Services, Net	625	21,489
Rent Receivable, Net	(6,531)	(16,029)
Prepaid Expenses	(12,866)	1,546
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	5,674	(137,431)
Accrued Payroll and Related Costs	399	15,184
Passthrough Funds	117,000	-
Conditional Grant Advance	26,145	-
Deferred Revenue and Rent	(11,749)	83,805
<i>(Increase) Decrease in Other Assets:</i>		
Deferred Interest and Rents	-	451,404
Interest Receivable	(35,510)	(32,936)
Net Adjustment	(19,076)	643,076
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>13,854</u>	<u>456,186</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Cash Outlay for Capital Expenditures	(26,101)	-
Net Cash Flows From Investing Activities	(26,101)	-
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds from Mortgage Note Payable	146,574	9,341
Payments on Line-of-Credit	-	(50,000)
Principal Payments on Loans Payable	(4,513)	(4,242)
Principal Payments on Capital Lease Obligations	(7,887)	(10,113)
Net Cash Flows From Financing Activities	134,174	(55,014)
<u>NET INCREASE IN CASH BALANCES</u>	<u>121,927</u>	<u>401,172</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>679,033</u>	<u>277,861</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 800,960</u>	<u>\$ 679,033</u>
<i>Supplemental Disclosures :</i>		
Interest Paid	\$ 22,724	\$ 25,918
<i>Cash Balances :</i>		
Cash	\$ 774,815	\$ 654,033
Cash, Conditional Grant Advance	26,145	-
Cash Restricted for Collateral	-	25,000
Total	\$ 800,960	\$ 679,033

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND PURPOSE

Dudley Street Neighborhood Initiative, Inc.:

Dudley Street Neighborhood Initiative (“DSNI”) is a thirty-five-year-old resident-led, non profit 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. Dudley Street Neighborhood Initiative, Inc. has been classified as an organization which is not a private foundation under 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(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 Inc. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(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 mix 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

The accounting policies which affect significant elements of the Organization's consolidated financial statements are described below to enhance the usefulness of the consolidated financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of support, 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.

Basis of Accounting:

The Organization's policy is to maintain its books and prepare its consolidated financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organizations report information regarding their combined 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 follows:

Net Assets Without Donor Restrictions - consists of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represents the portion of net assets of the organization that are not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets within this classification may include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - includes funds with donor-imposed restrictions which permit the organizations to expend the assets as specified and is satisfied either by the passage of time or by actions of the organizations. Resources of this nature originate from gifts, grants or bequests and may include investment income earned on restricted funds. These net assets may also include resources which have a donor-imposed restriction which stipulates that a portion of the assets are to be maintained in perpetuity, but permits the organization to expend part or all of the income derived from the donated assets.

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. As of June 30, 2020 and 2019, all grants and contributions receivable are classified as current in the accompanying Consolidated Statements of Financial Position. Promises to give with payment dates that extend beyond one year are discounted to their present value when such amounts are considered material. Management periodically reviews specific grants, commitments and agreements to determine if any balances are uncollectible. Management considers these commitments to be fully collectible and therefore, has not established a reserve for uncollectible amounts. If balances become uncollectible, a reserve will be recorded at that time. For the year presented, the Organization did not report any losses on unpaid pledge and gift commitments.

Accounts Receivable, Program Services represents amounts which are primarily due from government funded program service contracts and subcontracts and are presented net of allowance for uncollectible amounts. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. No allowance was deemed necessary by management as of and for the years ended June 30, 2020 and 2019.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 3 *(Continued)*

Rent Receivable, Net represents amounts due from tenants of the various ground tenant 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 \$92,883 and \$97,527 as of June 30, 2020 and 2019, respectively.

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. Depreciation of property and equipment is computed using the straight-line method and is charged against support and revenues over the estimated useful lives of the assets, as expressed in terms of years. DSNI has a capitalization policy of \$1,000, while DNI utilizes a capitalization threshold of \$500.

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 FY 2020, DSNI received grant commitments that met this criteria and has recorded grants receivable with a corresponding liability for *Passthrough Funds*.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

Revenue Recognition:

Government Funded Program Service Agreements - DSNI

Dudley Street Neighborhood Initiative is the recipient of various federal and local government funded service contracts. These contracts are administered on a cost reimbursement basis; accordingly, the funding sources are billed as eligible costs are incurred, and program service revenues along with the related receivables, are recorded in the period during which the costs were incurred and the services were delivered. These service contracts and federal awards are subject to an annual renewal process and future funding is not guaranteed.

