



HBI HISTORIC
BOSTON
INCORPORATED
Strengthening Community through Historic Preservation

AND AFFILIATES

**CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

HISTORIC BOSTON INCORPORATED AND AFFILIATES

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December 31, 2023 and 2022

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Independent Auditor's Report

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

Opinion

We have audited the consolidating financial statements of Historic Boston Incorporated (a Massachusetts nonprofit corporation) and Affiliates (collectively, the Agency), which comprise the consolidating statements of financial position as of December 31, 2023 and 2022, and the related consolidating statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidating financial statements.

In our opinion, the accompanying consolidating financial statements present fairly, in all material respects, the consolidating financial position of Historic Boston Incorporated and Affiliates as of December 31, 2023 and 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidating financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating 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 consolidating 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 Agency'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 consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's 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 audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The supplementary information shown on pages 32 through 38 is presented for purposes of additional analysis and is not a required part of the consolidating 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 consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information shown on pages 32 through 38 is fairly stated in all material respects in relation to the consolidating financial statements as a whole.

AAFCPA, Inc.

Boston, Massachusetts
May 22, 2024

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Consolidating Statement of Financial Position
 December 31, 2023
 (With Summarized Comparative Totals as of December 31, 2022)

Assets	2023					2022	
	HBI and Affiliates			Syndicated	Eliminations	Total	Total
	Operating	Development	Total	Rental Entities (Exhibit A)			
Current Assets:							
Cash and cash equivalents	\$ 193,512	\$ 350,000	\$ 543,512	\$ 276,710	\$ -	\$ 820,222	\$ 837,587
Accounts receivable, net	205,945	-	205,945	6,735	-	212,680	102,779
Grant receivable	-	-	-	-	-	-	85,950
Prepaid expenses and other	112,755	-	112,755	10,850	-	123,605	44,690
Total current assets	512,212	350,000	862,212	294,295	-	1,156,507	1,071,006
Other Assets:							
Security deposits and other	104,526	-	104,526	137,484	-	242,010	212,567
Investments	575,534	-	575,534	-	-	575,534	527,513
Notes receivable, net	-	1,971,809	1,971,809	-	(1,971,809)	-	-
Investments in affiliates	-	828,200	828,200	-	(762,340)	65,860	238,360
Due from affiliates	651,594	-	651,594	-	(651,594)	-	-
Deferred rent receivable	335,938	-	335,938	14,499	-	350,437	358,811
Project management fees and interest receivable, net	-	902,473	902,473	-	(902,473)	-	-
Right-of-use asset - operating	234,062	-	234,062	-	-	234,062	240,633
Deferred leasing costs, net	109,547	-	109,547	32,587	-	142,134	77,327
Projects under development	-	916,160	916,160	-	-	916,160	1,764,208
Total other assets	2,011,201	4,618,642	6,629,843	184,570	(4,288,216)	2,526,197	3,419,419
Property and Equipment, net	3,557,056	-	3,557,056	8,091,918	(385,927)	11,263,047	11,676,098
Total assets	\$ 6,080,469	\$ 4,968,642	\$ 11,049,111	\$ 8,570,783	\$ (4,674,143)	\$ 14,945,751	\$ 16,166,523
Liabilities and Net Assets							
Current Liabilities:							
Current portion of notes payable	\$ 13,913	\$ -	\$ 13,913	\$ 1,232,404	\$ -	\$ 1,246,317	\$ 2,387,700
Current portion of operating lease liability	1,500	-	1,500	-	-	1,500	1,500
Accounts payable and accrued expenses	382,854	-	382,854	19,737	-	402,591	639,416
Line of credit	-	-	-	-	-	-	1,096,860
Total current liabilities	398,267	-	398,267	1,252,141	-	1,650,408	4,125,476
Other Liabilities:							
Line of credit	488,632	970,516	1,459,148	-	-	1,459,148	-
Notes payable, net	564,712	400,000	964,712	6,180,075	(5,506,488)	1,638,299	1,441,605
Due to affiliates	-	-	-	651,594	(651,594)	-	-
Project management fee and interest payable, net	-	-	-	1,195,489	(1,195,489)	-	-
Accumulated unrealized gain on interest rate swap contract	-	-	-	-	-	-	(13,261)
Security deposits	98,380	-	98,380	114,376	-	212,756	188,312
Operating lease liability, net	419,720	-	419,720	-	-	419,720	412,922
Contingent notes payable	35,000	210,000	245,000	700,500	-	945,500	945,500
Total other liabilities	1,606,444	1,580,516	3,186,960	8,842,034	(7,353,571)	4,675,423	2,975,078
Total liabilities	2,004,711	1,580,516	3,585,227	10,094,175	(7,353,571)	6,325,831	7,100,554
Net Assets:							
Without donor restrictions:							
Operating	634,404	-	634,404	(339,429)	-	294,975	307,667
Development	-	3,038,126	3,038,126	-	(3,636,622)	(598,496)	(1,297,102)
Property and equipment	2,865,820	-	2,865,820	(1,183,963)	6,316,050	7,997,907	10,557,447
Board designated - conservation easements	575,534	-	575,534	-	-	575,534	527,513
Total without donor restrictions	4,075,758	3,038,126	7,113,884	(1,523,392)	2,679,428	8,269,920	10,095,525
With donor restrictions	-	350,000	350,000	-	-	350,000	980,051
Total HBI and Affiliates' net assets	4,075,758	3,388,126	7,463,884	(1,523,392)	2,679,428	8,619,920	11,075,576
Non-controlling interest	-	-	-	-	-	-	(2,009,607)
Total net assets	4,075,758	3,388,126	7,463,884	(1,523,392)	2,679,428	8,619,920	9,065,969
Total liabilities and net assets	\$ 6,080,469	\$ 4,968,642	\$ 11,049,111	\$ 8,570,783	\$ (4,674,143)	\$ 14,945,751	\$ 16,166,523

The accompanying notes are an integral part of these consolidating statements.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

 Consolidating Statement of Financial Position
 December 31, 2022

Assets	HBI and Affiliates			Syndicated Rental Entities (Exhibit B)	Eliminations	Total
	Operating	Development	Total			
Current Assets:						
Cash and cash equivalents	\$ 519,551	\$ -	\$ 519,551	\$ 318,036	\$ -	\$ 837,587
Accounts receivable, net	94,141	-	94,141	8,638	-	102,779
Grant receivable	35,950	50,000	85,950	-	-	85,950
Prepaid expenses and other	35,896	-	35,896	8,794	-	44,690
Total current assets	<u>685,538</u>	<u>50,000</u>	<u>735,538</u>	<u>335,468</u>	<u>-</u>	<u>1,071,006</u>
Other Assets:						
Security deposits and other	91,820	-	91,820	120,747	-	212,567
Investments	527,513	-	527,513	-	-	527,513
Notes receivable, net	-	1,971,809	1,971,809	-	(1,971,809)	-
Investments in affiliates	-	1,000,700	1,000,700	-	(762,340)	238,360
Due from affiliates	605,767	-	605,767	-	(605,767)	-
Deferred rent receivable	353,797	-	353,797	5,014	-	358,811
Project management fees and interest receivable, net	-	902,473	902,473	-	(902,473)	-
Right-of-use asset - operating	240,633	-	240,633	-	-	240,633
Deferred leasing costs, net	36,474	-	36,474	40,853	-	77,327
Projects under development	-	1,764,208	1,764,208	-	-	1,764,208
Total other assets	<u>1,856,004</u>	<u>5,639,190</u>	<u>7,495,194</u>	<u>166,614</u>	<u>(4,242,389)</u>	<u>3,419,419</u>
Property and Equipment, net	<u>3,621,291</u>	<u>-</u>	<u>3,621,291</u>	<u>8,450,124</u>	<u>(395,317)</u>	<u>11,676,098</u>
Total assets	<u>\$ 6,162,833</u>	<u>\$ 5,689,190</u>	<u>\$ 11,852,023</u>	<u>\$ 8,952,206</u>	<u>\$ (4,637,706)</u>	<u>\$ 16,166,523</u>
Liabilities and Net Assets						
Current Liabilities:						
Line of credit	\$ 537,991	\$ 558,869	\$ 1,096,860	\$ -	\$ -	\$ 1,096,860
Current portion of notes payable	8,468	1,120,000	1,128,468	1,259,232	-	2,387,700
Current portion of operating lease liability	1,500	-	1,500	-	-	1,500
Accounts payable and accrued expenses	465,116	85,100	550,216	89,200	-	639,416
Total current liabilities	<u>1,013,075</u>	<u>1,763,969</u>	<u>2,777,044</u>	<u>1,348,432</u>	<u>-</u>	<u>4,125,476</u>
Other Liabilities:						
Notes payable, net	360,044	400,000	760,044	6,035,328	(5,353,767)	1,441,605
Due to affiliates	-	-	-	605,767	(605,767)	-
Project management fee and interest payable	-	-	-	1,176,343	(1,176,343)	-
Accumulated unrealized gain on interest rate swap contract	-	-	-	(13,261)	-	(13,261)
Security deposits	78,618	-	78,618	109,694	-	188,312
Operating lease liability, net	412,922	-	412,922	-	-	412,922
Contingent notes payable	35,000	210,000	245,000	700,500	-	945,500
Total other liabilities	<u>886,584</u>	<u>610,000</u>	<u>1,496,584</u>	<u>8,614,371</u>	<u>(7,135,877)</u>	<u>2,975,078</u>
Total liabilities	<u>1,899,659</u>	<u>2,373,969</u>	<u>4,273,628</u>	<u>9,962,803</u>	<u>(7,135,877)</u>	<u>7,100,554</u>
Net Assets:						
Without donor restrictions:						
Operating	650,847	-	650,847	(343,180)	-	307,667
Development	-	2,339,520	2,339,520	-	(3,636,622)	(1,297,102)
Property and equipment	3,080,464	-	3,080,464	1,342,190	6,134,793	10,557,447
Board designated - conservation easements	527,513	-	527,513	-	-	527,513
Total without donor restrictions	<u>4,258,824</u>	<u>2,339,520</u>	<u>6,598,344</u>	<u>999,010</u>	<u>2,498,171</u>	<u>10,095,525</u>
With donor restrictions	4,350	975,701	980,051	-	-	980,051
Total HBI and Affiliates' net assets	<u>4,263,174</u>	<u>3,315,221</u>	<u>7,578,395</u>	<u>999,010</u>	<u>2,498,171</u>	<u>11,075,576</u>
Non-controlling interest	-	-	-	(2,009,607)	-	(2,009,607)
Total net assets	<u>4,263,174</u>	<u>3,315,221</u>	<u>7,578,395</u>	<u>(1,010,597)</u>	<u>2,498,171</u>	<u>9,065,969</u>
Total liabilities and net assets	<u>\$ 6,162,833</u>	<u>\$ 5,689,190</u>	<u>\$ 11,852,023</u>	<u>\$ 8,952,206</u>	<u>\$ (4,637,706)</u>	<u>\$ 16,166,523</u>

The accompanying notes are an integral part of these consolidating statements.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Consolidating Statements of Activities
For the Years Ended December 31, 2023 and 2022

