

DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.

AND

DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2024 AND 2023

Smith  Sullivan
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

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DUDLEY STREET NEIGHBORHOOD INITIATIVE, INC.
AND
DUDLEY NEIGHBORS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023



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, 2024 AND 2023

C O N T E N T S

	<i>Pages</i>
<u>Consolidated Financial Statements</u>	
Independent Auditors' Report.....	1 - 2
Consolidated Statements of Financial Position as of June 30, 2024 and 2023.....	3
Consolidated Statements of Activities for the Years Ended June 30, 2024 and 2023.....	4
Consolidated Statements of Functional Expenses for the Years Ended June 30, 2024 and 2023.....	5
Consolidated Statements of Cash Flows for the Years Ended June 30, 2024 and 2023.....	6
Notes to Consolidated Financial Statements.....	7 - 22
<u>Supplemental Consolidating Statements</u>	
Consolidating Statement of Financial Position as of June 30, 2024.....	23
Consolidating Statement of Financial Position as of June 30, 2023.....	24
Consolidating Statement of Activities for the Year Ended June 30, 2024.....	25
Consolidating Statement of Activities for the Year Ended June 30, 2023.....	26
Consolidating Statement of Functional Expenses for the Year Ended June 30, 2024.....	27
Consolidating Statement of Functional Expenses for the Year Ended June 30, 2023.....	28
Consolidating Statement of Cash Flows for the Year Ended June 30, 2024.....	29
Consolidating Statement of Cash Flows for the Year Ended June 30, 2023.....	30

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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, 2024 and 2023, 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, 2024 and 2023, 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 consolidated 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 23 - 30 are 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
December 11, 2024

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 2,195,302	\$ 1,968,536
Cash Restricted for Land Trust Grants	349,095	500,000
Grants and Contributions Receivable	651,323	628,362
Rent and Real Estate Taxes Receivable, Net	39,234	161,473
Prepaid Expenses	<u>2,713</u>	<u>10,156</u>
Total Current Assets	<u>3,237,667</u>	<u>3,268,527</u>
 <u>NET PROPERTY AND EQUIPMENT</u>	 <u>14,613,573</u>	 <u>14,668,234</u>
<u>OTHER ASSETS:</u>		
Cash Held for Revolving Loan Fund	1,292,156	1,500,000
Grants Receivable, Non-Current	300,000	-
Operating Lease Right-of-Use Asset	135,924	-
Loans Receivable	342,000	67,000
Interest Receivable	<u>168,947</u>	<u>163,668</u>
Total Other Assets	<u>2,239,027</u>	<u>1,730,668</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 20,090,267</u>	 <u>\$ 19,667,429</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Loan Payable	\$ 6,501	\$ 6,138
Accounts Payable and Accrued Expenses	98,365	24,601
Accrued Payroll and Related Costs	71,125	56,745
Passthrough Funds	83,383	247,956
Operating Lease Liability, Current	<u>89,637</u>	<u>-</u>
Total Current Liabilities	<u>349,011</u>	<u>335,440</u>
 <u>LONG-TERM LIABILITIES:</u>		
Operating Lease Liability, Net of Current Portion	46,287	-
Loan Payable, Net of Current Portion	322,353	328,329
Mortgage Note Payable	<u>1,402,704</u>	<u>1,402,704</u>
Total Long-Term Liabilities	<u>1,771,344</u>	<u>1,731,033</u>
 <u>TOTAL LIABILITIES</u>	 <u>2,120,355</u>	 <u>2,066,473</u>
 <u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions	14,127,722	14,596,353
Net Assets With Donor Restrictions	<u>3,842,190</u>	<u>3,004,603</u>
Total Net Assets	<u>17,969,912</u>	<u>17,600,956</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 20,090,267</u>	 <u>\$ 19,667,429</u>

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

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	<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	\$ 294,337	\$ -	\$ 294,337	\$ 359,955	\$ -	\$ 359,955
Program Service Revenue	14,516	-	14,516	4,000	-	4,000
Gifts, Grants and Contributions	465,731	2,333,054	2,798,785	534,633	3,026,466	3,561,099
Donated Services	114,162	-	114,162	124,630	-	124,630
Interest Income	51,426	97,712	149,138	120	-	120
Miscellaneous Income	56,893	-	56,893	22,227	-	22,227
Total Support and Revenues	997,065	2,430,766	3,427,831	1,045,565	3,026,466	4,072,031
<i>Reclassification of Net Assets - Released from Restrictions:</i>						
Net Assets Released from Restrictions	1,593,179	(1,593,179)	-	885,404	(885,404)	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,590,244</u>	<u>837,587</u>	<u>3,427,831</u>	<u>1,930,969</u>	<u>2,141,062</u>	<u>4,072,031</u>
<u>FUNCTIONAL EXPENSES:</u>						
Program Services	2,355,426	-	2,355,426	1,278,432	-	1,278,432
Administrative	528,364	-	528,364	377,359	-	377,359
Fund Raising	175,085	-	175,085	164,325	-	164,325
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>3,058,875</u>	<u>-</u>	<u>3,058,875</u>	<u>1,820,116</u>	<u>-</u>	<u>1,820,116</u>
<u>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</u>	<u>(468,631)</u>	<u>837,587</u>	<u>368,956</u>	<u>110,853</u>	<u>2,141,062</u>	<u>2,251,915</u>
<u>LOSS ON IMPAIRMENT</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(348,594)</u>	<u>-</u>	<u>(348,594)</u>
<u>TOTAL CHANGE IN NET ASSETS</u>	<u>(468,631)</u>	<u>837,587</u>	<u>368,956</u>	<u>(237,741)</u>	<u>2,141,062</u>	<u>1,903,321</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>14,596,353</u>	<u>3,004,603</u>	<u>17,600,956</u>	<u>14,834,094</u>	<u>863,541</u>	<u>15,697,635</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 14,127,722</u>	<u>\$ 3,842,190</u>	<u>\$ 17,969,912</u>	<u>\$ 14,596,353</u>	<u>\$ 3,004,603</u>	<u>\$ 17,600,956</u>