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 by DNI and charged back to tenants pursuant to the terms of the underlying ground leases.

Contributions, Gifts and Grants:

As required by the FASB Accounting Standards Codification™, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. When the conditions are met, the corresponding support is reported as contributions with donor restrictions with the exception of conditional grants and contracts from governmental agencies, which are recognized as support without donor restrictions.

Unconditional multi-year commitments are recognized in the year during which the initial commitment was made. 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.

Except as noted above, support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions expire, at which time the assets are reclassified to net assets without donor restrictions. Donor restricted contributions are classified as net assets without donor restrictions if the restrictions are met in the same reporting period in which the contributions are received.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 3 *(Continued)*

Donated Goods and Services:

The Organization maintains a policy to record certain in-kind transactions as required by the *FASB Accounting Standards Codification*TM. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received and are recognized as revenue on the Consolidated Statement of Activities and are reported as expenses on the Consolidated Statements of Functional Expenses, or capitalized assets on the Consolidated Statements of Financial Position. During the years ended June 30, 2020 and 2019, DNI received \$56,397 and \$68,976, respectively, in pro-bono legal services in support of its community development program and general corporate matters.

Functional Expenses:

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other 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 consisted of *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 Dudley Street Neighborhood Initiative 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 corporate subsidiaries are the existence of Unrelated Business Income Tax and the Organization's tax-exempt status under Section 501(c)(3) of the Internal Revenue Code 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 3 *(Continued)*

Recent Accounting Guidance:

Recently Implemented Standards

In June 2018, the FASB issued ASC Update No. 2018-08, (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides additional guidance to help determine whether a contribution is conditional or unconditional. This standard was adopted by the Organizations effective July 1, 2019. This ASU provides organizations with the option of applying the clarified guidance in the initial year of implementation on a prospective basis; therefore, the Organizations have not restated its FY 2019 revenue balances or opening net assets for the years presented.

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 Organizations effective July 1, 2019. Analysis of various provisions of this standard resulted in no significant changes in the way the Organizations recognized revenue, and therefore no changes in the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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, 2020:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<i>DNI:</i>				
Land	-	\$13,907,885	\$ -	\$13,907,885
Land Improvements	10	520,912	505,626	15,286
Building and Improvements	15 - 20	649,519	192,317	457,202
Furniture and Equipment	7	<u>7,246</u>	<u>2,953</u>	<u>4,293</u>
Total DNI		15,085,562	700,896	14,384,666
<i>DSNI:</i>				
Furniture, Fixtures, Equipment	3 - 5	<u>144,337</u>	<u>128,656</u>	<u>15,681</u>
Consolidated Total		<u>\$15,229,899</u>	<u>\$829,552</u>	<u>\$14,400,347</u>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 4 (Continued)

The following is a summary of property and equipment as of June 30, 2019:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<u>DNI:</u>				
Land	-	\$13,907,885	\$ -	\$13,907,885
Land Improvements	10	520,912	492,349	28,563
Building and Improvements	15 - 20	635,272	173,527	461,745
Furniture and Equipment	7	<u>2,511</u>	<u>2,511</u>	<u>-</u>
Total DNI		15,066,580	668,387	14,398,193
<u>DSNI:</u>				
Furniture, Fixtures, Equipment	3 - 5	<u>144,337</u>	<u>120,102</u>	<u>24,235</u>
Consolidated Total		<u>\$15,210,917</u>	<u>\$788,489</u>	<u>\$14,422,428</u>

During FY 2019, DSNI disposed of fully depreciated equipment with an original cost of \$18,648.

Property Acquisition:

In April 2017, DNI 5, Inc. acquired the property located at 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 expects to draw down on the remaining loan proceeds to fund necessary renovations and carrying costs (such as utilities) of the building.

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.

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.

NOTE 5 LOAN RECEIVABLE

The Organization has a formal loan agreement with 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. *Loan Receivable* represents the remaining \$67,000 of a \$367,000 mortgage note. Interest income accrued during FY 2020 and 2019 was \$35,510 and \$32,936, respectively. Cumulative accrued interest as of June 30, 2020 and 2019 was \$419,148 and \$383,638, respectively.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 6 DEBT

Local Enterprise Assistance Fund:

Dudley Street Neighborhood Initiative, Inc. had a line-of-credit with Local Enterprise Assistance Fund, Inc. (“LEAF”) with a borrowing limit of \$100,000, all of which was outstanding as of April 30, 2018. The line-of-credit was subject to a fixed interest rate of 6% per annum. In May 2018, DSNI entered into a formal term loan agreement in the amount of \$360,000 with LEAF. The term loan refinanced the existing line-of-credit, 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 thirty-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 these loans amounted to \$22,086 and \$22,359 for the years ended June 30, 2020 and 2019, respectively.