	2023						2022					
	HBI and Affiliates			Syndicated Rental Entities (Exhibit C)	Eliminations	Total	HBI and Affiliates			Syndicated Rental Entities (Exhibit D)	Eliminations	Total
	Operating	Development	Total				Operating	Development	Total			
Net Assets Without Donor Restrictions:												
Operating revenues:												
Rental income, net	\$ 1,248,306	\$ -	\$ 1,248,306	\$ 532,040	\$ -	\$ 1,780,346	\$ 1,231,746	\$ -	\$ 1,231,746	\$ 417,262	\$ -	\$ 1,649,008
Grants and contributions	72,658	-	72,658	-	-	72,658	317,964	-	317,964	-	-	317,964
Gain on sale of property	-	47,072	47,072	-	-	47,072	-	95,525	95,525	-	-	95,525
Investment income appropriated for operations	38,961	-	38,961	-	-	38,961	36,969	-	36,969	-	-	36,969
Interest and other income	7,852	-	7,852	378	-	8,230	3,905	-	3,905	71	-	3,976
Net assets released from purpose restrictions	4,350	-	4,350	-	-	4,350	20,500	-	20,500	-	-	20,500
Total operating revenues	1,372,127	47,072	1,419,199	532,418	-	1,951,617	1,611,084	95,525	1,706,609	417,333	-	2,123,942
Operating expenses:												
Historic rental operations	833,646	-	833,646	-	-	833,646	907,264	-	907,264	-	-	907,264
Historic real estate preservation	-	490,574	490,574	-	-	490,574	-	420,066	420,066	-	-	420,066
General and administrative	290,956	-	290,956	-	-	290,956	222,716	-	222,716	-	-	222,716
Fundraising	42,003	-	42,003	-	-	42,003	29,588	-	29,588	-	-	29,588
Syndicated rental entities	-	-	-	860,085	(9,390)	850,695	-	-	-	824,904	(9,390)	815,514
Total operating expenses	1,166,605	490,574	1,657,179	860,085	(9,390)	2,507,874	1,159,568	420,066	1,579,634	824,904	(9,390)	2,395,148
Changes in net assets without donor restrictions from operations	205,522	(443,502)	(237,980)	(327,667)	9,390	(556,257)	451,516	(324,541)	126,975	(407,571)	9,390	(271,206)
Other revenue (expenses):												
Net assets released from capital restrictions	-	625,701	625,701	-	-	625,701	-	1,314,031	1,314,031	-	-	1,314,031
Sale of tax credits	-	254,800	254,800	-	-	254,800	-	-	-	-	-	-
Investment income (loss), net	48,019	-	48,019	-	-	48,019	(156,427)	-	(156,427)	-	-	(156,427)
Recovery of due from affiliates	-	-	-	-	-	-	-	65,545	65,545	-	(65,545)	-
Impairment loss - property and equipment	-	-	-	-	-	-	-	(833,948)	(833,948)	(1,725,000)	-	(2,558,948)
Deferred interest	-	-	-	(171,867)	171,867	-	-	-	-	(147,315)	147,315	-
Provision for allowance on investments in affiliates	-	-	-	-	-	-	-	(480,544)	(480,544)	-	480,544	-
Unrealized gain (loss) on carrying value of interest rate swap contract	-	-	-	(13,261)	-	(13,261)	-	-	-	59,212	-	59,212
Write off of investments in affiliates	-	(175,000)	(175,000)	-	-	(175,000)	-	-	-	-	-	-
Total other revenue (expenses)	48,019	705,501	753,520	(185,128)	171,867	740,259	(156,427)	65,084	(91,343)	(1,813,103)	562,314	(1,342,132)
Changes in net assets without donor restrictions	253,541	261,999	515,540	(512,795)	181,257	184,002	295,089	(259,457)	35,632	(2,220,674)	571,704	(1,613,338)
Net Assets With Donor Restrictions:												
Capital grants	-	-	-	-	-	-	-	561,100	561,100	-	-	561,100
Grants and contributions	-	-	-	-	-	-	24,850	-	24,850	-	-	24,850
Net assets released from purpose restrictions	(4,350)	-	(4,350)	-	-	(4,350)	(20,500)	-	(20,500)	-	-	(20,500)
Net assets released from capital restrictions	-	(625,701)	(625,701)	-	-	(625,701)	-	(1,314,031)	(1,314,031)	-	-	(1,314,031)
Changes in net assets with donor restrictions	(4,350)	(625,701)	(630,051)	-	-	(630,051)	4,350	(752,931)	(748,581)	-	-	(748,581)
Changes in net assets	249,191	(363,702)	(114,511)	(512,795)	181,257	(446,049)	299,439	(1,012,388)	(712,949)	(2,220,674)	571,704	(2,361,919)
Changes in Net Assets Attributable to Non-controlling Interest	-	-	-	60,779	-	60,779	-	-	-	1,814,767	-	1,814,767
Changes in net assets attributable to HBI and Affiliates	\$ 249,191	\$ (363,702)	\$ (114,511)	\$ (452,016)	\$ 181,257	\$ (385,270)	\$ 299,439	\$ (1,012,388)	\$ (712,949)	\$ (405,907)	\$ 571,704	\$ (547,152)

The accompanying notes are an integral part of these consolidating statements.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

 Consolidating Statements of Changes in Net Assets
 For the Years Ended December 31, 2023 and 2022

	HBI and Affiliates			Syndicated Rental Entities	Non- Controlling Interest	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total				
Net Assets , December 31, 2021	\$ 6,723,133	\$ 1,728,632	\$ 8,451,765	\$ 755,085	\$ 499,992	\$ 1,931,205	\$ 11,638,047
Cumulative adjustment from adoption of new lease standard	(160,421)	-	(160,421)	-	-	-	(160,421)
Capital contributions	-	-	-	49,738	-	(49,738)	-
Distributions	-	-	-	(45,000)	(49,738)	45,000	(49,738)
Transfer of net assets	-	-	-	645,094	(645,094)	-	-
Changes in net assets	<u>35,632</u>	<u>(748,581)</u>	<u>(712,949)</u>	<u>(405,907)</u>	<u>(1,814,767)</u>	<u>571,704</u>	<u>(2,361,919)</u>
Net Assets , December 31, 2022	6,598,344	980,051	7,578,395	999,010	(2,009,607)	2,498,171	9,065,969
Capital contributions	-	-	-	27,000	-	(27,000)	-
Distributions	-	-	-	(27,000)	-	27,000	-
Transfer of net assets	-	-	-	(2,070,386)	2,070,386	-	-
Changes in net assets	<u>515,540</u>	<u>(630,051)</u>	<u>(114,511)</u>	<u>(452,016)</u>	<u>(60,779)</u>	<u>181,257</u>	<u>(446,049)</u>
Net Assets , December 31, 2023	<u>\$ 7,113,884</u>	<u>\$ 350,000</u>	<u>\$ 7,463,884</u>	<u>\$ (1,523,392)</u>	<u>\$ -</u>	<u>\$ 2,679,428</u>	<u>\$ 8,619,920</u>

The accompanying notes are an integral part of these consolidating statements.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Consolidating Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023				2022			
	HBI and Affiliates	Syndicated Rental Entities (Exhibit F)	Eliminations	Total	HBI and Affiliates	Syndicated Rental Entities (Exhibit G)	Eliminations	Total
Cash Flows from Operating Activities:								
Changes in net assets	\$ (114,511)	\$ (512,795)	\$ 181,257	\$ (446,049)	\$ (712,949)	\$ (2,220,674)	\$ 571,704	\$ (2,361,919)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:								
Depreciation	120,057	358,206	(9,390)	468,873	102,394	360,049	(9,390)	453,053
Bad debt	-	5,860	-	5,860	115,000	21,537	-	136,537
Interest - amortization of debt issuance costs	4,057	4,522	-	8,579	-	5,599	-	5,599
Amortization	17,379	8,266	-	25,645	7,993	31,680	-	39,673
Gain on sale of property	(47,072)	-	-	(47,072)	(95,525)	-	-	(95,525)
Write off of investments in affiliates	175,000	-	-	175,000	-	-	-	-
Recovery of due from affiliates	-	-	-	-	(65,545)	-	65,545	-
Impairment loss - property and equipment	-	-	-	-	833,948	1,725,000	-	2,558,948
Non-cash lease expense	13,369	-	-	13,369	13,368	-	-	13,368
Provision for allowance on investments in affiliates	-	-	-	-	480,544	-	(480,544)	-
Deferred interest	-	171,867	(171,867)	-	-	147,315	(147,315)	-
Unrealized gain (loss) on carrying value of interest rate swap contract	-	13,261	-	13,261	-	(59,212)	-	(59,212)
Net realized and unrealized (gain) loss on investments	(74,035)	-	-	(74,035)	124,957	-	-	124,957
Capital grant	-	-	-	-	(569,950)	-	-	(569,950)
Changes in operating assets and liabilities:								
Accounts receivable	(111,804)	(3,957)	-	(115,761)	(67,028)	(5,275)	-	(72,303)
Grants receivable	85,950	-	-	85,950	54,600	-	-	54,600
Prepaid expenses and other	(76,859)	(2,056)	-	(78,915)	(10,406)	(2,445)	-	(12,851)
Due from (to) affiliates	(45,827)	45,827	-	-	(198,553)	198,553	-	-
Deferred rent receivable	17,859	(9,485)	-	8,374	(75,170)	(470)	-	(75,640)
Accounts payable and accrued expenses	(82,262)	(69,463)	-	(151,725)	247,439	70,328	-	317,767
Security deposits	19,762	4,682	-	24,444	(11,617)	26,370	-	14,753
Net cash provided by (used in) operating activities	(98,937)	14,735	-	(84,202)	173,500	298,355	-	471,855
Cash Flows from Investing Activities:								
Proceeds from sale of investments	47,993	-	-	47,993	507,310	-	-	507,310
Proceeds from sale of projects under development	1,637,936	-	-	1,637,936	1,054,557	-	-	1,054,557
Investment in affiliates	(2,500)	-	-	(2,500)	(4,738)	-	4,738	-
Acquisition of property and equipment	(55,822)	-	-	(55,822)	-	(38,768)	-	(38,768)
Acquisition of deferred leasing costs	(90,452)	-	-	(90,452)	(17,512)	(42,775)	-	(60,287)
Issuance of notes receivable	-	-	-	-	(486,608)	-	486,608	-
Purchase of investments	(21,979)	-	-	(21,979)	(484,002)	-	-	(484,002)
Acquisition of projects under development	(827,916)	-	-	(827,916)	(1,379,873)	-	-	(1,379,873)
Net cash provided by (used in) investing activities	687,260	-	-	687,260	(810,866)	(81,543)	491,346	(401,063)
Cash Flows from Financing Activities:								
Capital contributions	-	27,000	(27,000)	-	-	49,738	(49,738)	-
Debt issuance costs	(31,610)	-	-	(31,610)	-	-	-	-
Proceeds from line of credit	362,288	-	-	362,288	266,860	-	-	266,860
Distributions	-	(27,000)	27,000	-	-	(94,738)	45,000	(49,738)
Proceeds from notes payable	250,000	-	-	250,000	-	486,608	(486,608)	-
Capital grant	-	-	-	-	479,400	-	-	479,400
Principal payments on notes payable	(1,132,334)	(39,324)	-	(1,171,658)	(506,869)	(525,257)	-	(1,032,126)
Net cash provided by (used in) financing activities	(551,656)	(39,324)	-	(590,980)	239,391	(83,649)	(491,346)	(335,604)
Net Change in Cash, Cash Equivalents and Restricted Cash	36,667	(24,589)	-	12,078	(397,975)	133,163	-	(264,812)
Cash, Cash Equivalents and Restricted Cash:								
Beginning of year	611,371	438,783	-	1,050,154	1,009,346	305,620	-	1,314,966
End of year	\$ 648,038	\$ 414,194	\$ -	\$ 1,062,232	\$ 611,371	\$ 438,783	\$ -	\$ 1,050,154
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Consolidating Statements of Financial Position:								
Cash and cash equivalents	\$ 543,512	\$ 276,710	\$ -	\$ 820,222	\$ 519,551	\$ 318,036	\$ -	\$ 837,587
Security deposits and other	104,526	137,484	-	242,010	91,820	120,747	-	212,567
Total cash, cash equivalents and restricted cash	\$ 648,038	\$ 414,194	\$ -	\$ 1,062,232	\$ 611,371	\$ 438,783	\$ -	\$ 1,050,154
Supplemental Disclosure of Cash Flow Information:								
Cash paid for interest:								
Expensed	\$ 93,559	\$ 160,799	\$ -	\$ 254,358	\$ 39,478	\$ 131,302	\$ -	\$ 170,780
Capitalized	73,765	-	-	73,765	76,976	-	-	76,976
	\$ 167,324	\$ 160,799	\$ -	\$ 328,123	\$ 116,454	\$ 131,302	\$ -	\$ 247,756
Projects under development in accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 85,100	\$ -	\$ -	\$ 85,100

The accompanying notes are an integral part of these consolidating statements.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Consolidating Statement of Functional Expenses