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

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
	<u>PROGRAM SERVICES</u>	<u>ADMINI- STRATIVE</u>	<u>FUND RAISING</u>	<u>CONSOLIDATED TOTAL</u>	<u>PROGRAM SERVICES</u>	<u>ADMINI- STRATIVE</u>	<u>FUND RAISING</u>	<u>CONSOLIDATED TOTAL</u>
Salaries and Wages	\$ 642,978	\$ 103,212	\$ 115,133	\$ 861,323	\$ 441,366	\$ 36,052	\$ 118,098	\$ 595,516
Payroll Taxes	53,124	8,692	9,394	71,210	51,856	4,146	13,964	69,966
Fringe Benefits	67,460	10,569	12,268	90,297	50,578	3,528	14,127	68,233
Grants/Subawards	607,892	-	-	607,892	-	-	-	-
Consultants/Professional Fees	275,396	250,886	16,698	542,980	165,080	228,622	-	393,702
Program/Project Costs	115,602	9,472	-	125,074	99,128	3,110	-	102,238
Repairs and Maintenance	-	-	-	-	-	-	-	-
Real Estate Taxes	185,461	-	-	185,461	189,346	-	-	189,346
Occupancy	110,640	9,404	7,927	127,971	151,881	10,160	8,626	170,667
Insurance	30,874	1,362	1,129	33,365	28,794	2,414	866	32,074
Depreciation Expense	65,831	1,158	959	67,948	64,879	1,200	994	67,073
Office Supplies and Expenses	29,225	7,294	6,004	42,523	27,730	6,980	5,738	40,448
Printing and Postage	1,069	-	-	1,069	275	-	-	275
Staff Travel	76,290	6,021	1,160	83,471	-	-	-	-
Conferences and Meetings	89,077	-	-	89,077	-	-	-	-
Dues, Fees and Subscriptions	3,032	34,616	4,413	42,061	7,519	20,853	1,912	30,284
Interest Expense	-	19,071	-	19,071	-	24,280	-	24,280
Bad Debt Expense	1,095	52,950	-	54,045	-	34,500	-	34,500
Miscellaneous Expense	380	13,657	-	14,037	-	1,514	-	1,514
Total Functional Expenses	<u>\$ 2,355,426</u>	<u>\$ 528,364</u>	<u>\$ 175,085</u>	<u>\$ 3,058,875</u>	<u>\$ 1,278,432</u>	<u>\$ 377,359</u>	<u>\$ 164,325</u>	<u>\$ 1,820,116</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 368,956	\$ 1,903,321
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Loss on Impairment of Stafford Heights Loan	-	348,594
Depreciation Expense	67,948	67,074
Bad Debt Expense	54,045	34,500
<i>(Increase) Decrease in Current Assets:</i>		
Grants and Contributions Receivable	(22,961)	275,310
Rent and Real Estate Taxes Receivable	68,194	100,557
Prepaid Expenses	7,441	1,526
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	73,764	(199,215)
Accrued Payroll and Related Costs	14,380	17,506
Passthrough Funds	(164,573)	(279,264)
Operating Lease Liability, Current	(2,843)	-
Deferred Rent	-	(6,970)
<i>(Increase) Decrease in Other Assets:</i>		
Grants Receivable, Non-Current	(300,000)	-
Operating Lease Right-of-Use Asset	68,293	-
Loans Receivable	(275,000)	-
Interest Receivable	(5,279)	4,970
<i>Increase (Decrease) in Non-Current Liabilities:</i>		
Operating Lease Liability, Non-Current	(65,450)	-
Net Adjustment	(482,041)	364,588
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(113,085)</u>	<u>2,267,909</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Cash Outlay for Capital Expenditures	(13,285)	(89,016)
Net Cash Flows From Investing Activities	(13,285)	(89,016)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Principal Payments on Loans Payable	(5,613)	(6,226)
Net Cash Flows From Financing Activities	(5,613)	(6,226)
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>(131,983)</u>	<u>2,172,667</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>3,968,536</u>	<u>1,795,869</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 3,836,553</u>	<u>\$ 3,968,536</u>
<i>Supplemental Disclosure :</i>		
<i>Interest Paid</i>	<i>\$ 19,071</i>	<i>\$ 24,280</i>
<i>Cash Balances :</i>		
<i>Cash</i>	<i>\$ 2,195,302</i>	<i>\$ 1,968,536</i>
<i>Cash Restricted for Land Trust Grants</i>	<i>349,095</i>	<i>500,000</i>
<i>Cash Held for Revolving Loan Fund</i>	<i>1,292,156</i>	<i>1,500,000</i>
<i>Total Cash Balances</i>	<i>\$ 3,836,553</i>	<i>\$ 3,968,536</i>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 1 ORGANIZATION AND PURPOSE

Dudley Street Neighborhood Initiative, Inc.:

Dudley Street Neighborhood Initiative (“DSNI”) is a thirty-nine-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 501(c)(3) 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 and also tax exempt under IRC Section 501(c)(3). 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. 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, 2024 AND 2023

(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 Holding LLC:

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.

Greater Boston Community Land Trust Network (“GBCLTN”):

DSNI hosts and staffs the GBCLTN, which currently has a membership of eight area Community Land Trusts, including DNI. The GBCLTN supports current and emerging community land trusts (CLT’s) for resident-led planning and long-term, collective control of land in and around Boston. The GBCLTN is committed to removing land from the speculative market and putting it into the hands of the community for use in permanently affordable housing, economic development, urban agriculture, and open space. The GBCLTN works to protect and strengthen diverse neighborhoods across its region that are undergoing or at risk of gentrification, to promote understanding of the CLT model, and to advocate for policies and programs that aid in the creation, maintenance and expansion of CLTs.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(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-six 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 228 units of affordable housing, urban farms, a greenhouse, playground 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 or rental 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, 2024 AND 2023

(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 Coops - 36-unit housing cooperative development
- Woodward Park Homes - 31-unit homeownership development
- Woodville Julian Homes - 11-unit homeownership development, and 2 rental units
- Dudley Village North and South - 50 rental units and 8,000 square feet mixed-use development
- Brookford Dalin Dean Homes - 17-unit homeownership development, and 2 rental units
- 492 Dudley Street - commercial building
- 568-572 Columbia Road - commercial building
- 16 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 in conformity with generally accepted accounting principles (“GAAP”) and accordingly, reflect all significant receivables, payables and other liabilities.