The principal portion of the above debt scheduled for payment in FY 2021 is \$4,802 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, 2022	\$ 5,112
June 30, 2023	5,441
June 30, 2024	5,791
June 30, 2025	6,164
Thereafter*	<u>323,593</u>
Total	<u>\$346,101</u>

*Includes a balloon payment of \$303,256

Citizens Bank:

DSNI established a line-of-credit with Citizens Bank with a borrowing limit of \$50,000. The line-of-credit was subject to fluctuating interest rates, which was 5.404% as of June 30, 2019, respectively. DSNI is required to maintain cash reserves of \$25,000 in a restricted savings deposit account as collateral on the debt. There was no outstanding balance as of June 30, 2019. Interest costs of \$2,615 were incurred by DSNI during FY 2019. During FY 2020, the line of credit was closed and the cash reserves were released to operating funds.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(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, 2020 and 2019, the outstanding balances were \$1,271,122 and \$1,124,548, respectively, and are 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, 2020 and 2019, net assets with donor restrictions are restricted for the following projects and purposes:

<u>Nature of Restriction</u>	<u>2020</u>	<u>2019</u>
Advancing Health Equity Through Housing	\$165,985	\$191,324
Arts and Culture	92,000	-
Development Without Displacement	71,000	83,447
Youth Program	15,657	-
Resident Empowerment	8,513	-
Land Trust	2,000	-
Fair Chance for Family Success Initiative	-	67,670
Executive Search	-	8,666
Community Engagement	-	5,000
Total	<u>\$355,155</u>	<u>\$356,107</u>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 7 (Continued)

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

<u>Nature of Restriction</u>	<u>2020</u>	<u>2019</u>
Development without Displacement	\$183,447	\$113,553
Neighborhood Development	162,500	-
Arts and Culture	92,000	411,000
COVID-19 Relief	75,000	-
Fair Chances for Family Success Initiative	67,669	48,638
Advancing Health Equity Through Housing	25,339	208,676
Youth Program	24,343	-
Resident Empowerment	24,038	-
Land Trust	15,000	10,000
Executive Search	8,666	26,334
Community Engagement	5,000	12,690
No Child Goes Homeless Initiative	-	5,000
Capacity Building and Strategic Planning	-	35,000
Economic Opportunities for Artists	-	3,300
Financial Education	-	20,000
Summer Programs	-	1,250
Total	<u>\$683,002</u>	<u>\$895,441</u>

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.

NOTE 9 LEASE COMMITMENTS

Operating Lease:

Effective January 1, 2019, the Organization 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. In February 2019, DSNI reduced the amount of space it was leasing and now shares office space with Boston Plan for Excellence, a long-term partner of the Organization, reducing its monthly rent to \$3,030. The aggregate rent expense recognized for the years ended June 30, 2020 and 2019 was \$45,228 and \$48,360, respectively.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 9 *(Continued)*

As of June 30, 2020, the future minimum lease obligation arising from this commitment is scheduled below:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2021	\$36,360
June 30, 2022	36,360
June 30, 2023	<u>18,180</u>
Total	<u>\$90,900</u>

Capital Lease:

DSNI leases copier equipment under a capital lease which expires on April 1, 2022. The fair value of the equipment financed was \$44,905, payable in 63 monthly installments of \$775, which includes interest at the annual rate of 3.186%. The future minimum lease obligation arising from this commitment is scheduled below:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2021	\$ 9,300
June 30, 2022	<u>8,487</u>
Total Minimum Lease Payments	17,787
Less: Amount Representing Interest	<u>(510)</u>
Present Value of Minimum Lease Payments	<u>\$17,277</u>

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, 2020 and 2019 cash balances in excess of the FDIC coverage were \$262,847 and \$207,681, respectively. The Organization has not experienced any losses on uninsured cash balances and management considers credit risk on cash to be low.

Receivables:

As of June 30, 2020, the balance due on one grant commitment accounts for 64% of total *Grants and Contributions Receivable*. As of June 30, 2019, the balance due on two grant commitments accounts for 97% of total *Grants and Contributions Receivable*.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

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 Organizations' financial position, change in net assets and cash flows. The Organizations are 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 effected on the Organizations' operations continue for an extended period of time, the Organizations may have to seek alternative measures to finance its operation. There is no assurance these measures will be successful.