For the Year Ended December 31, 2023

(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023							2022	
	HBI and Affiliates					Syndicated Rental Entities	Eliminations	Total	Total
	Historic Rental Operations	Historic Real Estate Preservation	General and Admin- istrative	Fundraising	Total				
Personnel and Related:									
Salaries	\$ 91,242	\$ 260,439	\$ 94,562	\$ 20,937	\$ 467,180	\$ -	\$ -	\$ 467,180	\$ 409,230
Contracted services	76,108	97,946	96,486	-	270,540	-	-	270,540	232,873
Payroll taxes and fringe benefits	14,623	36,988	15,155	3,355	70,121	-	-	70,121	53,134
Total personnel and related	181,973	395,373	206,203	24,292	807,841	-	-	807,841	695,237
Rental:									
Real estate taxes	210,390	-	-	-	210,390	72,596	-	282,986	276,870
Repairs and maintenance	123,816	-	-	-	123,816	95,467	-	219,283	191,412
Insurance	50,998	1,906	703	156	53,763	67,328	-	121,091	83,366
Utilities	29,597	-	-	-	29,597	20,255	-	49,852	50,313
Property management	5,573	-	-	-	5,573	18,984	-	24,557	20,742
Total rental	420,374	1,906	703	156	423,139	274,630	-	697,769	622,703
Other:									
Interest	60,829	8,434	26,052	-	95,315	162,953	-	258,268	173,949
Professional fees	8,355	32,475	25,367	-	66,197	42,739	-	108,936	136,127
Office expenses and supplies	4,151	11,605	6,662	8,219	30,637	314	-	30,951	30,342
Staff training and travel	-	11,036	10,006	3,880	24,922	-	-	24,922	9,106
Other	520	3,514	11,785	-	15,819	2,595	-	18,414	10,914
Communications	1,610	11,673	2,795	369	16,447	-	-	16,447	25,146
Rent	14,868	-	-	-	14,868	-	-	14,868	14,868
Program activities	-	13,469	219	-	13,688	-	-	13,688	37,003
Printing and postage	323	1,089	314	5,087	6,813	-	-	6,813	4,891
Bad debts	-	-	-	-	-	5,860	-	5,860	136,537
Total other	90,656	93,295	83,200	17,555	284,706	214,461	-	499,167	578,883
Total expenses before interest - amortization, amortization and depreciation	693,003	490,574	290,106	42,003	1,515,686	489,091	-	2,004,777	1,896,823
Interest - Amortization	4,057	-	-	-	4,057	4,522	-	8,579	5,599
Amortization	17,379	-	-	-	17,379	8,266	-	25,645	39,673
Depreciation	119,207	-	850	-	120,057	358,206	(9,390)	468,873	453,053
Total expenses	\$ 833,646	\$ 490,574	\$ 290,956	\$ 42,003	\$ 1,657,179	\$ 860,085	\$ (9,390)	\$ 2,507,874	\$ 2,395,148

The accompanying notes are an integral part of these consolidating statements.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2022

	HBI and Affiliates					Syndicated Rental Entities	Eliminations	Total
	Historic Rental Operations	Historic Real Estate Preservation	General and Admin- istrative	Fundraising	Total			
Personnel and Related:								
Salaries	\$ 133,946	\$ 202,763	\$ 56,940	\$ 15,581	\$ 409,230	\$ -	\$ -	\$ 409,230
Contracted services	76,361	73,468	83,044	-	232,873	-	-	232,873
Payroll taxes and fringe benefits	18,431	24,719	7,840	2,144	53,134	-	-	53,134
Total personnel and related	228,738	300,950	147,824	17,725	695,237	-	-	695,237
Rental:								
Real estate taxes	204,864	-	-	-	204,864	72,006	-	276,870
Repairs and maintenance	122,218	-	-	-	122,218	69,194	-	191,412
Insurance	40,636	1,871	533	146	43,186	40,180	-	83,366
Utilities	34,892	-	-	-	34,892	15,421	-	50,313
Property management	6,470	-	-	-	6,470	14,272	-	20,742
Total rental	409,080	1,871	533	146	411,630	211,073	-	622,703
Other:								
Interest	13,892	2,464	24,137	-	40,493	133,456	-	173,949
Professional fees	7,531	42,306	27,892	-	77,729	58,398	-	136,127
Office expenses and supplies	6,370	9,502	6,761	7,353	29,986	356	-	30,342
Staff training and travel	-	2,471	6,635	-	9,106	-	-	9,106
Other	-	3,449	4,709	-	8,158	2,756	-	10,914
Communications	2,910	19,607	2,290	339	25,146	-	-	25,146
Rent	14,868	-	-	-	14,868	-	-	14,868
Program activities	-	37,003	-	-	37,003	-	-	37,003
Printing and postage	297	443	126	4,025	4,891	-	-	4,891
Bad debts	115,000	-	-	-	115,000	21,537	-	136,537
Total other	160,868	117,245	72,550	11,717	362,380	216,503	-	578,883
Total expenses before interest - amortization, amortization and depreciation	798,686	420,066	220,907	29,588	1,469,247	427,576	-	1,896,823
Interest - Amortization	-	-	-	-	-	5,599	-	5,599
Amortization	7,993	-	-	-	7,993	31,680	-	39,673
Depreciation	100,585	-	1,809	-	102,394	360,049	(9,390)	453,053
Total expenses	\$ 907,264	\$ 420,066	\$ 222,716	\$ 29,588	\$ 1,579,634	\$ 824,904	\$ (9,390)	\$ 2,395,148

The accompanying notes are an integral part of these consolidating statements.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

1. OPERATIONS AND NONPROFIT STATUS

Historic Boston Incorporated (HBI), a private foundation, not-for-profit, was formed in 1960 to bring people and resources together to preserve endangered historic structures and sites in the City of Boston (the City). HBI strengthens Boston neighborhoods' and peoples' connections to the City's heritage by preserving and finding new uses for historic cultural resources. HBI acquires buildings of architectural, cultural and historic value and rehabilitates them to allow for new economically viable uses. Since its inception, HBI has restored and repositioned dozens of at-risk historic buildings throughout the City's neighborhoods. Additionally, HBI provides financial and technical assistance to community-based organizations to help them preserve their historic properties.

HBI is exempt from Federal income taxes as a private foundation formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). HBI is also exempt from state income taxes. Donors may deduct contributions made to HBI within the IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

HBI and Affiliates (collectively, the Agency) prepare their consolidating financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Recently Adopted Accounting Pronouncement

In June 2016, the FASB issued 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" credit losses framework with a new accounting standard that requires management's measurement of the allowance for credit losses to be based on a broader range of reasonable and supportable information for lifetime credit loss estimates. This amendment was adopted effective January 1, 2023, with no impact to the Agency's consolidating financial statements. The FASB clarified that operating lease receivables accounted for by a lessor in accordance with the leasing guidance in ASC Topic, *Leases*, are not in the scope of Topic 326 along with related party note receivables.

Principles of Consolidation

The consolidating financial statements include the accounts of HBI, Hayden Building MM LLC (the Hayden Member), Kittredge MM LLC (the Kittredge Member), Fowler Clark Farm MM LLC (the Fowler MM) (collectively, the Members), Hayden Building LLC (the Hayden Company), Kittredge LLC (the Kittredge Company) and Fowler Clark Farm LLC (Fowler Clark) (collectively, the Companies), Hayden Master Tenant LLC (the Hayden Master Tenant), Kittredge Master Tenant LLC (the Kittredge Master Tenant) (collectively, the Master Tenants), HBI Real Estate Holdings LLC (HBI RE Holdings), 50 Cedar Street Holdings LLC (50 Cedar Street), and 611 Columbia Road Holdings LLC (611 Columbia) (see Note 3).

The activities of the Members, Vertullo (see Note 4), HBI RE Holdings, 50 Cedar Street, and 611 Columbia have been consolidated with HBI in the accompanying consolidating financial statements. The activities of the Companies and the Master Tenants have been consolidated and presented as Syndicated Rental Entities in the accompanying consolidating financial statements.

The Companies and the Master Tenants are economically dependent on each other and are affiliated by common ownership of HBI or the Members (see Note 3). All significant intercompany transactions are eliminated in the accompanying consolidating financial statements.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash equivalents include amounts held in money market accounts and other amounts with original maturities of three months or less. For the purpose of the consolidating statements of cash flows, cash, cash equivalents and restricted cash include cash and cash equivalents and security deposits and other (see below).

Security Deposits and Other

The security deposits and other consist of amounts collected from tenants upon move-in and funds held in special reserve accounts. The Agency has generally no obligation to pay interest on the security deposits. If there is no default by lessees, the security deposit will be returned within thirty days after the end of the lease term.

Security deposits and other consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Security deposits	\$ 212,756	\$ 188,312
Operating reserve - Kittredge Master Tenant	22,537	19,863
Other	<u>6,717</u>	<u>4,392</u>
	<u>\$ 242,010</u>	<u>\$ 212,567</u>

Allowance for Doubtful Accounts

The allowance for doubtful accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible, if any. Accounts are written off against the allowance when they are determined to be uncollectible. Accounts receivable are shown net of an allowance for doubtful accounts. There was an allowance for doubtful accounts of \$67,000 and \$115,000 at December 31, 2023 and 2022, respectively. See Note 3 for allowances for uncollectible notes receivable, project management fees and interest receivable.

Investments in Affiliates

Investments in affiliates are accounted for using the cost method. The Agency reviews its investments in affiliates for impairment whenever events or changes in circumstances indicate that the carrying value of such investment may not be recoverable.

Property and Equipment and Depreciation

Property and equipment (see Note 4) are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over five to forty years.

The Agency accounts for the carrying value of its long-lived assets in accordance with the requirements of ASC Topic, *Property, Plant and Equipment*. The carrying value is evaluated annually for impairment. There was no impairment recognized in 2023. An impairment of \$1,725,000 was recognized during 2022 (see Note 4), which is included in impairment loss - property and equipment in the accompanying 2022 consolidating statement of activities.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Projects Under Development

Projects under development consist of costs related to the acquisition, construction and rehabilitation of various properties currently under development (see Note 5). Costs considered to be recoverable are capitalized. These costs include acquisition, construction, soft costs, overhead, interest, and other development related expenses.

Deferred Leasing Costs and Amortization

Deferred leasing costs totaling \$238,891 and \$157,224 as of December 31, 2023 and 2022, respectively, are shown net of accumulated amortization of \$96,757 and \$79,897, respectively. Deferred leasing costs consist of fees associated with executing long-term arrangements with the Agency's tenants to lease its historic rental properties (see Note 10). These costs are being amortized using the straight-line method over the terms of the related lease agreements. The Agency will write off these costs in the event the related lease is terminated.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the interest method.

Net Assets

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Agency. The Agency has grouped its net assets without donor restrictions into the following categories:

Operating represents net assets which are available for operations.

Development represents the portion of net assets invested in real estate development projects (completed and uncompleted projects), net of related debt, which are long-term in nature and are not available for operation for at least one year from the date of the consolidating financial statements.

Property and equipment represent the net book value of property and equipment, right-of-use asset - operating and capitalized costs, net of related debt, and operating lease liability.

Board Designated - conservation easements represent funds set aside by the Board of Directors to be used for enforcing easement agreements (see Note 4). The use of these funds requires the approval of the Board of Directors. During 2023 and 2022, the Board approved the use of \$38,961 and \$36,969, respectively, which are reflected as investment income appropriated for operations in the accompanying consolidating statements of activities. The balance of the funds is held in investments as of December 31, 2023 and 2022.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets with donor restrictions represent amounts received or committed by donors with time or purpose restrictions that have not yet been met. Net assets with donor restrictions consist of donor-restricted funds provided for HBI's project initiatives. Some restricted grants or donations are provided to support planning and development of specific projects, and some net assets with donor restrictions are available to HBI as revolving project funds (the Capital Revolving Fund). The Capital Revolving Fund is intended to provide resources to investigate, underwrite, commence development, and acquire or invest in historic projects, as needs are identified from time to time or from project to project. The Capital Revolving Fund balance is replenished, to be available for new projects, when HBI's investment or outlay is returned by any of several means, such as securing new direct support for a project, syndicating investment in a project, or placing third-party debt in a project.