Estimates:

The preparation of financial statements in conformity with 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 consolidated 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, 2024 AND 2023

(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, 2024 and 2023, 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, 2024, the non-current portion of multi-year grant commitments were due in FY 2026, and for FY 2023, there were no non-current grants receivable due. Management considers these commitments to be fully collectible and therefore, has not established a reserve for uncollectible amounts. For the years 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 \$200,000 and \$125,000 as of June 30, 2024 and 2023, 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, 2024 AND 2023

(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 its 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.

Leases:

The Organization determines if an arrangement is a lease at inception. When the standards apply, operating leases are included in operating lease right-of-use (“ROU”) assets and operating lease liabilities in the Consolidated Statements of Financial Position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

The operating lease ROU asset includes any lease payments made to the landlord prior to the commencement of the lease and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 3 *(Continued)*

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 GAAP, 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.

Revenue Recognition:

Rental Income and Real Estate Tax Reimbursement - DNI

Rental Income is derived from land and commercial 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 restrictions 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(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, 2024 and 2023, the Organization received \$114,162 and \$124,630 respectively, in pro-bono legal services in support of its community development program, land trust matters 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, 2024 AND 2023

(Continued)

NOTE 3 (Continued)

Reclassifications:

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

Recent Accounting Guidance:

Recently Implemented Standards

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which introduced an expected credit loss model for the impairment of financial assets measured at amortized cost. The model replaces the probable, incurred loss model for those assets and broadens the information an entity must consider in developing its expected credit loss estimate for assets measured at amortized cost. The Organization adopted ASU No. 2016-13 effective July 1, 2023, with no material impact to the financial position, changes in net assets, or cash flows.

NOTE 4 PROPERTY AND EQUIPMENT

Property and Equipment consists of land and land improvements, leasehold improvements, buildings and associated improvements, furnishings, and equipment. The following is a summary of property and equipment as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<u>DNI</u>		
Land	\$13,907,885	\$13,907,885
Land Improvements	861,271	861,271
Buildings and Improvements	711,994	701,944
Furniture and Equipment	<u>10,220</u>	<u>10,220</u>
Subtotal DNI Property	15,491,370	15,481,320
Less: Accumulated Depreciation	<u>(882,431)</u>	<u>(821,025)</u>
DNI Property, Net	<u>\$14,608,939</u>	<u>\$14,660,295</u>
<u>DSNI</u>		
Furniture and Equipment	\$ 167,908	\$ 164,673
Less: Accumulated Depreciation	<u>(163,273)</u>	<u>(156,734)</u>
DSNI Property, Net	<u>\$ 4,634</u>	<u>\$ 7,939</u>
Consolidated Property and Equipment, Net	<u>\$14,613,573</u>	<u>\$14,668,234</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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 4 *(Continued)*

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 and through June 30, 2024. 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 appraised value is roughly \$600,000. 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 the remaining 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.

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 LOANS RECEIVABLE

Stafford Heights Limited Partnership:

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 accrued interest at 7.88% per annum, compounded annually, and matured on December 31, 2022, at which time, all payments of principal and deferred interest were due. *Loans Receivable* includes the remaining \$67,000 of a \$367,000 mortgage note. During FY 2023, Stafford Heights informed DNI that they would be unable to pay the note in full at maturity and since that time and through the financial statement release date, DNI and Stafford Heights have been negotiating the terms of a loan modification. There was also a misinterpretation by both parties as to the interest rate applicable to the note. The note was to bear simple interest; however, the parties operated using interest that compounded annually. Therefore, DNI recalculated the accrued interest using the simple interest formula, which resulted in a loss on impairment in the amount of \$348,594, which is presented as such in the accompanying Consolidated Statement of Activities for the year ended June 30, 2023. Interest income accrued during each year presented was \$5,279 and cumulative accrued interest as of June 30, 2024 and 2023 was \$168,947 and \$163,668, respectively. The balance of the loan receivable of \$67,000 and accrued interest in the amount of \$168,947 is presented as a non-current asset in the accompanying Consolidated Statements of Financial Position, pending negotiation of the payment terms.

Community Land Trust Revolving Loan Fund:

As further detailed in Note 7, DSNi administers a loan fund on behalf of the Greater Boston Community Land Trust Network (previously discussed in Note 2). In June 2024, two loans were made from the Revolving Loan Fund in the aggregate amount of \$275,000 as follows:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 5 *(Continued)*

- (a) BNCLT Real Estate, LLC (a subsidiary of Boston Neighborhood Community Land Trust, Inc.), loan in the amount of \$200,000 dated June 21, 2024, maturing on June 28, 2026, bearing interest at the annual rate of 1%, payable monthly. The loan is to fund costs associated with a real estate project and is not secured. Upon maturity, the balance of the note is due in full. It is expected that the loan will be repaid with funding from the Small Properties Acquisition Funding Program to be offered by the Massachusetts Executive Office of Housing and Livable Communities. However, in the event that the borrower is not able to repay the loan despite all efforts, the loan will be converted to a grant.

- (b) Chinatown Community Land Trust, Inc., loan in the amount of \$75,000 dated June 24, 2024, maturing on March 21, 2025, bearing interest at the annual rate of 1%, payable monthly. Upon maturity, the balance of the note is due in full.

Interest earned on these loans will be added back to the loan fund along with the repayment of the loan principal. As of June 30, 2024, interest had not yet been accrued. The intention of the Revolving Loan Fund is to restore the fund for subsequent loans. Therefore, regardless of maturity date, these loan balances due are classified within non-current assets, as they are not intended for current operating use.

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 \$19,071 and \$21,040 for the years ended June 30, 2024 and 2023, respectively.