Paycheck Protection Program:

Dudley Street Neighborhood Initiative, Inc. received a loan in the amount of \$158,700 from Citizens Bank through the Paycheck Protection Program established by the U.S. CARES Act (the "PPP Loan") on April 25, 2020. The Organization has elected to account for the expected forgivable portion of this loan as a conditional grant commitment. DSNI intends to apply for and receive full forgiveness of the loan, while any remaining balance would be repayable over a five-year term and subject to interest at the annual rate of 1%. The amount forgiven equals the amount incurred on qualifying costs (payroll, mortgage interest, rent utilities, as defined and subject to limitations) during the covered period. The amount forgiven is reduced if a) the Organization decreases its staffing levels during the covered period, or b) reduces salaries/wages during the covered period; however, those reductions are subject to certain exemptions. DSNI expects to meet the requirements for loan forgiveness. The Organization must prepare and submit a loan forgiveness application to the lender, which is then reviewed by both the bank and the Small Business Administration (SBA) and then approved. DSNI elects to use a 24-week covered period which will expire on October 14, 2020. As of June 30, 2020, The Organization has incurred \$132,555 of qualifying costs which has been recognized as grant income for the fiscal year then ended. The unexpended funds totaling \$26,145 are reported on the accompanying consolidated statements of financial position as a *Conditional Grant Advance*, a current liability, as of June 30, 2020.

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.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 12 (Continued)

<u>Description</u>	<u>2020</u>	<u>2019</u>
<i>Financial Assets:</i>		
Cash	\$ 774,815	\$ 654,033
Cash, Conditional Grant Advance	26,145	-
Cash Restricted for Collateral	-	25,000
Grants and Contributions Receivable	310,445	200,000
Accounts Receivable, Program Services	2,450	3,075
Rent Receivable, Net	162,719	116,188
Loan Receivable	67,000	67,000
Interest Receivable	<u>419,148</u>	<u>383,638</u>
Total Financial Assets	1,762,722	1,448,934
<i>Less: Amounts Not Available to be Used</i>		
<i>Within One Year:</i>		
Passthrough Funds	(117,000)	-
Loan Receivable	(67,000)	(67,000)
Interest Receivable	<u>(419,148)</u>	<u>(383,638)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$1,159,574</u>	<u>\$ 998,296</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.

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 financial statements. Therefore, Management has evaluated subsequent events through March 10, 2021, the date which the financial statements were available for issue, and noted no events which met the disclosure criteria.

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2020

	<u>DSNI</u>	<u>DNI</u>	<u>ELIMIN- ATIONS</u>	<u>CONSOLIDATED TOTAL</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS:</u>				
Cash	\$ 334,417	\$ 440,398	\$ -	\$ 774,815
Cash, Conditional Grant Advance	26,145	-	-	26,145
Grants and Contributions Receivable	310,445	40,000	-	350,445
Accounts Receivable, Program Services, Net	2,450	-	-	2,450
Rent Receivable, Net	-	122,719	-	122,719
Prepaid Expenses	14,561	8,186	-	22,747
Total Current Assets	<u>688,018</u>	<u>611,303</u>	<u>-</u>	<u>1,299,321</u>
 <u>NET PROPERTY AND EQUIPMENT</u>	 <u>15,681</u>	 <u>14,384,666</u>	 <u>-</u>	 <u>14,400,347</u>
 <u>OTHER ASSETS:</u>				
Loan Receivable	-	67,000	-	67,000
Interest Receivable	-	419,148	-	419,148
Due from DNI	108,598	-	(108,598)	-
Total Other Assets	<u>108,598</u>	<u>486,148</u>	<u>(108,598)</u>	<u>486,148</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 812,297</u>	 <u>\$ 15,482,117</u>	 <u>\$ (108,598)</u>	 <u>\$ 16,185,816</u>
 <u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES:</u>				
Loan Payable	\$ 4,802	\$ -	\$ -	\$ 4,802
Capital Lease Obligation	9,639	-	-	9,639
Accounts Payable and Accrued Expenses	86,267	10,408	-	96,675
Accrued Payroll and Related Costs	30,580	7,855	-	38,435
Passthrough Funds	117,000	-	-	117,000
Conditional Grant Advance	26,145	-	-	26,145
Due to DSNI	-	108,598	(108,598)	-
Deferred Rent	9,914	-	-	9,914
Total Current Liabilities	<u>284,347</u>	<u>126,861</u>	<u>(108,598)</u>	<u>302,610</u>
 <u>LONG-TERM LIABILITIES:</u>				
Capital Lease Obligation, Net of Current Portion	7,638	-	-	7,638
Loan Payable, Net of Current Portion	346,101	-	-	346,101
Mortgage Note Payable	-	1,271,122	-	1,271,122
Total Long-Term Liabilities	<u>353,739</u>	<u>1,271,122</u>	<u>-</u>	<u>1,624,861</u>
 <u>TOTAL LIABILITIES</u>	 <u>638,086</u>	 <u>1,397,983</u>	 <u>(108,598)</u>	 <u>1,927,471</u>
 <u>NET ASSETS:</u>				
Net Assets Without Donor Restrictions (Deficit)	(178,944)	14,082,134	-	13,903,190
Net Assets With Donor Restrictions	353,155	2,000	-	355,155
Total Net Assets (Deficit)	<u>174,211</u>	<u>14,084,134</u>	<u>-</u>	<u>14,258,345</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 812,297</u>	 <u>\$ 15,482,117</u>	 <u>\$ (108,598)</u>	 <u>\$ 16,185,816</u>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2019