Consistent with the requirements of U.S. GAAP, it is the Agency's policy to release net assets from donor restrictions when a project is placed in service or upon the sale or disposition of a project. When a project supported by the Capital Revolving Fund is placed in service, the related donor-restricted net assets are returned, upon recovery, to replenish the Capital Revolving Fund for subsequent use.

Net assets with donor restrictions consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Capital Revolving Fund	\$ 350,000	\$ 350,000
Project specific funds	<u>-</u>	<u>630,051</u>
Total net assets with donor restrictions	<u>\$ 350,000</u>	<u>\$ 980,051</u>

Non-controlling interest represents the non-controlling interests in the Syndicated Rental Entities, which are owned by unrelated investors (see Note 3).

Consolidating Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and expenses in the accompanying consolidating statements of activities. Other revenues (expenses) include capital, investment, and certain development activity.

Estimates

The preparation of consolidating financial statements in accordance with U.S. 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 consolidating financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Agency follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Agency would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Agency uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Agency. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Investments

Investments are recorded in the consolidating financial statements at fair value using Level 1 inputs (see Note 6). Investments held by the Agency have an active market with which quoted prices exist. As a result, the market price of an identical security is used to report fair value.

Investment income consists of interest, dividends and realized and unrealized gains and losses on investments, net of management fees. Realized gains and losses on investment transactions are recorded based on the average cost method. Unrealized gains and losses are recognized based on market value changes during the period. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date.

Investments are reflected as long-term assets in the accompanying consolidating statements of financial position, regardless of maturity or liquidity, in accordance with the Agency's intent to hold investments for long-term growth.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Interest Rate Swap Agreements

The fair value of interest rate swap agreements is the estimated amount that the Agency would have to pay to receive or terminate the agreements as of the consolidating statements of financial position date, taking into account current interest rates and the current creditworthiness of the swap counterparty. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy (see Note 8).

All Other Assets and Liabilities

The carrying value of all other qualifying assets and liabilities, including notes payable, do not differ materially from its estimated fair value. These qualifying assets and liabilities are considered Level 1 in the fair value hierarchy.

Revenue Recognition

The Agency generally measures revenue based on the amount of consideration the Agency expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Agency satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Agency evaluates its revenue contracts with customers (i.e., project management fee) based on the five-step model under ASC Topic, *Revenue from Contracts with Customers* (Topic 606): (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Project management fees are earned by the Agency in its role as sponsor and developer of its Affiliates' (see Note 3) projects. Project management fees are generally earned under written developer agreements executed with the Affiliates that detail the rights and responsibilities of both parties under each project development agreement. The agreements define the scope of activities to be provided by the Agency and generally include supervising and coordinating project projections, overseeing the construction and/or rehabilitation, obtaining the necessary permitting, and overseeing and coordinating any reporting requirements of the project. These activities under an agreement are considered a single performance obligation as the services provided are not considered to be distinct within the context of the agreement. No project management fees were earned during 2023 and 2022.

The Agency determined the services within such agreements are highly interdependent with each other and comprise an integrated series of activities associated with the completion of a single real estate development project. Developer agreements define the fixed compensation which the Agency is expected to be entitled to a schedule of payments to be made from project development sources and, in some cases, from net cash flow from project operations.

The performance obligations under developer agreements are satisfied over time as the Agency's performance creates or enhances a real estate asset that the affiliate controls. Accordingly, the Agency recognizes revenue from developer agreements over time, as the services are rendered, based on developer time and effort incurred relative to total expected developer time and effort to complete the contract. Due to the contingent nature of certain developer fees which may be payable from net cash flow from project operations, some are not recognized until received or when collection is assured. See Note 3 for additional disclosure related to these development agreements.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

In accordance with ASC Subtopic 958-605, *Revenue Recognition* (Topic 958), the Agency must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Agency should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Grants and contributions without donor restrictions are recognized as revenue when unconditionally committed or received. Restricted grants and contributions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred.

The Agency leases residential units of various properties to various tenants for a period of twelve months or less. The lease agreements may contain renewals for a period of twelve months or less and do not require any variable lease payments. Because of the uncertainty of tenants' renewals and the existence of a mutual termination clause in the lease agreements, the Agency treats all residential leases as short-term leases. The Agency also leases commercial units to tenants with terms expiring through 2031 (see Note 10). These leases are classified as operating leases. See Note 3 for leases between related parties.

Rental income is accounted for in accordance with ASC Topic, *Leases*, and is recognized over the terms of the respective leases and is shown net of vacancies and concessions. Advance receipts of rental income are classified as liabilities (prepaid rent) until earned and are included in accounts payable and accrued expenses in the accompanying consolidating statements of financial position.

All other revenue, including interest and other income, is recognized when earned.

Leases

The Agency assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) and determines lease classification as operating or finance at inception. The Agency only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are treated as short-term leases.

The Agency's ground lease (see Note 10) is presented as a right-of-use (ROU) asset with a corresponding lease liability in the accompanying consolidating statements of financial position. ROU asset represents the Agency's right to use an underlying asset during its lease term, and lease liability represents the obligation to make lease payments.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The ROU assets equal the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Agency uses the implicit discount rate when it is readily determinable. Since the Agency's leases do not provide an implicit rate, the Agency uses the risk-free discount rate based on information available to determine the present value of the lease payments. Variable rent payments, if included in the lease agreement and not determinable at the lease commencement, are not included in the measurement of the lease liabilities. Lease expense is recognized on a straight-line basis over the lease term. The Agency's lease terms may include options to extend or terminate the lease. The Agency may elect to extend or terminate the lease when it is reasonably certain that the option will be exercised. As of December 31, 2023, these options were not exercised and, therefore, were not included in the calculation of ROU asset and lease liability. The Agency generally accounts for lease and non-lease components as a single component.

Expense Allocation

The Agency follows the practice of identifying and distributing expenses that are directly related to a program or supporting service activity to that program or activity when expenses are incurred. Such expenses include, for instance, costs for certain professional or contract service providers, costs for mailings, program specific expenses, or travel for a specific activity. Expenses of managing the rental properties are directly charged to applicable historic rental entities. Depreciation, amortization and insurance expenses, due to the nature of the Agency's business to manage and preserve historic properties and sites, substantially all pertain to historic properties and, accordingly, are allocated to historic rental or the Syndicated Rental Entities based on the property to which each pertains.

Additionally, certain expenses benefit more than one program or supporting activity and, therefore, are allocated to program and supporting services based on rational methodologies. Costs of staffing, including compensation and related tax and benefits costs, as well as costs for services provided on a contractor basis, may benefit several or all functions, spanning real estate preservation activities, rental property management, organizational management, accounting and financial activity, fundraising, and human resources. Such costs of people who provide services and work of the Agency are allocated by function based on time analyses of where efforts were made and utilizes time reports prepared by staff members. Office expenses, including costs such as rents, office equipment, supplies, telecom, and subscriptions, which are used or deployed by staff and certain contract service providers, are allocated based on the allocation of such staff and contractor cost.

Income Taxes

The Agency accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidating financial statements regarding a tax position taken or expected to be taken in a tax return. The Agency has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at December 31, 2023 and 2022. The Agency's income taxes are subject to examination by the appropriate taxing jurisdictions.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

At December 31, 2023 and 2022, the Members had, for Federal income tax purposes, net operating loss carryforwards (NOLs) of approximately \$3,356,000 and \$2,911,000, respectively, available to offset future taxable income. At December 31, 2023 and 2022, the Members had, for state income tax purposes, NOLs of approximately \$3,353,000 and \$2,908,000, respectively, available to offset future taxable income. Following the ASC Topic, *Income Taxes*, the realization of the tax benefits from these NOLs are not assured, and accordingly, have been fully reserved in the accompanying consolidating financial statements for the years ended December 31, 2023 and 2022.

Subsequent Events

Subsequent events have been evaluated through May 22, 2024, which is the date the consolidating financial statements were available to be issued. See Notes 3, 4, 7, 8, and 9 for events that occurred subsequent to year-end.

3. RELATED PARTY TRANSACTIONS

The Agency's consolidating financial statements include the following entities:

Entity	State Formed	Ownership Information
Consolidated entities:		
Hayden Building MM LLC	(the Hayden Member)	MA 100% owned by HBI
Kittredge MM LLC	(the Kittredge Member)	MA 100% owned by HBI
HBI Real Estate Holdings LLC	(HBI RE Holdings)	MA 100% owned by HBI
Fowler Clark Farm MM LLC	(Fowler MM)	MA 100% owned by HBI
50 Cedar Street Holdings LLC*	(50 Cedar Street)	MA 100% owned by HBI
611 Columbia Road Holdings	(611 Columbia)	MA 100% owned by HBI
Syndicated Rental Entities:		
Hayden Building LLC	(the Hayden Company)	MA 89.99% owned by Hayden Member 10.01% owned by HBI
Hayden Master Tenant LLC	(the Hayden Master Tenant)	MA 100% owned by HBI
Kittredge LLC	(the Kittredge Company)	MA 89.99% owned by Kittredge Member 10.01% owned by HBI
Kittredge Master Tenant LLC	(the Kittredge Master Tenant)	MA 100% owned by HBI
Fowler Clark Farm LLC **	(Fowler Clark)	MA 100% owned by HBI

During 2022, the Agency had a 1% interest in an unconsolidated entity, Rozzie Substation, LLC. During 2023, the Agency wrote off the investment and incurred a loss of \$175,000 (see page 20), which is shown as write-off of investments in affiliates in the accompanying 2023 consolidated statement of activities.

* During 2023, HBI sold the Cedar Street Property (see Note 5).

** During 2023, HBI purchased the 99% interest in Fowler Clark from Louis Grossman, Linda Polivy and Rachel Koplow (the Fowler Investor Members) (see page 20). Subsequent to year end, the Fowler Clark property was sold (see Note 4).

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

3. RELATED PARTY TRANSACTIONS (Continued)

Project Management Fees

HBI, in its role as sponsor and developer, earned project management fees and overhead reimbursements for services provided during the development of various projects. HBI did not earn any project management fees during 2023 or 2022.

Accrued and unpaid project management fees were as follows as of December 31, 2023 and 2022:

<u>Borrower</u>	2023			
	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Accrued Interest</u>	<u>Maturity Date</u>
Hayden Company	2%	\$ 779,380	\$ 176,109	September 2033
Kittredge Company	0%	<u>240,000</u>	<u>-</u>	Upon sale or refinance
		1,019,380	176,109	
Less - allowance		<u>116,907</u>	<u>176,109</u>	
		<u>\$ 902,473</u>	<u>\$ -</u>	

<u>Borrower</u>	2022			
	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Accrued Interest</u>	<u>Maturity Date</u>
Hayden Company	2%	\$ 779,380	\$ 156,963	September 2033
Kittredge Company	0%	<u>240,000</u>	<u>-</u>	Upon sale or refinance
		1,019,380	156,963	
Less - allowance		<u>116,907</u>	<u>156,963</u>	
		<u>\$ 902,473</u>	<u>\$ -</u>	

The Hayden Company may repay the project management fees' principal in equal annual installments of \$38,969, from available cash flow, through the maturity date. There is no payment due in 2024 based on 2023 cash flows and no payments were due in 2023 and 2022 based on 2022 and 2021 cash flows. Interest accrues at a rate of 2% per annum, compounded annually, through the maturity date. The project management fee note is subordinate and subject to the terms and conditions of the Permanent Note of the Hayden Building (see Note 8). The Hayden Company may prepay the project management note in whole or in part at any time without penalty. The Hayden Company expects to either sell the Hayden Building or refinance the debt on the Hayden Building, at which point HBI expects to recover its project management fees.

Accrued interest is included in project management fees and interest receivable and payable, respectively, in the accompanying consolidating statements of financial position. The accrued interest has been fully reserved by HBI.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

3. RELATED PARTY TRANSACTIONS (Continued)

Project Management Fees (Continued)

The Kittredge Company's repayment of the project management fees' principal is based on available cash flow, if any, and matures no later than December 31, 2024. There were no payments due in 2023 and 2022 based on 2022 and 2021 cash flow, respectively. There is no payment due in 2024 based on 2023 cash flow. The Kittredge Company's project management fee note is subordinate and subject to the terms and conditions of notes payable (see Note 9). The Kittredge Company may prepay the project management fee note in whole or in part at any time without penalty. HBI expects the remaining amount to be repaid from proceeds from the sale, redevelopment or refinance of the Kittredge House.