The principal portion of the above debt scheduled for payment in FY 2025 is \$6,501 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, 2026	\$ 6,885
June 30, 2027	7,291
June 30, 2028*	<u>308,177</u>
Total	<u>\$322,353</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, 2024 AND 2023

(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, 2024 and 2023, the outstanding balance was \$1,402,704 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, 2024 and 2023, net assets with donor restrictions are restricted for the following projects and purposes:

<u>Nature of Restriction</u>	<u>2024</u>	<u>2023</u>
Development Without Displacement	\$1,000,756	\$ 361,887
Land Trust Grants/Loan Fund	1,916,251	2,000,000
Neighborhood Development	508,797	225,716
Time Restricted	225,000	370,000
Resident Empowerment	191,386	47,000
Total	<u>\$3,842,190</u>	<u>\$3,004,603</u>

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

<u>Nature of Restriction</u>	<u>2024</u>	<u>2023</u>
Development Without Displacement	\$ 815,038	\$204,229
Land Trust Grants/Loan Fund	173,561	-
Neighborhood Development	329,051	418,684
Resident Empowerment	261,579	260,491
Community Garden	13,950	-
Land Trust	-	2,000
Total	<u>\$1,593,179</u>	<u>\$885,404</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 7 (Continued)

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

DSNI, as convening organization for the 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 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. The intention of the Revolving Loan Fund is to provide short-term loans to eligible community land trusts at below-market interest rates. As of June 30, 2023, there had been no loan disbursements or impact grants, and the entirety of the grant was held as cash and is presented within net assets with donor restrictions.

The following table summarizes the activity of the Funds:

	<u>Loan Fund</u>	<u>Grant Fund</u>	<u>Total</u>
Balance as of June 30, 2023	\$1,500,000	\$ 500,000	\$2,000,000
Grants Made	-	(100,000)	(100,000)
Released to Operations	(30,556)	(50,905)	(81,461)
Interest Earned on Funds Held	<u>97,712</u>	<u>-</u>	<u>97,712</u>
Balance as of June 30, 2024	<u>\$1,567,156</u>	<u>\$ 349,095</u>	<u>\$1,916,251</u>

Composition of Funds as of June 30, 2024:

	<u>Loan Fund</u>	<u>Grant Fund</u>	<u>Total</u>
Loans Receivable	\$ 275,000	\$ -	\$ 275,000
Cash in Bank	<u>1,292,156</u>	<u>349,095</u>	<u>1,641,251</u>
Balance as of June 30, 2024	<u>\$1,567,156</u>	<u>\$349,095</u>	<u>\$1,916,251</u>

During FY 2023, DNI received notification that the Organization was named as a beneficiary of an estate. The bequest to DNI consists of a residence and land located in the Dudley Street neighborhood. The property was subject to a reverse mortgage with an outstanding balance of \$361,132. As of June 30, 2023, DNI had not agreed to accept the bequest, pending approval of supplemental grant funding from the City of Boston to pay off the debt. Subsequently, on August 1, 2023, the City of Boston granted DSNI additional funds in the amount of \$430,000 through a grant amendment on the above GBCLTN grant which was further restricted to the acquisition of this property on behalf of DNI. DSNI paid off the mortgage totaling \$361,132 and reserved the remaining grant funds to be used for necessary repairs and carrying costs until such a time when DNI will receive the property and simultaneously transfer the residence to a charitable organization, while retaining the land. The mortgage payment amount is classified as a grant expense intended to clear the title so that DNI could accept the inheritance.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(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.

NOTE 9 LEASE COMMITMENTS

Operating Lease:

In January 2024, DSNI entered into a three-year lease (retro-dated lease, commencing January 2023) for office space located at 550 Dudley Street. DSNI subsequently executed an amendment to the lease in May 2024 to add additional space to the lease. As of June 30, 2024, the weighted average remaining lease term was 1.5 years. As a result of applying the lease accounting standards to this agreement, the accompanying consolidated financial statements include an operating right-of-use asset and corresponding lease liability in the amount of \$135,924. The Organization used a weighted-average discount rate of 4.32% to approximate the lease term at inception. The right-of-use asset obtained in exchange for operating lease liabilities in FY 2024 was \$202,422, and the operating lease expense recognized on the lease for the years ended June 30, 2024 and 2023 were \$74,068 and \$56,356, respectively, and is reported as *Occupancy* expense in the accompanying Consolidated Statements of Functional Expenses.

The future minimum lease payments arising from this commitment is scheduled below:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2025	\$ 93,408
June 30, 2026	<u>46,704</u>
Total Undiscounted Cash Flows	140,112
Less: Present Value Discount	<u>(4,188)</u>
Total Lease Liabilities	<u>\$135,924</u>

NOTE 10 CONCENTRATIONS

Cash:

The Organization is subject to concentrations in credit risk relating primarily to cash. 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. To mitigate this risk, DSNI opened new bank accounts in FY 2024 with an overnight sweep agreement which invests excess funds in a U.S. Treasury money market fund. As of June 30, 2024 and 2023, cash balances in excess of the FDIC coverage were \$463,964 and \$3,471,128, respectively. To date, the Organization has not experienced losses in any of these accounts.

Receivables:

As of June 30, 2024, the balance due on three grant commitments accounts for 87% of total *Grants and Contributions Receivable*.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 10 (Continued)

As of June 30, 2023, the balance due on two grant commitments accounts for 75% of total *Grants and Contributions Receivable*.

As of June 30, 2023, the balance due from three commercial properties accounts for approximately 41% of land rent and real estate tax reimbursements due. These balances were paid in full subsequent to that year end.