	<u>DSNI</u>	<u>DNI</u>	<u>ELIMIN- ATIONS</u>	<u>CONSOLIDATED TOTAL</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS:</u>				
Cash	\$ 194,871	\$ 459,162	\$ -	\$ 654,033
Cash Restricted for Collateral	25,000	-	-	25,000
Grants and Contributions Receivable	200,000	-	-	200,000
Accounts Receivable, Program Services, Net	3,075	-	-	3,075
Rent Receivable, Net	-	116,188	-	116,188
Prepaid Expenses	2,888	6,992	-	9,880
Total Current Assets	<u>425,834</u>	<u>582,342</u>	<u>-</u>	<u>1,008,176</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>24,235</u>	<u>14,398,193</u>	<u>-</u>	<u>14,422,428</u>
<u>OTHER ASSETS:</u>				
Loan Receivable	-	67,000	-	67,000
Interest Receivable	-	383,638	-	383,638
Due from DNI	52,520	-	(52,520)	-
Total Other Assets	<u>52,520</u>	<u>450,638</u>	<u>(52,520)</u>	<u>450,638</u>
<u>TOTAL ASSETS</u>	<u>\$ 502,589</u>	<u>\$ 15,431,173</u>	<u>\$ (52,520)</u>	<u>\$ 15,881,242</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES:</u>				
Loan Payable	\$ 4,511	\$ -	\$ -	\$ 4,511
Capital Lease Obligation	8,624	-	-	8,624
Accounts Payable and Accrued Expenses	71,540	19,460	-	91,000
Accrued Payroll and Related Costs	27,992	10,044	-	38,036
Due to DSNI	-	52,520	(52,520)	-
Deferred Rent	13,886	7,777	-	21,663
Total Current Liabilities	<u>126,553</u>	<u>89,801</u>	<u>(52,520)</u>	<u>163,834</u>
<u>LONG-TERM LIABILITIES:</u>				
Capital Lease Obligation, Net of Current Portion	16,540	-	-	16,540
Loan Payable, Net of Current Portion	350,905	-	-	350,905
Mortgage Note Payable	-	1,124,548	-	1,124,548
Total Long-Term Liabilities	<u>367,445</u>	<u>1,124,548</u>	<u>-</u>	<u>1,491,993</u>
<u>TOTAL LIABILITIES</u>	<u>493,998</u>	<u>1,214,349</u>	<u>(52,520)</u>	<u>1,655,827</u>
<u>NET ASSETS:</u>				
Net Assets Without Donor Restrictions (Deficit)	(347,516)	14,216,824	-	13,869,308
Net Assets With Donor Restrictions	356,107	-	-	356,107
Total Net Assets (Deficit)	<u>8,591</u>	<u>14,216,824</u>	<u>-</u>	<u>14,225,415</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 502,589</u>	<u>\$ 15,431,173</u>	<u>\$ (52,520)</u>	<u>\$ 15,881,242</u>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<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	\$ -	\$ -	\$ -	\$ 275,396	\$ -	\$ 275,396	\$ -	\$ 275,396
Program Service Revenue	7,397	-	7,397	-	-	-	-	7,397
Gifts, Grants and Contributions	344,586	665,050	1,009,636	203,522	17,000	220,522	(15,000)	1,215,158
Paycheck Protection Program Grant	132,555	-	132,555	-	-	-	-	132,555
Donated Services	-	-	-	56,397	-	56,397	-	56,397
Interest Income	200	-	200	39,354	-	39,354	-	39,554
Miscellaneous Income	-	-	-	4,978	-	4,978	-	4,978
<i>Reclassification of Net Assets:</i>								
Net Assets Released from Restrictions	668,002	(668,002)	-	15,000	(15,000)	-	-	-
<u>TOTAL SUPPORT, REVENUES</u>	<u>1,152,740</u>	<u>(2,952)</u>	<u>1,149,788</u>	<u>594,647</u>	<u>2,000</u>	<u>596,647</u>	<u>(15,000)</u>	<u>1,731,435</u>
<u>AND RECLASSIFICATIONS</u>								
<u>FUNCTIONAL EXPENSES:</u>								
Program Services	647,635	-	647,635	664,421	-	664,421	(15,000)	1,297,056
Administrative	237,324	-	237,324	64,916	-	64,916	-	302,240
Fund Raising	99,209	-	99,209	-	-	-	-	99,209
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>984,168</u>	<u>-</u>	<u>984,168</u>	<u>729,337</u>	<u>-</u>	<u>729,337</u>	<u>(15,000)</u>	<u>1,698,505</u>
<u>CHANGE IN NET ASSETS</u>	<u>168,572</u>	<u>(2,952)</u>	<u>165,620</u>	<u>(134,690)</u>	<u>2,000</u>	<u>(132,690)</u>	<u>-</u>	<u>32,930</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>(347,516)</u>	<u>356,107</u>	<u>8,591</u>	<u>14,216,824</u>	<u>-</u>	<u>14,216,824</u>	<u>-</u>	<u>14,225,415</u>
