Boston Community Capital

AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

Contents
December 31, 2016 and 2015

21 East Main Street
Westborough, MA 01581
508.366.9100
aafcpa.com

Independent Auditor's Report

To the Board of Directors of
Boston Community Capital, Inc. and Affiliates:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Boston Community Capital, Inc. and Affiliates (collectively, the Corporation) (see Note 1), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, changes in net assets and non-controlling interests, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Boston Community Capital, Inc. and Affiliates as of December 31, 2016 and 2015, and the changes in their net assets and non-controlling interests and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

During 2016, the Corporation adopted Accounting Standards Update No. 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which modifies the classification of debt issuance costs in the consolidated statements of financial position. Our opinion is not modified with respect to this matter.

During 2016, the Corporation also adopted Accounting Standards Update 2016-01, *Financial Instruments - Overall*, removing the requirement to disclose information about the fair value of the Corporation's financial instruments in the notes to the consolidated financial statements. Our opinion is not modified with respect to this matter.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information shown on pages 56 through 59 as of and for the years ended December 31, 2016 and 2015, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Alexander, Aronson, Finning & Co., P.C.

Boston, Massachusetts
April 12, 2017

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

Consolidated Statements of Financial Position
December 31, 2016 and 2015

Assets	**2016**	**2015**
Current Assets:		
Cash and cash equivalents	$ 55,067,255	$ 45,456,145
Cash and cash equivalents - escrow funds held for others	3,729,612	4,864,877
Cash and cash equivalents - loan loss reserves	6,181,982	6,954,559
Marketable securities	11,500,738	-
Current portion of loans and interest receivable, net of allowance for loan losses	25,157,480	22,033,846
Current portion of affiliate loans, fees and interest receivable	1,917,539	3,164,990
Grants, rebates and other accounts receivable	6,370,310	1,828,223
Current portion of real estate owned	209,391	-
Other current assets	417,559	369,927
Total current assets	110,551,866	84,672,567
Loans and Interest Receivable, net of current portion and allowance for loan losses	144,215,092	132,617,215
Affiliate Loans, Fees and Interest Receivable, net of current portion	3,192,041	5,129,883
Investments in Affiliates	473,483	712,244
Property and Equipment, Interests in Real Property and Real Estate Owned, net	19,554,211	16,310,220
Total assets	$ 277,986,693	$ 239,442,129
Liabilities, Net Assets and Non-Controlling Interests		
Current Liabilities:		
Current portion of loans payable	$ 9,305,967	$ 7,550,795
Current portion of permanent loan capital - subordinated loans payable	102,963	100,926
Interest and accounts payable	2,464,366	1,992,350
Escrow funds held for others	3,729,612	4,864,877
Total current liabilities	15,602,908	14,508,948
Loans Payable, net	145,369,249	115,131,121
Deferred Revenue	9,246,105	13,109,201
Permanent Loan Capital - Subordinated Loans Payable, net of current portion	25,476,698	23,579,662
Total liabilities	195,694,960	166,328,932
Net Assets and Non-Controlling Interests:		
Unrestricted:		
General	55,936,127	51,831,599
Board designated for permanent loan capital and special programs	1,132,500	1,132,500
Board designated for loan loss reserves	7,136,043	9,723,620
Board designated for affiliate investments	473,483	712,244
Total unrestricted	64,678,153	63,399,963
Temporarily restricted:		
Permanent loan capital	883,321	882,446
Other purpose restrictions	2,902,306	1,081,997
Total temporarily restricted	3,785,627	1,964,443
Total net assets	68,463,780	65,364,406
Non-controlling interests	13,827,953	7,748,791
Total net assets and non-controlling interests	82,291,733	73,113,197
Total liabilities, net assets and non-controlling interests	$ 277,986,693	$ 239,442,129

* See accompanying supplemental Combining and Consolidating Statements of Financial Position on pages 56 and 57.