As of December 31, 2023 and 2022, the project management fees outstanding and all accrued interest between HBI, the Hayden Company, and the Kittredge Company have been eliminated in the accompanying consolidating financial statements.

Notes Receivable

Notes receivable consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Hayden Sponsor Loan (see Note 8)	\$ 3,874,441	\$ 3,754,150
Kittredge Sponsor Loan (see Note 8)	783,238	758,528
Kittredge LLC Sponsor Loan (see Note 8)	486,608	486,608
Fowler Clark Bridge Loan (see Note 8)	<u>362,201</u>	<u>354,481</u>
	5,506,488	5,353,767
Less - reserve	3,534,679	3,381,958
Less - eliminations	<u>1,971,809</u>	<u>1,971,809</u>
	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2023 and 2022, all notes receivable between HBI and its affiliates have been eliminated in the accompanying consolidating financial statements. Accrued interest on these notes is added to the principal balance, as described in the note agreements.

Put and Call Options – Fowler Clark

The Fowler Investor Members had the right and option (put option) during the period beginning with the fifth anniversary following the month in which the last QREs with respect to the Fowler Clark Farm were placed in service (the Fowler Put Period), which was in December 2022, and continuing for a period of four months thereafter to require Fowler MM to purchase the Fowler Investor Members' entire interest in Fowler Clark for a purchase price equal to the lesser of the fair market value of the Fowler Investor Members' interest in Fowler Clark or \$2,500.

During 2023, HBI exercised the option and purchased the remaining interest in Fowler Clark LLC from the Fowler Investor Members for \$2,500.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

3. RELATED PARTY TRANSACTIONS (Continued)

Investments in Affiliates

Investments in affiliates consist of capital contributions and conversion of related party advances to support the Syndicated Rental Entities and Rozzie Substation. The balance consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Fowler Clark	\$ 1,965,464	\$ 1,965,464
Kittredge Company	1,465,833	1,465,833
Rozzie Substation	-	175,000
Hayden Master Tenant - acquisition of interest of withdrawing partner	63,360	63,360
Kittredge Master Tenant	50,232	50,232
HBI acquisition of interest - Fowler Clark withdrawing partners	2,500	-
Hayden Company	900	900
Hayden Master Tenant	96	96
	<u>3,548,385</u>	<u>3,720,885</u>
Less - reserve for unrecoverable investments	<u>2,720,185</u>	<u>2,720,185</u>
	828,200	1,000,700
Less - eliminations	<u>762,340</u>	<u>762,340</u>
	<u>\$ 65,860</u>	<u>\$ 238,360</u>

Unwind of Kittredge Company

During 2022, the Kittredge Company unwound, and the following transactions occurred:

- The Kittredge Member exercised the option to purchase the remaining interest in the Kittredge Master Tenant from the former investor, Asset Pool 26, LLC.
- The Kittredge Member made a capital contribution of \$49,738, which was used to buyout Asset Pool 26, LLC.
- The Kittredge Member assumed equity of \$645,094 from Asset Pool 26, LLC.
- Kittredge Company paid distributions of \$5,000, \$44,995, and \$5 to the Kittredge Master Tenant, the Kittredge Member and HBI, respectively.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

4. PROPERTY AND EQUIPMENT

Property and equipment balances and their estimated useful lives were as follows as of December 31:

	<u>Estimated Useful Lives</u>	<u>2023</u>	<u>2022</u>
Land:			
Old Corner Bookstore	N/A	\$ 98,000	\$ 98,000
Hayden Building	N/A	67,072	67,072
Fowler Clark Farm	N/A	59,356	59,356
Kittredge House	N/A	52,500	52,500
Eustis Street Firehouse	N/A	38,082	38,082
Land Improvements:			
Kittredge House	10 years	68,051	68,051
Old Corner Bookstore	20 years	32,752	32,752
Comfort Station	20 years	25,569	25,569
Building and Improvements:			
Hayden Building	5 - 40 years	5,883,217	5,883,217
Kittredge House	5 - 40 years	3,414,508	3,414,508
Fowler Clark Farm	5 - 40 years	1,694,514	1,694,514
Eustis Street Firehouse	5 - 40 years	2,303,467	2,303,467
Old Corner Bookstore	5 - 40 years	2,176,872	2,123,349
Comfort Station	5 - 40 years	1,592,402	1,590,102
Furniture and Equipment	5 - 7 years	<u>171,677</u>	<u>272,474</u>
		17,678,039	17,723,013
Less - accumulated depreciation		<u>6,029,065</u>	<u>5,651,598</u>
		11,648,974	12,071,415
Less - eliminations		<u>385,927</u>	<u>395,317</u>
		<u>\$ 11,263,047</u>	<u>\$ 11,676,098</u>

Eustis Street Firehouse

The Eustis Street Firehouse (the Firehouse Property) was constructed in 1859 and is the oldest remaining firehouse in Boston at acquisition. The Firehouse Property was rehabilitated to provide leased space (see Note 10) in Roxbury, Massachusetts.

Hayden Building

The Hayden Building is a historic landmark building originally acquired by HBI in 1993. It consists of four residential units and one commercial unit.

Kittredge House

The Kittredge House was originally acquired by HBI with a contingent note payable from the Boston Redevelopment Authority (see Note 9) and consists of five mixed-income residential units.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

4. PROPERTY AND EQUIPMENT (Continued)

Comfort Station

The Upham's Corner Comfort Station is a single tenant commercial property transformed after HBI's \$1.9 million restoration of an especially distressed historic property, built in 1912, of a public restroom within the City of Boston's public streetcar system. The now striking property is home to a locally owned restaurant and café known as Comfort Kitchen that features cuisine of the African diaspora. Comfort Kitchen opened in 2023 under a five-year lease with HBI.

Vertullo Building

HBI acquired the Vertullo Building and rehabilitated this unique historic wooden office building to house four residential and five commercial units. HBI entered into a purchase and sale agreement on August 25, 2021, for sale of the Vertullo Building to an unaffiliated buyer for a price of \$1,150,000. The agreement was extended and closing of the sale occurred on March 18, 2022. After closing costs and broker fees, HBI received approximately \$1,054,000 from the sale, repaid the approximately \$497,000 outstanding mortgage balance, and recognized a gain on sale of approximately \$96,000 which was reflected as a gain on sale of property in the accompanying 2022 consolidating statement of activities. HBI also received an unrestricted grant of approximately \$233,000 from a donor for the difference between the fair value of the property and net proceeds from the buyer, which was included in grants and contributions in the accompanying 2022 consolidating statement of activities.

Fowler Clark Farm

The Fowler Clark Farm property consists of one historic commercial unit and a working farm which was rehabilitated and placed in service during 2018. During 2022, the tenant began raising funds to purchase the building at the end of the lease in March 2023. As a result, the property was revalued, and an impairment loss was recognized at \$1,725,000, which is included in impairment loss - property and equipment in the accompanying 2022 consolidating statement of activities. The impairment loss was based on what the Agency expected to recover from the sale of the property.

In January 2024, the Fowler Clark Farm property was sold for \$1,400,000. The Agency had a gain on sale of the property of \$197,640.

Old Corner Bookstore

In 1960, HBI acquired the Old Corner Bookstore buildings located in downtown Boston. These buildings served as the literary hub of the United States during the nineteenth century and are among the few early eighteenth-century commercial buildings serving downtown Boston. Today, after several historic restorations and rehabilitations, they house offices and retail tenants (see Note 10).

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

4. PROPERTY AND EQUIPMENT (Continued)

Federal and State HRTCs

The rehabilitation of Fowler Clark generated \$2,524,374 of QREs, which yielded approximately \$505,000 of Federal HRTCs in 2018. The Federal HRTCs of Fowler Clark were claimed by the Fowler Investor Members and Fowler MM consistent with the operating agreement.

Fowler Clark also qualified for State HRTCs authorized by the Commonwealth of Massachusetts for the rehabilitation of historic places located in the Commonwealth of Massachusetts as determined by the Massachusetts Historical Commission. The State HRTCs are allocated on a fixed-dollar amount based on a percentage not to exceed 20% of the expected QREs.

During 2018, Fowler Clark donated its right, title, and interest in the State HRTCs (\$400,500) to PM 2006 Massachusetts Historic Tax Credit Fund, LLC (MA HTC Fund), an unrelated entity. Following this donation, MA HTC Fund sold the State HRTCs for \$400,500 and, based on the terms of the agreement, used the proceeds to issue a note to Fowler Clark (see Note 9).

In May 2023, HBI sold the State HRTCs for 611 Columbia Road (Comfort Station) for a net amount of \$254,800 which is recognized as a gain on sale of tax credits in the accompanying 2023 consolidating statement of activities.

Recapture of a portion of the HRTCs would occur if the Project is sold or taken out of service within five years of being placed in service (the Compliance Period), reduced by 20% on each anniversary of the original placed in-service date of the Project. The Compliance Period for Fowler Clark ended December 31, 2022.

Easements

HBI also holds several easements on properties imposing preservation restrictions on historically or culturally significant buildings in the City. Under these easements, property owners receive tax benefits in exchange for preserving certain portions of their buildings in perpetuity. Property owners must submit written requests to HBI before making improvements to protected features. HBI will review proposals and provide guidance and ensure that all work must be conducted according to "The Secretary of the Interior's Standards for the Treatment of Historic Properties" and any other applicable state, local, or Federal standards for construction or rehabilitation of historic resources. Because of the limited market and due to the obligations inherent in easement ownership, HBI's easements are not reflected in the accompanying consolidating financial statements as either assets or liabilities.

5. PROJECTS UNDER DEVELOPMENT

The following projects were under development during the years ended December 31:

	<u>2023</u>	<u>2022</u>
Old Corner Bookstore	\$ 916,160	\$ 230,208
Cedar Street Property	<u>-</u>	<u>1,534,000</u>
	<u>\$ 916,160</u>	<u>\$ 1,764,208</u>

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

5. PROJECTS UNDER DEVELOPMENT (Continued)

During 2022, the Cedar Street property was placed on sale. As a result, the property was revalued and a loss on impairment was recognized of \$833,948, which is included in impairment loss - property and equipment in the accompanying 2022 consolidating statement of activities. The impairment loss was based on what the Agency expected to recover from the sale of the property.

During 2023, a buyer was secured for the Cedar Street property and sold for \$1,650,000 net of closing costs of \$12,064. The sale resulted in a net gain of \$47,072 which is shown as gain on sale of property in the accompanying 2023 consolidating statement of activities.

6. INVESTMENTS

The following is a summary of the investments as of December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 38,170	\$ 49,474
Index funds - bonds	314,173	218,721
Index funds - equities	179,726	259,318
Index funds - other	<u>43,465</u>	<u>-</u>
Total investments	<u>\$ 575,534</u>	<u>\$ 527,513</u>

Investments are not insured and are subject to on-going market fluctuations.