<u>NET ASSETS - END 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>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<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	\$ -	\$ -	\$ -	\$ 256,921	\$ -	\$ 256,921	\$ -	\$ 256,921
Program Service Revenue	17,417	-	17,417	-	-	-	-	17,417
Gifts, Grants and Contributions	238,549	809,108	1,047,657	53,427	-	53,427	(50,000)	1,051,084
Donated Services	-	-	-	68,976	-	68,976	-	68,976
Interest Income	303	-	303	35,155	-	35,155	-	35,458
Miscellaneous Income	46,314	-	46,314	1,623	-	1,623	-	47,937
<i>Reclassification of Net Assets:</i>								
Net Assets Released from Restrictions	885,441	(885,441)	-	10,000	(10,000)	-	-	-
<u>TOTAL SUPPORT, REVENUES</u>								
<u>AND RECLASSIFICATIONS</u>	<u>1,188,024</u>	<u>(76,333)</u>	<u>1,111,691</u>	<u>426,102</u>	<u>(10,000)</u>	<u>416,102</u>	<u>(50,000)</u>	<u>1,477,793</u>
<u>FUNCTIONAL EXPENSES:</u>								
Program Services	687,968	-	687,968	541,343	-	541,343	-	1,229,311
Administrative	238,686	-	238,686	153,240	-	153,240	(50,000)	341,926
Fund Raising	93,446	-	93,446	-	-	-	-	93,446
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>1,020,100</u>	<u>-</u>	<u>1,020,100</u>	<u>694,583</u>	<u>-</u>	<u>694,583</u>	<u>(50,000)</u>	<u>1,664,683</u>
<u>CHANGE IN NET ASSETS</u>	<u>167,924</u>	<u>(76,333)</u>	<u>91,591</u>	<u>(268,481)</u>	<u>(10,000)</u>	<u>(278,481)</u>	<u>-</u>	<u>(186,890)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>(515,440)</u>	<u>432,440</u>	<u>(83,000)</u>	<u>14,485,305</u>	<u>10,000</u>	<u>14,495,305</u>	<u>-</u>	<u>14,412,305</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ (347,516)</u>	<u>\$ 356,107</u>	<u>\$ 8,591</u>	<u>\$ 14,216,824</u>	<u>\$ -</u>	<u>\$ 14,216,824</u>	<u>\$ -</u>	<u>\$ 14,225,415</u>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>DSNI</u>				<u>DNI</u>			<u>ELIMIN-</u> <u>ATIONS</u>	<u>CONSOLIDATED</u>
	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>SUBTOTAL</u>	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>SUBTOTAL</u>		<u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries and Wages	\$ 294,319	\$ 77,032	\$ 63,862	\$ 435,213	\$ 181,157	\$ 20,128	\$ 201,285	\$ -	\$ 636,498
Payroll Taxes	33,148	8,675	7,193	49,016	20,597	2,288	22,885	-	71,901
Fringe Benefits	46,731	13,920	11,541	72,192	27,027	3,003	30,030	-	102,222
Grants/Subawards	144,893	-	-	144,893	-	-	-	(15,000)	129,893
Consultants/Professional Fees	3,330	82,604	9,302	95,236	59,210	31,235	90,445	-	185,681
Property Management	-	-	-	-	53,553	-	53,553	-	53,553
Program/Project Costs	90,858	9,128	1,540	101,526	-	-	-	-	101,526
Special Events and Projects	7,520	-	-	7,520	-	-	-	-	7,520
Real Estate Taxes	-	-	-	-	200,091	-	200,091	-	200,091
Occupancy	16,640	4,355	3,610	24,605	39,629	-	39,629	-	64,234
Insurance	1,734	2,352	376	4,462	23,264	-	23,264	-	27,726
Depreciation Expense	5,784	1,514	1,255	8,553	32,509	-	32,509	-	41,062
Office Supplies and Expenses	2,444	5,141	530	8,115	20,234	2,248	22,482	-	30,597
Printing and Postage	50	91	-	141	3,664	407	4,071	-	4,212
Staff Travel	-	-	-	-	3,219	358	3,577	-	3,577
Dues, Fees and Subscriptions	-	7,113	-	7,113	-	1,376	1,376	-	8,489
Interest Expense	-	22,724	-	22,724	-	-	-	-	22,724
Miscellaneous Expense	184	2,675	-	2,859	267	3,873	4,140	-	6,999
Total Functional Expenses	<u>\$ 647,635</u>	<u>\$ 237,324</u>	<u>\$ 99,209</u>	<u>\$ 984,168</u>	<u>\$ 664,421</u>	<u>\$ 64,916</u>	<u>\$ 729,337</u>	<u>\$ (15,000)</u>	<u>\$ 1,698,505</u>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>DSNI</u>				<u>DNI</u>			<u>ELIMIN-</u> <u>ATIONS</u>	<u>CONSOLIDATED</u>