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

Consolidated Statements of Activities
For the Years Ended December 31, 2016 and 2015

	2016	2015
Changes in Unrestricted Net Assets:		
Operating revenues:		
Financial and earned revenue:		
Program revenue and fees	$ 11,885,408	$ 9,362,685
Interest on loans, net	10,568,535	10,459,334
Net loan loss recoveries	2,778,042	2,859,226
Net gain on sale of real estate	148,183	153,974
Investment income	112,994	327,680
Less - interest expense	(5,449,169)	(5,130,974)
Net financial and earned revenue	20,043,993	18,031,925
Grants and contributions	257,325	1,668,044
Net assets released from purpose restrictions	179,691	19,285
Total operating revenues	20,481,009	19,719,254
Operating expenses:		
Personnel	9,761,578	7,809,364
Office operations	2,657,553	2,040,282
Consultants	1,598,015	1,470,009
Marketing	972,588	1,042,689
Professional fees	460,192	695,033
Interest	482,145	40,923
Program expenses	403,006	405,440
Insurance and other	276,014	249,539
Management services	125,444	132,992
Total operating expenses before depreciation and amortization	16,736,535	13,886,271
Depreciation and amortization	2,150,274	1,625,889
Total operating expenses	18,886,809	15,512,160
Changes in unrestricted net assets from operations	1,594,200	4,207,094
Other changes in unrestricted net assets:		
Grants for loan capital	1,750,000	-
Share of income of affiliate	61,239	163,115
Net assets released from purpose restrictions for loan capital	-	3,090,231
Changes in unrestricted net assets	3,405,439	7,460,440
Changes in Temporarily Restricted Net Assets:		
Grants and contributions	2,000,875	1,050
Net assets released from restrictions	(179,691)	(3,109,516)
Changes in temporarily restricted net assets	1,821,184	(3,108,466)
Changes in net assets	5,226,623	4,351,974
Changes in Net Assets Attributable to Non-Controlling Interests	513,579	1,809,435
Changes in net assets attributable to Boston Community Capital, Inc. and operating affiliates	$ 5,740,202	$ 6,161,409

* See accompanying supplemental Combining and Consolidating Statements of Activities on pages 58 and 59.

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

Consolidated Statements of Changes in Net Assets and Non-Controlling Interests
For the Years Ended December 31, 2016 and 2015

	Unrestricted	Unrestricted - Board Designated			Temporarily Restricted				
	General	Permanent Loan Capital and Special Programs	Loan Loss Reserves	Affiliate Investments	Permanent Loan Capital	Other Purpose Restrictions	Sub-Total Net Assets	Non-Controlling Interests	Total
Net Assets and Non-Controlling Interests, December 31, 2014	$ 43,217,347	$ 1,132,500	$ 9,232,927	$ 547,314	$ 881,396	$ 4,191,513	$ 59,202,997	$ 7,553,556	$ 66,756,553
Capital contributions	-	-	-	-	-	-	-	2,004,670	2,004,670
Changes in net assets and non-controlling interests	9,106,760	-	-	163,115	1,050	(3,109,516)	6,161,409	(1,809,435)	4,351,974
Transfers of unrestricted net assets	(492,508)	-	490,693	1,815	-	-	-	-	-
Net Assets and Non-Controlling Interests, December 31, 2015	51,831,599	1,132,500	9,723,620	712,244	882,446	1,081,997	65,364,406	7,748,791	73,113,197
Capital contributions	-	-	-	-	-	-	-	3,852,956	3,852,956
Changes in net assets and non-controlling interests	3,857,779	-	-	61,239	875	1,820,309	5,740,202	(513,579)	5,226,623
Other adjustments	(45,832)	-	-	-	-	-	(45,832)	144,789	98,957
Adjustment to non-controlling interest for change in ownership	(2,594,996)	-	-	-	-	-	(2,594,996)	2,594,996	-
Transfers of unrestricted net assets	2,887,577	-	(2,587,577)	(300,000)	-	-	-	-	-
Net Assets and Non-Controlling Interests, December 31, 2016	$ 55,936,127	$ 1,132,500	$ 7,136,043	$ 473,483	$ 883,321	$ 2,902,306	$ 68,463,780	$ 13,827,953	$ 82,291,733

