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May 22, 2024

To the Board of Directors and Management of
Historic Boston Incorporated and Affiliates:

We have audited the consolidating financial statements of Historic Boston Incorporated and Affiliates (collectively, the Agency) for the year ended December 31, 2023, and have issued our report thereon dated May 22, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 3, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 2 to the consolidating financial statements. During 2023, the Agency adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information and requires entities to make forward-looking estimates. The measurement of current expected credit losses (CECL) is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported financial assets. The financial assets measured at amortized cost basis will be presented at the net amount expected to be collected. The Agency adopted the standard effective January 1, 2023, using the modified retrospective method. The adoption of the standard did not have a material impact on the Agency's consolidating financial statements.

No other accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidating financial statements in the proper period.

Accounting estimates are an integral part of the consolidating financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidating financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidating financial statements were:

- Management's estimate of the useful life of property and equipment, which is based on management's expectation of the period of time the class of asset will provide future economic benefit to the Agency.
- Management's estimate of the allowance for doubtful accounts for accounts receivable, notes receivable, project management fees, and interest receivable, which is based on management's analysis of specific accounts deemed uncollectible.
- Management's estimate of allocation of indirect costs, which is based on the percentage attributable to each function determined by management.
- Management's estimate of recoverable costs from projects under development.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the consolidating financial statements taken as a whole.

Significant Audit Matters (Continued)

Qualitative Aspects of Accounting Practices (Continued)

Certain consolidating financial statement disclosures are particularly sensitive because of their significance to consolidating financial statement users. The most sensitive disclosures affecting the consolidating financial statements were the disclosures of related party transactions and associated guarantees in Note 3.

The consolidating financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has proposed and corrected the attached post-closing entries.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidating financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 22, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's consolidating financial statements or a determination of the type of auditor's opinion that may be expressed on those consolidating statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Comment, Observation and Recommendation on Internal Controls, Procedures and Other Matters

Current Year Item

Information Technology General Controls

As part of our audit process, our Information Technology Advisory Group performed a General Controls (ITGC) assessment that resulted in a number of recommended enhancements that could be made to the Agency's ITGC that were shared with the Agency's team in a separate report. None of the recommended enhancements are a result of a material weakness or significant deficiency in the IT systems and are best practice recommendations to strengthen the controls surrounding the IT environment.

Other Matters

With respect to the supplementary information accompanying the consolidating financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidating financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidating financial statements or to the consolidating financial statements themselves.

This information is intended solely for the use of the Finance and Executive Committee, the Board of Directors and management of the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "AAFCPAs, Inc." in a cursive, professional style.

AAFCPAs, Inc.
Certified Public Accountants

Client: **74084 - Historic Boston Incorporated**
Engagement: **74084 - Historic Boston Incorporated**
Period Ending: **12/31/2023**
Trial Balance: **TB-01 - HBI Trial Balance**
Workpaper: **AJE-01 - AJE - HBI**

Account	Description	W/P Ref	Debit	Credit	P & L Effect
					Unadjusted changes in net assets \$ 134,236
Adjusting Journal Entries JE # 1		B-02			
	Client proposed entry to properly state allowance for doubtful accounts and bad debt for 2023.				
52124	Bad Debt - Property		67,000.00		
12205	Allow. for Uncoll. Rents-Ppty			67,000.00	
Total			67,000.00	67,000.00	(67,000)
Adjusting Journal Entries JE # 2		B-01			
	Client proposed entry to properly state intercompany accrued interest and interest revenue.				
14503	Accr'Int on Hayden Dev fee N/R		2,056.00		
14510	Int/Rec AKH SHTC Sponsor loan		3,833.00		
14625	Accr'd Int on Hayden SponsorN/R		18,661.00		
71011	Interest Resv - Sponsor Loans		2,056.00		
71011	Interest Resv - Sponsor Loans		22,494.00		
14504	B/D Allow on Hayden Dev Fee N/R			2,056.00	
14511	Res on I/R AKH SHTC Sponsor loa			3,833.00	
14626	B/D Allow on H Bldg Sponsor N/R			18,661.00	
71010	Interest Inc - Sponsor Notes			24,550.00	
Total			49,100.00	49,100.00	-
					Net Effect of Adjusting Journal Entries (67,000)
					Add: Change in Net Assets - Fowler Clark Farm MM LLC (2,075)
					Add: Change in Net Assets - HBI Real Estate Holdings LLC (175,520)
					Add: Change in Net Assets - Hayden MM LLC (2,076)
					Add: Change in Net Assets - Kittredge MM LLC (2,076)
					Less: Eliminations -
					Adjusted Changes in Net Assets \$ (114,511)

Client: **74084 - Historic Boston Incorporated**
Engagement: **74084 - Historic Boston Incorporated**
Period Ending: **12/31/2023**
Trial Balance: **TB-06 - Hayden Building LLC**
Workpaper: **AJE-04 - Hayden Building LLC AJEs**

Account	Description	W/P Ref	Debit	Credit	P & L Effect
					Unadjusted Changes in Net Assets \$ <u>(367,987)</u>
Adjusting Journal Entries JE # 1		AA-01			
	Client proposed entry to correct accrued interest and interest expense.				
63430	Interest - HBI & Affiliates		20,718.00		
26015	Accrued int on Dev'r fee N/P			2,056.00	
26025	Accrued int on Sponsor loan			18,662.00	
Total			<u>20,718.00</u>	<u>20,718.00</u>	<u>(20,718)</u>
					Adjusted Changes in Net Assets \$ <u><u>(388,705)</u></u>

Client: **74084 - Historic Boston Incorporated**
Engagement: **74084 - Historic Boston Incorporated**
Period Ending: **12/31/2023**
Trial Balance: **TB-09 - Kittredge LLC**
Workpaper: **AJE-06 - Kittredge LLC AJE**

Account	Description	W/P Ref	Debit	Credit	P & L Effect
				Unadjusted Changes in Net Assets	\$ (166,872)
Adjusting Journal Entries JE # 1		AA-01			
	Client proposed entry to properly state intercompany accrued interest and expense.				
60505	Interest - HBI & MM		3,833.00		
20505	Acc'd int SHTC Spon loan			3,833.00	
Total			<u>3,833.00</u>	<u>3,833.00</u>	<u>(3,833)</u>
				Adjusted Changes in Net Assets	\$ <u><u>(170,705)</u></u>

Client: **74084 - Historic Boston Incorporated**
 Engagement: **74084 - Historic Boston Incorporated**
 Period Ending: **12/31/2023**
 Trial Balance: **TB-08 - Kittredge MT LLC**
 Workpaper: **AJE-07 - Kittredge MT AJE Report**

Account	Description	W/P Ref	Debit	Credit	P & L Effect
					Unadjusted Changes in Net Assets \$ 58,855
Adjusting Journal Entries JE # 101		FS			
To properly state due to activity and distributions as of December 31, 2023.					
18020	Due fm/(to) Kittredge LLC		13,080.00		
30500	Owners Draw			13,080.00	
Total			<u>13,080.00</u>	<u>13,080.00</u>	-
Adjusting Journal Entries JE # 102		FS			
Client proposed entry to record rent rserve for Kittridge Mt.					
64700	Bad Debt expense- CPM		5,860.00		
10300	Rental AR			5,860.00	
Total			<u>5,860.00</u>	<u>5,860.00</u>	(5,860)
					Adjusted Changes in Net Assets <u>\$ 52,995</u>