	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>SUBTOTAL</u>	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>SUBTOTAL</u>		<u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries and Wages	\$ 239,358	\$ 31,428	\$ 53,877	\$ 324,663	\$ 117,576	\$ 13,064	\$ 130,640	\$ -	\$ 455,303
Payroll Taxes	29,144	3,651	6,259	39,054	12,126	1,347	13,473	-	52,527
Fringe Benefits	41,076	5,393	9,246	55,715	22,138	2,460	24,598	-	80,313
Grants/Subawards	293,000	-	-	293,000	-	57,103	57,103	(50,000)	300,103
Consultants/Professional Fees	21,360	152,624	17,325	191,309	72,191	63,932	136,123	-	327,432
Property Management	-	-	-	-	40,844	-	40,844	-	40,844
Program/Project Costs	14,607	1,859	2,527	18,993	-	-	-	-	18,993
Special Events and Projects	994	168	238	1,400	-	-	-	-	1,400
Real Estate Taxes	-	-	-	-	171,509	-	171,509	-	171,509
Occupancy	32,057	2,211	2,579	36,847	26,363	-	26,363	-	63,210
Insurance	2,777	1,443	223	4,443	21,153	-	21,153	-	25,596
Depreciation Expense	8,203	565	660	9,428	28,456	-	28,456	-	37,884
Office Supplies and Expenses	4,901	338	394	5,633	22,057	2,451	24,508	-	30,141
Printing and Postage	491	83	118	692	3,030	337	3,367	-	4,059
Staff Travel	-	-	-	-	3,397	378	3,775	-	3,775
Dues, Fees and Subscriptions	-	5,671	-	5,671	-	3,137	3,137	-	8,808
Interest Expense	-	25,918	-	25,918	-	-	-	-	25,918
Bad Debt Expense	-	1,760	-	1,760	-	-	-	-	1,760
Miscellaneous Expense	-	5,574	-	5,574	503	9,031	9,534	-	15,108
Total Functional Expenses	<u>\$ 687,968</u>	<u>\$ 238,686</u>	<u>\$ 93,446</u>	<u>\$ 1,020,100</u>	<u>\$ 541,343</u>	<u>\$ 153,240</u>	<u>\$ 694,583</u>	<u>\$ (50,000)</u>	<u>\$ 1,664,683</u>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	<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	\$ 165,620	\$ (132,690)	\$ -	\$ 32,930
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>				
Depreciation Expense	8,553	39,629	-	48,182
<i>(Increase) Decrease in Current Assets:</i>				
Grants and Contributions Receivable	(110,445)	(40,000)	-	(150,445)
Accounts Receivable, Program Services, Net	625	-	-	625
Rent Receivable, Net	-	(6,531)	-	(6,531)
Prepaid Expenses	(11,672)	(1,194)	-	(12,866)
<i>Increase (Decrease) in Current Liabilities:</i>				
Accounts Payable and Accrued Expenses	14,727	(9,053)	-	5,674
Accrued Payroll and Related Costs	2,588	(2,189)	-	399
Passthrough Funds	117,000	-	-	117,000
Conditional Grant Advance	26,145	-	-	26,145
Due to DSNI	-	56,078	(56,078)	-
Deferred Revenue and Rent	(3,972)	(7,777)	-	(11,749)
<i>(Increase) Decrease in Other Assets:</i>				
Interest Receivable	-	(35,510)	-	(35,510)
Due from DNI	(56,078)	-	56,078	-
Net Adjustment	(12,529)	(6,547)	-	(19,076)
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>153,091</u>	<u>(139,237)</u>	<u>-</u>	<u>13,854</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Cash Outlay for Capital Expenditures	-	(26,101)	-	(26,101)
Net Cash Flows From Financing Activities	-	(26,101)	-	(26,101)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>				
Proceeds from Mortgage Note Payable	-	146,574	-	146,574
Principal Payments on Loans Payable	(4,513)	-	-	(4,513)
Principal Payments on Capital Lease Obligation	(7,887)	-	-	(7,887)
Net Cash Flows From Financing Activities	(12,400)	146,574	-	134,174
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>140,691</u>	<u>(18,764)</u>	<u>-</u>	<u>121,927</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>219,871</u>	<u>459,162</u>	<u>-</u>	<u>679,033</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 360,562</u>	<u>\$ 440,398</u>	<u>\$ -</u>	<u>\$ 800,960</u>
<i>Supplemental Disclosures :</i>				
Interest Paid	\$ 22,724	\$ -	\$ -	\$ 22,724
<i>Cash Balances :</i>				
Cash	\$ 334,417	\$ 440,398	\$ -	\$ 774,815
Cash, Conditional Grant Advance	26,145	-	-	26,145
Total	<u>\$ 360,562</u>	<u>\$ 440,398</u>	<u>\$ -</u>	<u>\$ 800,960</u>