7. LINE OF CREDIT

HBI had a \$2,500,000 revolving line of credit agreement with a bank with a maturity date of June 30, 2024. The line of credit can only be used to provide a source of acquisition and predevelopment funds and to bridge permanent debt and equity sources for historic rehabilitation projects. The interest rate is based on the bank's floating base rate, plus 50 base points (9% and 8% at December 31, 2023 and 2022, respectively), subject to a minimum rate of 3.75%. Interest only is due and payable monthly and principal will be due and payable upon receipt of any grants, proceeds from sale of State HRTCs, or other funds targeted as repayment sources of the line of credit, or in full at the maturity date. There was an outstanding balance of \$1,459,148 and \$1,096,830 as of December 31, 2023 and 2022, respectively. The line of credit is secured by a first mortgage on the Old Corner Bookstore buildings (see Note 4), plus an assignment of leases and rents. The line of credit agreement has certain financial and non-financial covenants with which HBI must comply. As of December 31, 2023 and 2022, HBI was not in compliance with a certain covenant. A waiver from the bank was in place as of December 31, 2023 and 2022. Subsequent to year-end, the line of credit was refinanced with principal and outstanding interest due on June 30, 2025.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

 Notes to Consolidating Financial Statements
 December 31, 2023 and 2022

8. LONG-TERM DEBT

Entity	Lender	Security/Others	Interest Rate	Maturity	Outstanding Balance	
					2023	2022
HBI and Affiliates						
HBI	1772 Foundation	Unsecured note. Interest-only payments are due until maturity.	2.00%	09/30/25	\$ 400,000	\$ 400,000
HBI	City of Boston	Security interest in the Firehouse Property. Principal and interest are due monthly.	1.75%	02/04/51	359,204	368,512
HBI	Architectural Heritage Foundation, Inc.	First mortgage on the 611 Columbia Road property. Monthly principal and interest payments of \$1,054, with balance due at maturity.	3.00%	05/09/28	246,974	-
HBI	The Life Insurance Initiative	First mortgage on the 50 Cedar Street Property. Interest-only payments were due quarterly.	5.00%	04/30/23	-	1,120,000
Syndicated Rental Entities						
The Hayden Company	HBI	Second priority interest in the Hayden Building. This loan is subordinate to the loan with Eastern Bank. Payments are due upon the earlier of demand from HBI, the sale of the Hayden Building or maturity.	3.00%	04/25/43	3,874,441	3,754,150
The Hayden Company	Eastern Bank	First security interest in the Hayden Building, plus an assignment of leases and rents. Principal and interest are due monthly. This loan is shown as currently in 2023 due to non-compliance with covenants (see page 26)	5 Year Federal Home Base Loan plus 2.25%	1/12/34**	1,219,360	1,246,301
The Kittredge Company	HBI	Principal and interest are due upon sale of the Kittredge Building or maturity.	3.00%	12/23/44	783,238	758,528
The Kittredge Company	HBI	Subordinate and subject to the terms and conditions of the other HBI note (see above).	4.83%	On demand	486,608	486,608
* Fowler Clark	HBI	Second mortgage on Fowler Clark Farm. Principal and interest are payable based on cash flow. No payments are due based on 2022 and 2021 cash flows.	2.64%	12/28/47	362,201	354,481
* Fowler Clark	Eastern Bank	First mortgage on Fowler Clark Farm property, plus an assignment of leases and rents. Principal and interest are due monthly. Amount was repaid subsequent to year end.	5.50%	12/31/25	694,593	706,976
					8,426,619	9,195,556
		Less - unamortized debt issuance costs			(35,515)	(12,484)
		Less - current portion			(1,246,317)	(2,387,700)
		Less - eliminations			(5,506,488)	(5,353,767)
		Total long-term debt, net			<u>\$ 1,638,299</u>	<u>\$ 1,441,605</u>

* In January 2024, HBI sold the Fowler Clark Farm property for \$1,400,000, the Agency used proceeds to pay off remaining debt.

** Maturity date was extended from July 1, 2023 to January 12, 2034 during 2023.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

8. LONG-TERM DEBT (Continued)

Debt issuance costs related to legal and lender fees totaling \$90,415 and \$74,989 are shown net of accumulated imputed interest of \$54,900 and \$62,505 as of December 31, 2023 and 2022, respectively. Net debt issuance costs are reported in the accompanying consolidating statements of financial position as a direct reduction of the face amount of notes payable (see Note 2).

Maturities of the long-term debt and amortization of debt issuance costs for the next five years are as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Amortization of Debt Issuance Costs</u>
2024	\$ 1,246,317	\$ 9,193
2025	\$ 731,014	\$ 9,193
2026	\$ 452,064	\$ 5,212
2027	\$ 54,819	\$ 5,212
2028	\$ 9,090	\$ 5,212

The notes have certain financial and non-financial covenants with which the Agency must comply. As of December 31, 2023 and 2022, the Agency was not in compliance with certain covenants. Despite refinancing the Hayden Company's note with Eastern Bank (see page 25) subsequent to year-end, Eastern Bank notified HBI in 2024 that it would not grant a waiver for a certain covenant that was in default as of December 31, 2023. As of the audit report date, HBI has been working with Eastern Bank to obtain a waiver in conjunction with issuing a guarantee of repayment of the note. As a result, the note is included in current liabilities in the accompanying 2023 statement of financial position. The Agency obtained a waiver for the noncompliance as of December 31, 2022.

In connection with the Eastern Bank's note, the Hayden Company also entered into an interest rate swap contract with the bank with the following terms to hedge against potential interest rate exposure under the floating rate. The swap contract had an initial notional amount of \$1,500,000, which declines on a schedule based upon the note amortization. The notional amount was approximately \$1,233,000 at the date of termination. The total amount was approximately \$1,246,301 as of December 31, 2022. Other significant terms of the swap contract included:

Fixed Rate Assumed by the Hayden Company	5.20%
Basis for Variable Rate Assumed by the Bank	Thirty-day LIBOR, plus 225 basis points
Termination Date	July 15, 2023
Effective Date	July 31, 2013

This swap contract is reported at fair value in the accompanying consolidating statements of financial position as of December 31, 2022, using Level 3 inputs (see Note 2), including prevailing credit spreads, market liquidity, assumed transaction and hedging costs, and other factors.

Gain or loss in the value of the swap contract is recorded as unrealized gain or loss on carrying value of interest rate swap contract in the accompanying consolidating statements of activities. The changes in investments measured at fair value for which the Agency has used Level 3 inputs to determine fair value were as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 13,261	\$ (45,951)
Unrealized gain (loss) on interest rate swap contract	<u>(13,261)</u>	<u>59,212</u>
Ending balance	\$ -	\$ 13,261

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidated Financial Statements
December 31, 2023 and 2022

9. CONTINGENT NOTES PAYABLE

Contingent notes payable consist of the following at December 31, 2023 and 2022:

Entity	Lender	Security/Other	Interest Rate	Maturity	Outstanding Balance
<i>HBI and Affiliates</i>					
HBI	Boston Redevelopment Authority (BHA)	Unsecured note. Principal is due if the Kittredge House is sold and is no longer held by HBI and Affiliates.	0%	None	\$ 210,000
HBI	Mayor's Office of Housing (MOH)	Unsecured note. Principal and interest are due if leasehold interest in the Firehouse Property is no longer maintained by HBI and Affiliates.	5%	None	35,000
<i>Syndicated Rental Entities</i>					
* Fowler Clark	PM 2006 Massachusetts Historic Tax Credit Fund , LLC	Subject to the Eastern Bank mortgage on Fowler Clark Farm property. Principal and interest are due at maturity.	0.01%	11/20/58	400,500
The Kittredge Company	BRA	Unsecured note. Principal is due if the Kittredge House is sold and is no longer held by HBI and Affiliates.	0%	8/13/2044	150,000
The Kittredge Company	MOH	Second mortgage on the Kittredge House. Payment is due the earlier of August 13, 2044, or the sale of the Kittredge House.	0%	8/13/2044	<u>150,000</u>
					<u>\$ 945,500</u>

* In January 2024, HBI sold the Fowler Clark Farm property for \$1,400,000, the Agency used proceeds to pay off the debt.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

10. LEASE COMMITMENTS

Eustis Street Firehouse Lease - Lessee

HBI and the City entered into a ground lease agreement (the Prime Lease) to lease to HBI approximately 1,700 square feet of land, including the existing structure, a historic firehouse building (collectively, the Leased Property), located in Roxbury, Massachusetts. The Prime Lease expires on October 17, 2109 (the Initial Term). Base rent is due and payable in annual installments of \$1,500, plus real estate taxes, as defined in the Prime Lease, commencing on October 18, 2010, through October 18, 2030. Thereafter, the base rent will increase on an annual basis by 5% through October 17, 2109. HBI may, during the last ten-year term of the Initial Term, negotiate, in good faith, with the City to extend the Initial Term of the Prime Lease. The City has no obligation to extend the Initial Term.

During the Initial Term of the Prime Lease, if the City intends to sell the Leased Property, HBI has the first right and option to purchase the Leased Property. HBI has thirty days to notify the City of its intent to purchase the Leased Property. HBI and the City will negotiate, in good faith, the terms of a purchase and sale agreement.

The future maturities of the lease liabilities are as follows as of December 31, 2023:

2024	\$	1,500
2025		1,500
2026		1,500
2027		1,500
2028		1,500
Thereafter		<u>1,458,343</u>
Total		1,465,843
Less - current portion		(1,500)
Less - present value discount		<u>(1,044,623)</u>
Operating lease liability, net	\$	<u>419,720</u>

HBI used the thirty-year risk-free discount rate of 2.01% to calculate the present value of the lease liability, since the Prime Lease did not have an implicit discount rate. HBI incurred rent expense of \$14,868 for the years ended December 31, 2023 and 2022, respectively, which is reflected as rent in the accompanying consolidating statements of functional expenses. Real estate taxes, non-lease components, are expensed when incurred.

Historic Properties - Lessor

The Agency leases its historic properties to several tenants under operating leases, which expire at various dates through October 2031. The leases require tenants to maintain certain insurance coverage and pay for their proportionate share of real estate taxes and operating expenses (CAM charges). Lease terms with certain tenants provide for escalating rents over the duration of the term. The leases qualify as an operating lease under the practical expedient (see Note 2). Rental income, including reimbursement for the tenants' share of real estate taxes and operating expenses, recognized for the years ended December 31, 2023 and 2022, was \$1,780,346 and \$1,649,008, respectively, and is reflected as rental income in the accompanying consolidating statements of activities. CAM charges are variable and were \$61,557 and \$53,016 for the years ended December 31, 2023 and 2022, respectively, and are included in rental income, net in the accompanying 2023 consolidating statement of activities. The Agency has deferred rent receivable of \$350,437 and \$358,811 under these agreements as of December 31, 2023 and 2022, respectively, which is reflected as deferred rent receivable in the accompanying consolidating statements of financial position.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

10. LEASE COMMITMENTS (Continued)

Historic Properties - Lessor (Continued)

The following is the maturity of the undiscounted operating lease receipts under the leases:

2024	\$ 1,502,000
2025	971,000
2026	965,000
2027	907,000
2028	715,000
Thereafter	<u>2,296,000</u>
Total	<u>\$ 7,356,000</u>

11. CONCENTRATIONS

Cash and Cash Equivalents

The Agency maintains its cash balances in various banks. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances may exceed the insured amounts. The Agency has not experienced any losses in such accounts. The Agency believes it is not exposed to any significant credit risk on cash.

Rental Activities

All of HBI's tenants are located within the City and approximately 58% and 46% of rental income is from three tenants for the years ended December 31, 2023 and 2022, respectively. This rental income also accounts for 38% and 40% of HBI's total operating revenue without donor restrictions for the years ended December 31, 2023 and 2022, respectively.

Grants and Contributions

One donor accounted for 25% of grants and contributions for the year ended December 31, 2022. In addition, HBI's grants receivable are from one donor at December 31, 2022.

12. RETIREMENT PLAN

HBI maintains a qualified salary reduction plan (an IRC Section 403(b) plan) (the Plan), whereby eligible employees make elective tax deferred contributions to the Plan up to the IRC limits. Employees become eligible upon the first day of employment. HBI has the right to make matching contributions up to 3% to the Plan. In 2023 and 2022, HBI did not make employer match contributions.

13. CONTINGENCIES

In the ordinary course of business, the Agency is involved in lawsuits from time-to-time. If management determines, based on the underlying facts and circumstances, that it is probable a loss will result from a litigation contingency and the amount of the loss can be reasonably estimated, the expected loss is accrued for. There have been no amounts accrued for in the accompanying consolidating financial statements as of December 31, 2023 and 2022.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

14. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the consolidating statements of financial position date, consisted of the following at December 31:

	<u>2023</u>	
	<u>HBI and Affiliates</u>	<u>Syndicated Rental Entities</u>
Cash and equivalents	\$ 543,512	\$ 276,710
Accounts receivables, net	205,945	6,735
Total liquid resources	749,457	283,445
Less – cash with donor restrictions held for projects	(350,000)	-
Liquid resources available for operations	<u>\$ 399,457</u>	<u>\$ 283,445</u>
	<u>2022</u>	
	<u>HBI and Affiliates</u>	<u>Syndicated Rental Entities</u>
Cash and equivalents	\$ 519,551	\$ 318,036
Accounts receivable, net	94,141	8,638
Grant receivable	85,950	-
Total liquid resources	699,642	326,674
Less - grants receivable - restrictions	(54,350)	-
Liquid resources available for operations	<u>\$ 645,292</u>	<u>\$ 326,674</u>

As of December 31, 2023 and 2022, HBI's liquid resources available for operations represent approximately three and six months, respectively, of annual operating expenses (excluding non-cash expenses). The Syndicated Rental Entities' combined liquid resources equal approximately seven and ten months, respectively, of operating expenses (excluding non-cash expenses), respectively. HBI's policy for managing cash resources includes bank money market accounts and money market mutual funds for cash in excess of immediate requirements.