NOTE 11 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>2024</u>	<u>2023</u>
Financial Assets:		
Cash	\$ 3,836,553	\$ 3,968,536
Grants and Contributions Receivable	951,323	628,362
Rent and Real Estate Taxes Receivable, Net	39,234	161,473
Loans Receivable	342,000	67,000
Interest Receivable	<u>168,947</u>	<u>163,668</u>
Total Financial Assets	5,338,057	4,989,039
Less: Amounts Not Available to be Used		
Within One Year:		
Grants Receivable, Non-Current	(300,000)	-
Cash Restricted for Revolving Loan Fund	(1,292,156)	(1,500,000)
Cash Restricted for Land Trust Grants	(349,095)	(500,000)
Passthrough Funds	(83,383)	(247,956)
Loans Receivable	(342,000)	(67,000)
Interest Receivable	<u>(168,947)</u>	<u>(163,668)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 2,802,476</u>	<u>\$ 2,510,415</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 12 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 December 11, 2024, the date which the consolidated financial statements were available for issue, and noted the following events which met the criteria for disclosure:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 12 *(Continued)*

Bob Haas Estate:

DNI received the property described as 29 Monadnock which was willed to DNI by the Bob Haas Estate. The estate transactions were closed in August 2024, at which point DNI deeded the property to DNI5 (an affiliate of Dudley Neighbors, Inc.), and DNI in turn conveyed the building on the property to the Bob Haas Community Trust, and executed a 99-year ground lease with the Bob Haas Community Trust. DNI will recognize the fair value of the land as a donation in fiscal year 2025. The Bob Haas Community Trust manages the property as rental residences.

Mass General \$2M Grant:

In July 2024, DSNI was awarded a \$2,000,000 grant from the Massachusetts General Hospital (“MGH”) to be utilized for the MGH Housing Community Health Impact Fund. DSNI has received the initial installment of \$1,600,000 in August 2024, and will utilize the funds to grow the Greater Boston Community Land Trust’s CLT Fund and continue to further efforts in securing affordable housing in the Greater Boston area.

City of Boston \$1M Amendment:

In November 2024, DSNI received an amendment to the City of Boston Grant Agreement whereby their award was increased by an additional \$1,000,000. This brought the total of their funding to \$3,430,000, with a grant term of January 27, 2023 to September 30, 2026. This additional \$1,000,000 is funded through the American Rescue Plan Act (“ARPA”) and is to be utilized for grants to be distributed without repayment requirements. Funds are to be utilized by households who meet certain income thresholds for the acquisition of residential housing units. Funding of \$500,000 is immediately available, and the remaining \$500,000 will be available once the initial amount has been disbursed.

DNI Property Acquisitions:

The City of Boston provided public land which was utilized by a developer for the Magnolia Woodford project, which includes 4 homeownership units and 1 rental unit. The project completed construction in August 2024 and the requirement from the City of Boston was to have the property transferred over to a community land trust once construction was completed and the sale of the property incurred. DNI was identified as the CLT recipient for the land. The following are the details of the property acquisitions that will be recognized by DNI as contributions in fiscal year 2025 and the Organization is currently valuing the property:

- 8 Woodford Street - Duplex sale closed on August 26, 2024. The land consisting of approximately 2,778 square feet of land, more or less, will be owned by Dudley Neighbors Holdings LLC
- 21 Magnolia - Duplex sale closed on August 7, 2024. The land consisting of approximately 2,607 square feet of land, more or less, will be owned by Dudley Neighbors Holdings LLC
- 23 Magnolia - Two-family home with one owner-occupied unit and a rental unit. Sale closed on August 9, 2024 - The land consisting of approximately 3,119 square feet of land, more or less, will be owned by Dudley Neighbors Holdings LLC
- 4 Chamblet - Single family home sale closed on August 15, 2024. The land consisting of approximately 4,485 square feet of land, more or less, will be owned by Dudley Neighbors Holdings LLC

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2024

	<u>DSNI</u>	<u>DNI</u>	<u>ELIMIN- ATIONS</u>	<u>CONSOLIDATED TOTAL</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS:</u>				
Cash	\$ 1,506,694	\$ 688,608	\$ -	\$ 2,195,302
Cash Restricted for Land Trust Grants	349,095	-	-	349,095
Grants and Contributions Receivable	630,704	20,619	-	651,323
Rent and Real Estate Taxes Receivable, Net	-	39,234	-	39,234
Prepaid Expenses	1,416	1,297	-	2,713
Total Current Assets	<u>2,487,909</u>	<u>749,758</u>	<u>-</u>	<u>3,237,667</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>4,635</u>	<u>14,608,938</u>	<u>-</u>	<u>14,613,573</u>
<u>OTHER ASSETS:</u>				
Cash Held for Revolving Loan Fund	1,292,156	-	-	1,292,156
Grants Receivable, Non-Current	300,000	-	-	300,000
Operating Lease Right-of-Use Asset	135,924	-	-	135,924
Loan Receivable	275,000	67,000	-	342,000
Interest Receivable	-	168,947	-	168,947
Due from DNI	135,696	-	(135,696)	-
Total Other Assets	<u>2,138,776</u>	<u>235,947</u>	<u>(135,696)</u>	<u>2,239,027</u>
<u>TOTAL ASSETS</u>	<u>\$ 4,631,320</u>	<u>\$ 15,594,643</u>	<u>\$ (135,696)</u>	<u>\$ 20,090,267</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES:</u>				
Loan Payable	\$ 6,501	\$ -	\$ -	\$ 6,501
Accounts Payable and Accrued Expenses	85,643	12,722	-	98,365
Accrued Payroll and Related Costs	51,334	19,791	-	71,125
Passthrough Funds	83,383	-	-	83,383
Operating Lease Liability, Current	89,637	-	-	89,637
Due to DSNI	-	135,696	(135,696)	-
Total Current Liabilities	<u>316,498</u>	<u>168,209</u>	<u>(135,696)</u>	<u>349,011</u>
<u>LONG-TERM LIABILITIES:</u>				
Operating Lease Liability, Net of Current Portion	46,287	-	-	46,287
Loan Payable, Net of Current Portion	322,353	-	-	322,353
Mortgage Note Payable	-	1,402,704	-	1,402,704
Total Long-Term Liabilities	<u>368,640</u>	<u>1,402,704</u>	<u>-</u>	<u>1,771,344</u>
<u>TOTAL LIABILITIES</u>	<u>685,138</u>	<u>1,570,913</u>	<u>(135,696)</u>	<u>2,120,355</u>
<u>NET ASSETS:</u>				
Net Assets Without Donor Restrictions	103,992	14,023,730	-	14,127,722
Net Assets With Donor Restrictions	3,842,190	-	-	3,842,190
Total Net Assets	<u>3,946,182</u>	<u>14,023,730</u>	<u>-</u>	<u>17,969,912</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 4,631,320</u>	<u>\$ 15,594,643</u>	<u>\$ (135,696)</u>	<u>\$ 20,090,267</u>