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

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Changes in net assets	$ 5,226,623	$ 4,351,974
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,150,274	1,633,032
Interest - amortization	74,192	18,577
Net loan loss recoveries	(2,778,042)	(2,859,226)
Share of income in affiliate	(61,239)	(163,115)
(Gain) loss on sale of real estate	(106,329)	94,923
Grants for loan capital and investment uses	(2,000,875)	(1,050)
Other adjustments	98,957	-
Changes in operating assets and liabilities:		
Interest receivable	(117,277)	(394,868)
Affiliate loans, fees and interest receivable	3,185,293	2,296,392
Grants, rebates and other accounts receivable	(2,542,087)	192,361
Other current assets	(47,632)	119,000
Interest and accounts payable	472,016	46,795
Deferred revenue	(3,863,096)	(1,881,931)
Deferred loan fees	22,274	49,853
Net cash provided by (used in) operating activities	(286,948)	3,502,717
Cash Flows from Investing Activities:		
Withdrawal from (deposits to) cash and cash equivalents - loan loss reserves, net	772,577	(14,655)
Deposits to and interest earned on cash and cash equivalents - loan loss reserves		
Investment in affiliates	-	(1,815)
Distribution from investment in affiliate	300,000	-
Issuance of loans receivable	(47,713,905)	(39,588,796)
Principal payments of loans receivable	35,865,439	36,563,125
Purchase of property and equipment, net of proceeds from grants and rebates for solar energy equipment	(16,349,694)	(4,609,462)
Proceeds from sale of property and equipment	10,852,367	3,032,219
Purchase of marketable securities	(11,500,738)	-
Net cash used in investing activities	(27,773,954)	(4,619,384)
Cash Flows from Financing Activities:		
Grants for capital and investment uses	875	848,050
Capital contributions	3,852,956	2,004,670
Proceeds from loans payable	48,881,558	36,597,309
Principal payments on loans payable	(16,692,986)	(33,211,314)
Proceeds from subordinated loans payable	2,000,000	900,000
Principal payments on subordinated loans payable	(100,927)	(98,929)
Cash paid for debt issuance costs	(269,464)	(104,122)
Net cash provided by financing activities	37,672,012	6,935,664
Net Change in Cash and Cash Equivalents	9,611,110	5,818,997
Cash and Cash Equivalents:		
Beginning of year	45,456,145	39,637,148
End of year	$ 55,067,255	$ 45,456,145
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 5,811,174	$ 5,216,840
Interest in real property held for sale acquired by foreclosure	$ 729,121	$ 1,134,324

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

1. OPERATIONS AND RELATED ENTITIES

OPERATIONS

Boston Community Capital, Inc. (the Holding Company), a Massachusetts nonprofit corporation, was organized in September 1994 to create and preserve healthy communities where low-income people live and work. The Holding Company manages and develops community development financial initiatives which directly or indirectly benefit low-income or disadvantaged people or communities.

The Holding Company operates cooperatively with three other affiliated Massachusetts nonprofit corporations:

- **Boston Community Loan Fund, Inc.** (the Loan Fund) was formed in 1984 to provide below market rate capital to community-based organizations for the development of affordable housing. In 2011, the Loan Fund formed BCC REO LLC (BCC REO), a Massachusetts limited liability company, to hold real and personal property (see Note 6). The Loan Fund is the sole member of BCC REO whose activities are included with those of the Loan Fund in these consolidated financial statements.

- **BCLF Managed Assets Corporation** d/b/a Boston Community Managed Assets (Managed Assets) was formed in 1994 to manage, design, implement, and evaluate programs on behalf of third parties that provide loan underwriting, management, servicing, and financial and managerial technical assistance services. During 2011, Managed Assets formed BCC NMTC Manager, LLC (NMTC Manager), a Massachusetts limited liability company, to manage certain aspects of its New Markets Tax Credit programs (see page 13). Managed Assets is the sole member of CDE Manager, which has elected to be treated as a disregarded entity for tax purposes. The activities of CDE Manager are included with those of Managed Assets in these consolidated financial statements.

- **BCLF Ventures, Inc.** d/b/a Boston Community Venture Fund (the Venture Fund) was formed in 1994 to assist small community-based businesses and entrepreneurs to start, grow, and expand businesses which strengthen the low-income business community.

The four affiliated nonprofit corporations are collectively referred to as the Corporation. To carry out its mission, the Corporation provides capital for sustainable community-based projects. These projects increase or preserve low-income housing or provide jobs or services for low-income or disadvantaged people or communities. The Corporation receives the money it invests in community-based projects from socially concerned investors, which include individuals, religious organizations, banks, and other financial intermediaries, foundations, and corporations. A significant portion of the Corporation's projects are in Boston, Massachusetts and surrounding areas.