In addition to year-end cash balances, HBI's annual operating expenses are supported by ongoing programs for fundraising (from individual, foundation and corporate donors), rental income generated by the owned historic rental properties, and fees earned for providing project management services to historic real estate development projects. An annual fundraising appeal is conducted each year in the fall for general operating support. Costs of staffing and recurring service contractors of HBI represent approximately 53% and 47% of the Agency's total recurring operating expenses (excluding non-cash expenses) for the years ended December 31, 2023 and 2022, respectively.

As a part of its resource management policies, the Board established an investment fund (see Note 2) to support the Agency's easement program. The investment account, amounting to approximately \$576,000 and \$528,000 at December 31, 2023 and 2022, respectively, holds marketable securities managed by a professional investment advisor. Withdrawals from the account, made in accordance with the Board's policy, amounted to approximately \$39,000 and \$37,000 in 2023 and 2022, respectively.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2023 and 2022

14. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)

Liquid resources for the Syndicated Rental Entities are available solely for a respective syndicated rental entity's operations. Regular monthly rents from commercial and residential tenants of the respective syndicated rental entity provide financial resources to cover operating expenses, distributions, and other commitments of each syndicated rental entity. In addition to cash balances and rental income, HBI has provided guarantees of cash flow and operating support to the Syndicated Rental Entities (see Note 3).

The Agency's historic real estate development activity encompasses capital projects which may take several years to fully develop. Expenditures for such projects are supported by a number of funding sources. Initially, during pre-development, assessment, or start-up phases, HBI may utilize its \$2,500,000 line of credit (see Note 7) and two maintained revolving funds, a \$400,000 project loan fund from 1772 Foundation (see Note 8) and a \$350,000 Capital Revolving Fund (see Note 2). Project-specific grant fundraising, secured-debt financing, and investor funding and tax credit funding options, appropriate for a given project, replace initial funding sources as plans develop.

Management regularly monitors availability of resources to meet general operating expenses of owned and syndicated rental property operations, and its commitments to invest in historic redevelopment projects.

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Syndicated Rental Entities
December 31, 2023
(With Summarized Comparative Totals as of December 31, 2022)

Assets	2023						2022
	Hayden Building LLC	Hayden Master Tenant LLC	Kittredge LLC	Kittredge Master Tenant LLC	Fowler Clark Farm LLC	Eliminations	Total
Current Assets:							
Cash and cash equivalents	\$ 25,623	\$ 21,559	\$ 58,507	\$ 41,371	\$ 129,650	\$ -	\$ 276,710
Accounts receivable, net	-	-	-	6,735	-	-	6,735
Prepaid expenses and other	1,020	-	3,201	1,577	5,052	-	10,850
Total current assets	26,643	21,559	61,708	49,683	134,702	-	294,295
Other Assets:							
Security deposits and other	-	45,353	-	33,938	58,193	-	137,484
Investments in affiliates	-	63,360	-	379,526	-	(442,886)	-
Deferred rent receivable	-	14,499	-	-	-	-	14,499
Deferred leasing costs, net	-	32,587	-	-	-	-	32,587
Total other assets	-	155,799	-	413,464	58,193	(442,886)	184,570
Property and Equipment, net	4,219,516	-	2,592,497	90,756	1,189,149	-	8,091,918
Total assets	\$ 4,246,159	\$ 177,358	\$ 2,654,205	\$ 553,903	\$ 1,382,044	\$ (442,886)	\$ 8,570,783
Liabilities and Net Assets							
Current Liabilities:							
Current portion of notes payable	\$ 1,219,360	\$ -	\$ -	\$ -	\$ 13,044	\$ -	\$ 1,232,404
Accounts payable and accrued expenses	4,383	4,163	-	6,937	4,254	-	19,737
Total current liabilities	1,223,743	4,163	-	6,937	17,298	-	1,252,141
Other Liabilities:							
Notes payable, net	3,874,441	-	1,269,846	-	1,035,788	-	6,180,075
Due to affiliates	307,723	249,621	11,039	83,211	-	-	651,594
Project management fee and interest payable, net	955,489	-	240,000	-	-	-	1,195,489
Accumulated unrealized gain on interest rate swap contract	-	-	-	-	-	-	-
Security deposits	-	45,168	-	11,401	57,807	-	114,376
Contingent notes payable	-	-	300,000	-	400,500	-	700,500
Total other liabilities	5,137,653	294,789	1,820,885	94,612	1,494,095	-	8,842,034
Total liabilities	6,361,396	298,952	1,820,885	101,549	1,511,393	-	10,094,175
Net Assets:							
Without donor restrictions:							
Operating	(285,463)	(217,541)	50,669	(17,928)	130,834	-	(339,429)
Development	-	63,360	-	379,526	-	(442,886)	-
Property and equipment	(1,829,774)	32,587	782,651	90,756	(260,183)	-	(1,183,963)
Total net assets without donor restrictions	(2,115,237)	(121,594)	833,320	452,354	(129,349)	(442,886)	(1,010,597)
Total liabilities and net assets	\$ 4,246,159	\$ 177,358	\$ 2,654,205	\$ 553,903	\$ 1,382,044	\$ (442,886)	\$ 8,570,783

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Syndicated Rental Entities
December 31, 2022

Assets	Hayden Building LLC	Hayden Master Tenant LLC	Kittredge LLC	Kittredge Master Tenant LLC	Fowler Clark Farm LLC	Eliminations	Total
Current Assets:							
Cash and cash equivalents	\$ 20,460	\$ 49,086	\$ 73,312	\$ 41,267	\$ 133,911	\$ -	\$ 318,036
Accounts receivable, net	-	-	-	8,638	-	-	8,638
Prepaid expenses and other	809	-	3,200	1,820	2,965	-	8,794
Total current assets	21,269	49,086	76,512	51,725	136,876	-	335,468
Other Assets:							
Security deposits and other	-	45,331	-	17,513	57,903	-	120,747
Investments in affiliates	-	63,360	-	379,526	-	(442,886)	-
Due from affiliates	30,049	-	15,077	-	-	(45,126)	-
Deferred rent receivable	-	4,002	-	-	1,012	-	5,014
Deferred leasing costs, net	-	39,698	-	252	903	-	40,853
Total other assets	30,049	152,391	15,077	397,291	59,818	(488,012)	166,614
Property and Equipment, net	4,375,934	-	2,681,743	94,171	1,298,276	-	8,450,124
Total assets	\$ 4,427,252	\$ 201,477	\$ 2,773,332	\$ 543,187	\$ 1,494,970	\$ (488,012)	\$ 8,952,206
Liabilities and Net Assets							
Current Liabilities:							
Current portion of notes payable	\$ 1,246,301	\$ -	\$ -	\$ -	\$ 12,931	\$ -	\$ 1,259,232
Accounts payable and accrued expenses	-	24,601	-	12,046	52,553	-	89,200
Total current liabilities	1,246,301	24,601	-	12,046	65,484	-	1,348,432
Other Liabilities:							
Notes payable, net	3,753,608	-	1,245,136	-	1,036,584	-	6,035,328
Due to affiliates	230,793	329,246	11,171	93,381	2,552	(61,376)	605,767
Project management fee and interest payable	936,343	-	240,000	-	-	-	1,176,343
Accumulated unrealized gain on interest rate swap contract	(13,261)	-	-	-	-	-	(13,261)
Security deposits	-	40,487	-	11,401	57,806	-	109,694
Contingent notes payable	-	-	300,000	-	400,500	-	700,500
Total other liabilities	4,907,483	369,733	1,796,307	104,782	1,497,442	(61,376)	8,614,371
Total liabilities	6,153,784	394,334	1,796,307	116,828	1,562,926	(61,376)	9,962,803
Net Assets:							
Without donor restrictions:							
Operating	(179,475)	(295,915)	80,418	(47,338)	82,880	16,250	(343,180)
Development	-	63,360	-	379,526	-	(442,886)	-
Property and equipment	(1,547,057)	39,698	896,607	94,171	(150,836)	-	(667,417)
Total net assets without donor restrictions	(1,726,532)	(192,857)	977,025	426,359	(67,956)	(426,636)	(1,010,597)
Total liabilities and net assets	\$ 4,427,252	\$ 201,477	\$ 2,773,332	\$ 543,187	\$ 1,494,970	\$ (488,012)	\$ 8,952,206

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Supplementary Consolidating Statement of Activities - Syndicated Rental Entities

For the Year Ended December 31, 2023

(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023						2022	
	Hayden Building LLC	Hayden Master Tenant LLC	Kittredge LLC	Kittredge Master Tenant LLC	Fowler Clark Farm LLC	Eliminations	Total	
Operating Revenues:								
Rental income, net	\$ -	\$ 267,531	\$ -	\$ 127,537	\$ 136,972	\$ -	\$ 532,040	\$ 417,262
Interest and other income	-	-	-	88	290	-	378	71
Total operating revenues	-	267,531	-	127,625	137,262	-	532,418	417,333
Operating Expenses:								
Depreciation	156,418	-	89,246	3,415	109,127	-	358,206	360,049
Interest	81,763	-	41,730	-	39,460	-	162,953	133,456
Repairs and maintenance	-	83,847	-	10,220	1,400	-	95,467	69,194
Real estate taxes	-	37,897	-	22,824	11,875	-	72,596	72,006
Insurance	-	37,842	-	16,952	12,534	-	67,328	40,180
Professional fees	12,700	2,200	14,500	2,202	11,137	-	42,739	58,398
Utilities	-	13,867	-	6,388	-	-	20,255	15,421
Management fee	-	12,984	-	6,000	-	-	18,984	14,272
Amortization	-	7,111	-	252	903	-	8,266	31,680
Interest - amortization of debt issuance costs	542	-	-	-	3,980	-	4,522	5,599
Other	520	520	519	517	519	-	2,595	2,756
Office expenses and supplies	314	-	-	-	-	-	314	356
Bad debts	-	-	-	5,860	-	-	5,860	21,537
Total operating expenses	252,257	196,268	145,995	74,630	190,935	-	860,085	824,904
Changes in net assets from operations	(252,257)	71,263	(145,995)	52,995	(53,673)	-	(327,667)	(407,571)
Other Revenue (Expenses):								
Recovery of due from affiliates	16,250	-	-	-	-	(16,250)	-	-
Loss on impairment - property and equipment	-	-	-	-	-	-	-	(1,725,000)
Unrealized gain (loss) on carrying value of interest rate swap contract	(13,261)	-	-	-	-	-	(13,261)	59,212
Deferred interest	(139,437)	-	(24,710)	-	(7,720)	-	(171,867)	(147,315)
Total other revenue (expenses)	(136,448)	-	(24,710)	-	(7,720)	(16,250)	(185,128)	(1,813,103)
Changes in net assets	\$ (388,705)	\$ 71,263	\$ (170,705)	\$ 52,995	\$ (61,393)	\$ (16,250)	\$ (512,795)	\$ (2,220,674)

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Supplementary Consolidating Statement of Activities - Syndicated Rental Entities
For the Year Ended December 31, 2022