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2023

	<u>DSNI</u>	<u>DNI</u>	<u>ELIMIN- ATIONS</u>	<u>CONSOLIDATED TOTAL</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS:</u>				
Cash	\$ 1,459,987	\$ 508,549	\$ -	\$ 1,968,536
Cash Restricted for Land Trust Grants	500,000	-	-	500,000
Grants and Contributions Receivable	628,362	-	-	628,362
Rent and Real Estate Taxes Receivable, Net	-	161,473	-	161,473
Prepaid Expenses	1,491	8,665	-	10,156
Total Current Assets	<u>2,589,840</u>	<u>678,687</u>	<u>-</u>	<u>3,268,527</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>7,939</u>	<u>14,660,295</u>	<u>-</u>	<u>14,668,234</u>
<u>OTHER ASSETS:</u>				
Cash Held for Revolving Loan Fund	1,500,000	-	-	1,500,000
Loan Receivable	-	67,000	-	67,000
Interest Receivable	-	163,668	-	163,668
Due from DNI	387,344	-	(387,344)	-
Total Other Assets	<u>1,887,344</u>	<u>230,668</u>	<u>(387,344)</u>	<u>1,730,668</u>
<u>TOTAL ASSETS</u>	<u>\$ 4,485,123</u>	<u>\$ 15,569,650</u>	<u>\$ (387,344)</u>	<u>\$ 19,667,429</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES:</u>				
Loan Payable	\$ 6,138	\$ -	\$ -	\$ 6,138
Accounts Payable and Accrued Expenses	8,798	15,803	-	24,601
Accrued Payroll and Related Costs	42,109	14,636	-	56,745
Passthrough Funds	247,956	-	-	247,956
Due to DSNI	-	387,344	(387,344)	-
Total Current Liabilities	<u>305,001</u>	<u>417,783</u>	<u>(387,344)</u>	<u>335,440</u>
<u>LONG-TERM LIABILITIES:</u>				
Loan Payable, Net of Current Portion	328,329	-	-	328,329
Mortgage Note Payable	-	1,402,704	-	1,402,704
Total Long-Term Liabilities	<u>328,329</u>	<u>1,402,704</u>	<u>-</u>	<u>1,731,033</u>
<u>TOTAL LIABILITIES</u>	<u>633,330</u>	<u>1,820,487</u>	<u>(387,344)</u>	<u>2,066,473</u>
<u>NET ASSETS:</u>				
Net Assets Without Donor Restrictions	847,190	13,749,163	-	14,596,353
Net Assets With Donor Restrictions	3,004,603	-	-	3,004,603
Total Net Assets	<u>3,851,793</u>	<u>13,749,163</u>	<u>-</u>	<u>17,600,956</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 4,485,123</u>	<u>\$ 15,569,650</u>	<u>\$ (387,344)</u>	<u>\$ 19,667,429</u>

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

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>DSNI</u>			<u>DNI</u>			<u>ELIMIN- ATIONS</u>	<u>CONSOLIDATED ACTIVITIES</u>
	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>SUBTOTAL</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>SUBTOTAL</u>		
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>								
<i>Support and Revenues:</i>								
Rental Income and Real Estate Tax Reimbursement	\$ -	\$ -	\$ -	\$ 294,337	\$ -	\$ 294,337	\$ -	\$ 294,337
Program Service Revenue	-	-	-	14,516	-	14,516	-	14,516
Gifts, Grants and Contributions	314,344	2,319,104	2,633,448	690,798	13,950	704,748	(539,411)	2,798,785
Donated Services	57,681	-	57,681	56,481	-	56,481	-	114,162
Interest Income	43,821	97,712	141,533	7,605	-	7,605	-	149,138
Miscellaneous Income	53,893	-	53,893	3,000	-	3,000	-	56,893
<i>Reclassification of Net Assets - Released from Restrictions:</i>								
Satisfaction of Donor Restrictions	1,579,229	(1,579,229)	-	13,950	(13,950)	-	-	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,048,968</u>	<u>837,587</u>	<u>2,886,555</u>	<u>1,080,687</u>	<u>-</u>	<u>1,080,687</u>	<u>(539,411)</u>	<u>3,427,831</u>
<u>FUNCTIONAL EXPENSES:</u>								
Program Services	2,310,135	-	2,310,135	584,702	-	584,702	(539,411)	2,355,426
Administrative	339,492	-	339,492	188,872	-	188,872	-	528,364
Fund Raising	142,539	-	142,539	32,546	-	32,546	-	175,085
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>2,792,166</u>	<u>-</u>	<u>2,792,166</u>	<u>806,120</u>	<u>-</u>	<u>806,120</u>	<u>(539,411)</u>	<u>3,058,875</u>
<u>TOTAL CHANGE IN NET ASSETS</u>	<u>(743,198)</u>	<u>837,587</u>	<u>94,389</u>	<u>274,567</u>	<u>-</u>	<u>274,567</u>	<u>-</u>	<u>368,956</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>847,190</u>	<u>3,004,603</u>	<u>3,851,793</u>	<u>13,749,163</u>	<u>-</u>	<u>13,749,163</u>	<u>-</u>	<u>17,600,956</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 103,992</u>	<u>\$ 3,842,190</u>	<u>\$ 3,946,182</u>	<u>\$ 14,023,730</u>	<u>\$ -</u>	<u>\$ 14,023,730</u>	<u>\$ -</u>	<u>\$ 17,969,912</u>