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	<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	\$ 91,591	\$ (278,481)	\$ -	\$ (186,890)
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>				
Depreciation Expense	9,428	28,456	-	37,884
Bad Debt Expense	1,760	-	-	1,760
<i>(Increase) Decrease in Current Assets:</i>				
Grants and Contributions Receivable	216,400	-	-	216,400
Accounts Receivable, Program Services, Net	21,489	-	-	21,489
Rent Receivable, Net	-	(16,029)	-	(16,029)
Prepaid Expenses	(443)	1,989	-	1,546
<i>Increase (Decrease) in Current Liabilities:</i>				
Accounts Payable and Accrued Expenses	(121,727)	(15,704)	-	(137,431)
Accrued Payroll and Related Costs	5,140	10,044	-	15,184
Due to DSNI	-	50,326	(50,326)	-
Deferred Revenue and Rent	(3,972)	87,777	-	83,805
<i>(Increase) Decrease in Other Assets:</i>				
Deferred Interest and Rents	-	451,404	-	451,404
Interest Receivable	-	(32,936)	-	(32,936)
Due from DNI	(50,326)	-	50,326	-
Net Adjustment	<u>77,749</u>	<u>565,327</u>	<u>-</u>	<u>643,076</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>169,340</u>	<u>286,846</u>	<u>-</u>	<u>456,186</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>				
Proceeds from Mortgage Note Payable	-	9,341	-	9,341
Payments on Line-of-Credit	(50,000)	-	-	(50,000)
Principal Payments on Loans Payable	(4,242)	-	-	(4,242)
Principal Payments on Capital Lease Obligation	(10,113)	-	-	(10,113)
Net Cash Flows From Financing Activities	<u>(64,355)</u>	<u>9,341</u>	<u>-</u>	<u>(55,014)</u>
<u>NET INCREASE IN CASH BALANCES</u>	<u>104,985</u>	<u>296,187</u>	<u>-</u>	<u>401,172</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>114,886</u>	<u>162,975</u>	<u>-</u>	<u>277,861</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 219,871</u>	<u>\$ 459,162</u>	<u>\$ -</u>	<u>\$ 679,033</u>
<i>Supplemental Disclosures:</i>				
Interest Paid	<u>\$ 25,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,918</u>
<i>Cash Balances:</i>				
Cash	\$ 194,871	\$ 459,162	\$ -	\$ 654,033
Cash Restricted for Collateral	25,000	-	-	25,000
Total	<u>\$ 219,871</u>	<u>\$ 459,162</u>	<u>\$ -</u>	<u>\$ 679,033</u>