	Hayden Building LLC	Hayden Master Tenant LLC	Kittredge LLC	Kittredge Master Tenant LLC	Fowler Clark Farm LLC	Eliminations	Total
Operating Revenues:							
Rental income	\$ -	\$ 193,926	\$ -	\$ 121,494	\$ 101,842	\$ -	\$ 417,262
Interest and other income	-	4	-	21	46	-	71
Total operating revenues	-	193,930	-	121,515	101,888	-	417,333
Operating Expenses:							
Depreciation	155,931	-	89,245	5,747	109,126	-	360,049
Interest	66,477	-	26,843	-	40,136	-	133,456
Repairs and maintenance	-	44,312	-	14,834	10,048	-	69,194
Real estate taxes	-	37,528	-	21,191	13,287	-	72,006
Insurance	-	8,367	-	20,276	11,537	-	40,180
Professional fees	13,000	17,068	13,000	2,600	12,730	-	58,398
Utilities	-	8,690	-	6,731	-	-	15,421
Management fee	-	8,400	-	5,872	-	-	14,272
Amortization	-	28,605	-	2,174	901	-	31,680
Interest - amortization of debt issuance costs	1,618	-	-	-	3,981	-	5,599
Other	520	520	519	677	520	-	2,756
Office expenses and supplies	356	-	-	-	-	-	356
Bad debts	-	21,537	-	-	-	-	21,537
Total operating expenses	237,902	175,027	129,607	80,102	202,266	-	824,904
Changes in net assets from operations	(237,902)	18,903	(129,607)	41,413	(100,378)	-	(407,571)
Other Revenue (Expenses):							
Recovery of due from affiliate	30,000	-	28,542	-	-	(58,542)	-
Loss on impairment - property and equipment	-	-	-	-	(1,725,000)	-	(1,725,000)
Unrealized gain on carrying value of interest rate swap contract	59,212	-	-	-	-	-	59,212
Deferred interest	(118,718)	-	(20,877)	-	(7,720)	-	(147,315)
Total other revenue (expenses)	(29,506)	-	7,665	-	(1,732,720)	(58,542)	(1,813,103)
Changes in net assets	\$ (267,408)	\$ 18,903	\$ (121,942)	\$ 41,413	\$ (1,833,098)	\$ (58,542)	\$ (2,220,674)

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Syndicated Rental Entities
For the Years Ended December 31, 2023 and 2022

	Hayden	Hayden	Kittredge Building LLC			Kittredge	Non-Controlling Interest	Fowler Clark Farm LLC			Eliminations	Total
	Building LLC	Master Tenant LLC			Master Tenant LLC	Asset Pool				Total		
	HBI and Hayden Member	HBI and Hayden Member	HBI and Kittredge Member	Non-Controlling Interest Kittredge Master Tenant LLC	Total	HBI and Kittredge Member		HBI and Fowler MM	Non-Controlling Interest Fowler Investor Members	Total		
Net Assets, December 31, 2021	\$ (1,459,124)	\$ (211,760)	\$ 839,081	\$ 309,886	\$ 1,148,967	\$ -	\$ 384,946	\$ 1,899,203	\$ (194,840)	\$ 1,765,142	\$ (373,094)	\$ 1,255,077
Capital contributions	-	-	-	-	-	49,738	-	-	-	-	-	49,738
Distributions	-	-	(50,000)	-	(50,000)	-	(49,738)	-	-	-	5,000	(94,738)
Transfer of net assets	-	-	309,886	(309,886)	-	335,208	(335,208)	-	-	-	-	-
Changes in net assets	(267,408)	18,903	(121,942)	-	(121,942)	41,413	-	(18,331)	(1,814,767)	(1,833,098)	(58,542)	(2,220,674)
Net Assets, December 31, 2022	(1,726,532)	(192,857)	977,025	-	977,025	426,359	-	1,880,872	(2,009,607)	(67,956)	(426,636)	(1,010,597)
Capital contributions	-	-	27,000	-	27,000	-	-	-	-	-	(27,000)	-
Distributions	-	-	-	-	-	(27,000)	-	-	-	-	27,000	-
Transfer of net assets	-	-	-	-	-	-	-	(2,070,386)	2,070,386	-	-	-
Changes in net assets	(388,705)	71,263	(170,705)	-	(170,705)	52,995	-	(614)	(60,779)	(61,393)	(16,250)	(512,795)
Net Assets, December 31, 2023	<u>\$ (2,115,237)</u>	<u>\$ (121,594)</u>	<u>\$ 833,320</u>	<u>\$ -</u>	<u>\$ 833,320</u>	<u>\$ 452,354</u>	<u>\$ -</u>	<u>\$ (190,128)</u>	<u>\$ -</u>	<u>\$ (129,349)</u>	<u>\$ (442,886)</u>	<u>\$ (1,523,392)</u>

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Supplementary Consolidating Statement of Cash Flows - Syndicated Rental Entities
For the Year Ended December 31, 2023

	Hayden Building LLC	Hayden Master Tenant LLC	Kittredge LLC	Kittredge Master Tenant LLC	Fowler Clark Farm LLC	Eliminations	Total
Cash Flows from Operating Activities:							
Changes in net assets	\$ (388,705)	\$ 71,263	\$ (170,705)	\$ 52,995	\$ (61,393)	\$ (16,250)	\$ (512,795)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:							
Depreciation	156,418	-	89,246	3,415	109,127	-	358,206
Bad debts	-	-	-	5,860	-	-	5,860
Interest - amortization of debt issuance costs	542	-	-	-	3,980	-	4,522
Amortization	-	7,111	-	252	903	-	8,266
Recovery of due from affiliates	(16,250)	-	-	-	-	16,250	-
Impairment loss - property and equipment	-	-	-	-	-	-	-
Deferred interest	139,437	-	24,710	-	7,720	-	171,867
Unrealized loss on carrying value of interest rate swap contract	13,261	-	-	-	-	-	13,261
Changes in operating assets and liabilities:							
Accounts receivable	-	-	-	(3,957)	-	-	(3,957)
Prepaid expenses and other	(211)	-	(1)	243	(2,087)	-	(2,056)
Due from (to) affiliates	123,229	(79,625)	14,945	(10,170)	(2,552)	-	45,827
Deferred rent receivable	-	(10,497)	-	-	1,012	-	(9,485)
Accounts payable and accrued expenses	4,383	(20,438)	-	(5,109)	(48,299)	-	(69,463)
Security deposits and other	-	4,681	-	-	1	-	4,682
Net cash provided by (used in) operating activities	<u>32,104</u>	<u>(27,505)</u>	<u>(41,805)</u>	<u>43,529</u>	<u>8,412</u>	<u>-</u>	<u>14,735</u>
Cash Flows from Financing Activities:							
Capital contributions	-	-	27,000	-	-	-	27,000
Distributions	-	-	-	(27,000)	-	-	(27,000)
Principal payments on notes payable	(26,941)	-	-	-	(12,383)	-	(39,324)
Net cash provided by (used) in financing activities	<u>(26,941)</u>	<u>-</u>	<u>27,000</u>	<u>(27,000)</u>	<u>(12,383)</u>	<u>-</u>	<u>(39,324)</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	5,163	(27,505)	(14,805)	16,529	(3,971)	-	(24,589)
Cash, Cash Equivalents and Restricted Cash:							
Beginning of year	20,460	94,417	73,312	58,780	191,814	-	438,783
End of year	<u>\$ 25,623</u>	<u>\$ 66,912</u>	<u>\$ 58,507</u>	<u>\$ 75,309</u>	<u>\$ 187,843</u>	<u>\$ -</u>	<u>\$ 414,194</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Consolidating Statement of Financial Position - Syndicated Rental Entities:							
Cash and cash equivalents	\$ 25,623	\$ 21,559	\$ 58,507	\$ 41,371	\$ 129,650	\$ -	\$ 276,710
Security deposits and other	-	45,353	-	33,938	58,193	-	137,484
Total cash, cash equivalents and restricted cash	<u>\$ 25,623</u>	<u>\$ 66,912</u>	<u>\$ 58,507</u>	<u>\$ 75,309</u>	<u>\$ 187,843</u>	<u>\$ -</u>	<u>\$ 414,194</u>
Supplemental Disclosure of Cash Flow Information:							
Cash paid for interest - expensed	<u>\$ 81,763</u>	<u>\$ -</u>	<u>\$ 39,576</u>	<u>\$ -</u>	<u>\$ 39,460</u>	<u>\$ -</u>	<u>\$ 160,799</u>

HISTORIC BOSTON INCORPORATED AND AFFILIATES

Supplementary Consolidating Statement of Cash Flows - Syndicated Rental Entities
For the Year Ended December 31, 2022

	Hayden Building LLC	Hayden Master Tenant LLC	Kittredge LLC	Kittredge Master Tenant LLC	Fowler Clark Farm LLC	Eliminations	Total
Cash Flows from Operating Activities:							
Changes in net assets	\$ (267,408)	\$ 18,903	\$ (121,942)	\$ 41,413	\$ (1,833,098)	\$ (58,542)	\$ (2,220,674)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:							
Depreciation	155,931	-	89,245	5,747	109,126	-	360,049
Bad debts	-	21,537	-	-	-	-	21,537
Interest - amortization of debt issuance costs	1,618	-	-	-	3,981	-	5,599
Amortization	-	28,605	-	2,174	901	-	31,680
Recovery of due from affiliate	(30,000)	-	(28,542)	-	-	58,542	-
Impairment loss - property and equipment	-	-	-	-	1,725,000	-	1,725,000
Deferred interest	118,718	-	20,877	-	7,720	-	147,315
Unrealized gain on carrying value of interest rate swap contract	(59,212)	-	-	-	-	-	(59,212)
Changes in operating assets and liabilities:							
Accounts receivable	-	(21,537)	(3,200)	(8,638)	28,100	-	(5,275)
Prepaid expenses and other	-	-	-	(419)	(2,026)	-	(2,445)
Due from (to) affiliates	143,589	21,585	56,153	(25,301)	2,527	-	198,553
Deferred rent receivable	-	(4,002)	-	-	3,532	-	(470)
Accounts payable and accrued expenses	-	19,958	(2,154)	8,114	44,410	-	70,328
Security deposits	-	25,186	-	1,185	(1)	-	26,370
Net cash provided by operating activities	<u>63,236</u>	<u>110,235</u>	<u>10,437</u>	<u>24,275</u>	<u>90,172</u>	<u>-</u>	<u>298,355</u>
Cash Flows from Investing Activities:							
Investments in affiliates	-	-	-	5,000	-	(5,000)	-
Acquisition of property and equipment	(26,673)	-	-	(12,095)	-	-	(38,768)
Acquisition of deferred leasing costs	-	(41,327)	-	(1,448)	-	-	(42,775)
Net cash used in investing activities	<u>(26,673)</u>	<u>(41,327)</u>	<u>-</u>	<u>(8,543)</u>	<u>-</u>	<u>(5,000)</u>	<u>(81,543)</u>
Cash Flows from Financing Activities:							
Capital contributions	-	-	-	49,738	-	-	49,738
Proceeds from notes payable	-	-	486,608	-	-	-	486,608
Distributions	-	-	(50,000)	(49,738)	-	5,000	(94,738)
Principal payments on notes payable	(26,942)	-	(486,608)	-	(11,707)	-	(525,257)
Net cash used in financing activities	<u>(26,942)</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>(11,707)</u>	<u>5,000</u>	<u>(83,649)</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	9,621	68,908	(39,563)	15,732	78,465	-	133,163
Cash, Cash Equivalents and Restricted Cash:							
Beginning of year	<u>10,839</u>	<u>25,509</u>	<u>112,875</u>	<u>43,048</u>	<u>113,349</u>	<u>-</u>	<u>305,620</u>
End of year	<u>\$ 20,460</u>	<u>\$ 94,417</u>	<u>\$ 73,312</u>	<u>\$ 58,780</u>	<u>\$ 191,814</u>	<u>\$ -</u>	<u>\$ 438,783</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Consolidating Statement of Financial Position - Syndicated Rental Entities:							
Cash and cash equivalents	\$ 20,460	\$ 49,086	\$ 73,312	\$ 41,267	\$ 133,911	\$ -	\$ 318,036
Security deposits and other	-	45,331	-	17,513	57,903	-	120,747
Total cash, cash equivalents and restricted cash	<u>\$ 20,460</u>	<u>\$ 94,417</u>	<u>\$ 73,312</u>	<u>\$ 58,780</u>	<u>\$ 191,814</u>	<u>\$ -</u>	<u>\$ 438,783</u>
Supplemental Disclosure of Cash Flow Information:							
Cash paid for interest - expensed	<u>\$ 66,477</u>	<u>\$ -</u>	<u>\$ 24,689</u>	<u>\$ -</u>	<u>\$ 40,136</u>	<u>\$ -</u>	<u>\$ 131,302</u>