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

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>DSNI</u>			<u>DNI</u>			<u>ELIMIN- ATIONS</u>	<u>CONSOLIDATED ACTIVITIES</u>
	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>SUBTOTAL</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>SUBTOTAL</u>		
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>								
<i>Support and Revenues:</i>								
Rental Income and Real Estate Tax Reimbursement	\$ -	\$ -	\$ -	\$ 359,955	\$ -	\$ 359,955	\$ -	\$ 359,955
Program Service Revenue	-	-	-	4,000	-	4,000	-	4,000
Gifts, Grants and Contributions	287,096	3,026,466	3,313,562	247,537	-	247,537	-	3,561,099
Donated Services	62,315	-	62,315	62,315	-	62,315	-	124,630
Interest Income	-	-	-	120	-	120	-	120
Miscellaneous Income	22,227	-	22,227	-	-	-	-	22,227
<i>Reclassification of Net Assets - Released from Restrictions:</i>								
Satisfaction of Donor Restrictions	883,404	(883,404)	-	2,000	(2,000)	-	-	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>1,255,042</u>	<u>2,143,062</u>	<u>3,398,104</u>	<u>675,927</u>	<u>(2,000)</u>	<u>673,927</u>	<u>-</u>	<u>4,072,031</u>
<u>FUNCTIONAL EXPENSES:</u>								
Program Services	724,782	-	724,782	553,650	-	553,650	-	1,278,432
Administrative	231,896	-	231,896	145,463	-	145,463	-	377,359
Fund Raising	143,253	-	143,253	21,072	-	21,072	-	164,325
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>1,099,931</u>	<u>-</u>	<u>1,099,931</u>	<u>720,185</u>	<u>-</u>	<u>720,185</u>	<u>-</u>	<u>1,820,116</u>
<u>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</u>	<u>155,111</u>	<u>2,143,062</u>	<u>2,298,173</u>	<u>(44,258)</u>	<u>(2,000)</u>	<u>(46,258)</u>	<u>-</u>	<u>2,251,915</u>
<u>LOSS ON IMPAIRMENT</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(348,594)</u>	<u>-</u>	<u>(348,594)</u>	<u>-</u>	<u>(348,594)</u>
<u>TOTAL CHANGE IN NET ASSETS</u>	<u>155,111</u>	<u>2,143,062</u>	<u>2,298,173</u>	<u>(392,852)</u>	<u>(2,000)</u>	<u>(394,852)</u>	<u>-</u>	<u>1,903,321</u>
<u>NET ASSETS - BEGINNING 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>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 847,190</u>	<u>\$ 3,004,603</u>	<u>\$ 3,851,793</u>	<u>\$ 13,749,163</u>	<u>\$ -</u>	<u>\$ 13,749,163</u>	<u>\$ -</u>	<u>\$ 17,600,956</u>

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

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>DSNI</u>				<u>DNI</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>ELIMIN- ATIONS</u>	<u>FUNCTIONAL EXPENSES</u>
Salaries and Wages	\$ 462,738	\$ 66,677	\$ 88,341	\$ 617,756	\$ 180,240	\$ 36,535	\$ 26,792	\$ 243,567	\$ -	\$ 861,323
Payroll Taxes	35,418	5,103	6,762	47,283	17,706	3,589	2,632	23,927	-	71,210
Fringe Benefits	52,992	7,636	10,117	70,745	14,468	2,933	2,151	19,552	-	90,297
Grants/Subawards	1,147,303	-	-	1,147,303	-	-	-	-	(539,411)	607,892
Consultants/Professional Fees	260,361	173,000	16,698	450,059	15,035	77,886	-	92,921	-	542,980
Program/Project Costs	110,417	-	-	110,417	5,185	9,472	-	14,657	-	125,074
Real Estate Taxes	-	-	-	-	185,461	-	-	185,461	-	185,461
Occupancy	34,771	8,630	7,153	50,554	75,869	774	774	77,417	-	127,971
Insurance	5,205	1,362	1,129	7,696	25,669	-	-	25,669	-	33,365
Depreciation Expense	4,423	1,158	959	6,540	61,408	-	-	61,408	-	67,948
Office Supplies and Expenses	27,002	7,067	5,856	39,925	2,223	227	148	2,598	-	42,523
Printing and Postage	1,069	-	-	1,069	-	-	-	-	-	1,069
Staff Travel	76,290	6,021	1,160	83,471	-	-	-	-	-	83,471
Conferences and Meetings	89,077	-	-	89,077	-	-	-	-	-	89,077
Dues, Fees and Subscriptions	2,689	30,110	4,364	37,163	343	4,506	49	4,898	-	42,061
Interest Expense	-	19,071	-	19,071	-	-	-	-	-	19,071
Bad Debt Expense	-	-	-	-	1,095	52,950	-	54,045	-	54,045
Miscellaneous Expense	380	13,657	-	14,037	-	-	-	-	-	14,037
Total Functional Expenses	<u>\$ 2,310,135</u>	<u>\$ 339,492</u>	<u>\$ 142,539</u>	<u>\$ 2,792,166</u>	<u>\$ 584,702</u>	<u>\$ 188,872</u>	<u>\$ 32,546</u>	<u>\$ 806,120</u>	<u>\$ (539,411)</u>	<u>\$ 3,058,875</u>

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

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<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	\$ 331,124	\$ 13,707	\$ 101,710	\$ 446,541	\$ 110,242	\$ 22,345	\$ 16,388	\$ 148,975	\$ -	\$ 595,516
Payroll Taxes	39,459	1,633	12,121	53,213	12,397	2,513	1,843	16,753	-	69,966
Fringe Benefits	41,690	1,726	12,806	56,222	8,888	1,802	1,321	12,011	-	68,233
Grants/Subawards	-	-	-	-	-	-	-	-	-	-
Consultants/Professional Fees	141,897	152,053	-	293,950	23,183	76,569	-	99,752	-	393,702
Property Management	-	-	-	-	-	-	-	-	-	-
Program/Project Costs	95,127	584	-	95,711	4,001	2,526	-	6,527	-	102,238
COVID-19 Assistance	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	-	-	-	-	189,346	-	-	189,346	-	189,346
Occupancy	34,235	8,960	7,426	50,621	117,646	1,200	1,200	120,046	-	170,667
Insurance	3,991	2,414	866	7,271	24,803	-	-	24,803	-	32,074
Depreciation Expense	4,584	1,200	994	6,778	60,295	-	-	60,295	-	67,073
Office Supplies and Expenses	25,156	6,584	5,457	37,197	2,574	396	281	3,251	-	40,448
Printing and Postage	-	-	-	-	275	-	-	275	-	275
Dues, Fees and Subscriptions	7,519	17,241	1,873	26,633	-	3,612	39	3,651	-	30,284
Interest Expense	-	24,280	-	24,280	-	-	-	-	-	24,280
Bad Debt Expense	-	-	-	-	-	34,500	-	34,500	-	34,500
Miscellaneous Expense	-	1,514	-	1,514	-	-	-	-	-	1,514
Total Functional Expenses	<u>\$ 724,782</u>	<u>\$ 231,896</u>	<u>\$ 143,253</u>	<u>\$ 1,099,931</u>	<u>\$ 553,650</u>	<u>\$ 145,463</u>	<u>\$ 21,072</u>	<u>\$ 720,185</u>	<u>\$ -</u>	<u>\$ 1,820,116</u>

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

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	<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	\$ 94,389	\$ 274,567	\$ -	\$ 368,956
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>				
Depreciation Expense	6,540	61,408	-	67,948
Bad Debt Expense	-	54,045	-	54,045
<i>(Increase) Decrease in Current Assets:</i>				
Grants and Contributions Receivable	(2,342)	(20,619)	-	(22,961)
Rent and Real Estate Taxes Receivable	-	68,194	-	68,194
Prepaid Expenses	74	7,367	-	7,441
<i>Increase (Decrease) in Current Liabilities:</i>				
Accounts Payable and Accrued Expenses	76,845	(3,081)	-	73,764
Accrued Payroll and Related Costs	9,225	5,155	-	14,380
Passthrough Funds	(164,573)	-	-	(164,573)
Operating Lease Liability	(2,843)	-	-	(2,843)
Due to DSNI	-	(251,648)	251,648	-
<i>(Increase) Decrease in Other Assets:</i>				
Grants Receivable, Non-Current	(300,000)	-	-	(300,000)
Operating Lease Right-of-Use Asset	68,293	-	-	68,293
Loans Receivable	(275,000)	-	-	(275,000)
Interest Receivable	-	(5,279)	-	(5,279)
Due from DNI	251,648	-	(251,648)	-
<i>Increase (Decrease) Long-Term Liabilities:</i>				
Operating Lease Liability	(65,450)	-	-	(65,450)
Net Adjustment	(397,583)	(84,458)	-	(482,041)
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(303,194)</u>	<u>190,109</u>	<u>-</u>	<u>(113,085)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Cash Outlay for Capital Expenditures	(3,235)	(10,050)	-	(13,285)
Net Cash Flows From Investing Activities	(3,235)	(10,050)	-	(13,285)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>				
Principal Payments on Loans Payable	(5,613)	-	-	(5,613)
Net Cash Flows From Financing Activities	(5,613)	-	-	(5,613)
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>(312,042)</u>	<u>180,059</u>	<u>-</u>	<u>(131,983)</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>3,459,987</u>	<u>508,549</u>	<u>-</u>	<u>3,968,536</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 3,147,945</u>	<u>\$ 688,608</u>	<u>\$ -</u>	<u>\$ 3,836,553</u>
<i>Supplemental Disclosure:</i>				
Interest Paid	\$ 19,071	\$ -	\$ -	\$ 19,071
<i>Cash Balances:</i>				
Cash	\$ 1,506,694	\$ 688,608	\$ -	\$ 2,195,302
Cash Restricted for Land Trust Grants	349,095	-	-	349,095
Cash Held for Revolving Loan Fund	1,292,156	-	-	1,292,156
Total Cash Balances	<u>\$ 3,147,945</u>	<u>\$ 688,608</u>	<u>\$ -</u>	<u>\$ 3,836,553</u>

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

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	<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	\$ 2,298,173	\$ (394,852)	\$ -	\$ 1,903,321
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>				
Loss on Impairment of Stafford Heights Loan	-	348,594	-	348,594
Depreciation Expense	6,779	60,295	-	67,074
Bad Debt Expense	-	34,500	-	34,500
<i>(Increase) Decrease in Current Assets:</i>				
Grants and Contributions Receivable	275,310	-	-	275,310
Rent and Real Estate Taxes Receivable	-	100,557	-	100,557
Prepaid Expenses	1,718	(192)	-	1,526
<i>Increase (Decrease) in Current Liabilities:</i>				
Accounts Payable and Accrued Expenses	(13,834)	(185,381)	-	(199,215)
Accrued Payroll and Related Costs	9,246	8,260	-	17,506
Passthrough Funds	(279,264)	-	-	(279,264)
Due to DSNI	-	189,357	(189,357)	-
Deferred Rent	(1,970)	(5,000)	-	(6,970)
<i>(Increase) Decrease in Other Assets:</i>				
Interest Receivable	-	4,970	-	4,970
Due from DNI	(189,357)	-	189,357	-
Net Adjustment	(191,372)	555,960	-	364,588
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>2,106,801</u>	<u>161,108</u>	<u>-</u>	<u>2,267,909</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Cash Outlay for Capital Expenditures	(5,367)	(83,649)	-	(89,016)
Net Cash Flows From Investing Activities	(5,367)	(83,649)	-	(89,016)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>				
Principal Payments on Loans Payable	(6,226)	-	-	(6,226)
Net Cash Flows From Financing Activities	(6,226)	-	-	(6,226)
<u>NET INCREASE IN CASH BALANCES</u>	<u>2,095,208</u>	<u>77,459</u>	<u>-</u>	<u>2,172,667</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>1,364,779</u>	<u>431,090</u>	<u>-</u>	<u>1,795,869</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 3,459,987</u>	<u>\$ 508,549</u>	<u>\$ -</u>	<u>\$ 3,968,536</u>
<i>Supplemental Disclosure:</i>				
Interest Paid	\$ 24,280	\$ -	\$ -	\$ 24,280
<i>Cash Balances:</i>				
Cash	\$ 1,459,987	\$ 508,549	\$ -	\$ 1,968,536
Cash Restricted for Land Trust Grants	1,500,000	-	-	500,000
Cash Held for Revolving Loan Fund	500,000	-	-	1,500,000
Total Cash Balances	<u>\$ 3,459,987</u>	<u>\$ 508,549</u>	<u>\$ -</u>	<u>\$ 3,968,536</u>