Nonprofit Status

The four affiliated nonprofit corporations are individually exempt from Federal income taxes as organizations formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (the Code). Donors may deduct contributions made to the Corporation within the requirements of the Code. Managed Assets is classified as a private non-operating foundation and is subject to an excise tax on net investment income, as defined under Section 4949(e) of the Code. Managed Assets is also subject to the Code's regulations governing required minimum expenditures for charitable purposes. The other three nonprofit corporations are classified as publicly supported organizations. The Corporation is also exempt from state income taxes.

1. OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES

Community Development Financial Institutions

The Loan Fund, the Venture Fund, and Aura Mortgage (see page 11) have been granted status as Community Development Financial Institutions (CDFIs) by the U.S. Department of the Treasury (the Treasury), qualifying each for certain awards and support from the Treasury. As of December 31, 2016 and 2015, the Loan Fund has received permanent loan capital - subordinated loans payable (see Note 8) from the Treasury. The Loan Fund received grant awards from the Treasury totaling $3,750,000 and $4,500,000, respectively, during 2016 and 2015.

In connection with the assistance received from the Treasury (see above), the Corporation is generally required to adhere to specific performance goals and requirements as outlined in each agreement with the Treasury through December 2017. Failure to adhere to these requirements may result in discontinued Federal assistance from the Treasury, repayment of Federal assistance received, and ineligibility to receive future funding.

Consolidated Affiliates

The nonprofits comprising the Corporation and the following affiliates of the Corporation have been consolidated within the Boston Community Capital, Inc. in the accompanying consolidated financial statements.

WegoWise, Inc.

The Holding Company and two unrelated entities formed a joint venture company, WegoWise, Inc. (WegoWise), a Delaware corporation, in March 2010 for the purpose of creating and selling a web-based energy tracking tool for home and business owners. The Holding Company held a 65% controlling ownership interest in WegoWise (see Note 3) as of December 31, 2015 and the Holding Company and the Venture Fund also provided significant convertible debt financing to WegoWise (see Note 4). On February 1, 2016, all outstanding principal and accrued interest under these financings was converted to Series B preferred stock (see Note 4). As of December 31, 2016, the Holding Company and Venture Fund hold a 91% controlling interest in WegoWise. WegoWise's capital shares are as follows at December 31, 2016:

Holders	Common Stock	Series A Preferred Stock	Series B Preferred Stock
Holding Company	33,333	92,983	172,632
Venture Fund	-	-	487,417
Other investors	74,767	-	-
Total	108,100	92,983	660,049

1. OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

Solar Energy Programs

The Corporation operates its solar energy programs as carried out by the following consolidated affiliates noted below:

BCC Solar Energy Advantage, Inc. and BCC SEA Fund Manager, LLC

The Corporation formed BCC Solar Energy Advantage, Inc. (SEA), a Massachusetts for-profit corporation, to facilitate the delivery of solar energy to affordable housing projects and others. The Holding Company owns 100% of SEA's common stock and all members of SEA's Board of Directors are employees of the Corporation. As of December 31, 2016 and 2015, SEA had completed construction of solar panels at twelve sites in Massachusetts (see Note 6), and entered into long-term contracts with the owners to provide electricity to the sites.

In 2011, the Holding Company also formed BCC SEA Fund Manager, LLC (SEA Fund Manager), a wholly-owned Massachusetts limited liability company, to administer aspects of its solar energy development programs.

BCC NMTC CDE X, LLC

During 2011, the Corporation activated BCC NMTC CDE X, LLC (CDE X), a Massachusetts limited liability corporation, to provide investment capital through the New Markets Tax Credit (NMTC) program (see page 13) to businesses in low-income communities that are not served by conventional forms of financing or equity.

CDE X is related to the following entities (the CDE X entities):

BCC 481 NMTC Investment Fund, LLC (the 481 Investment Fund), a Maine limited liability company, was formed in January 2011 for the purpose of making a qualified equity investment (QEI) in CDE X. The 481 Investment Fund equity interests are owned by an outside investor, but its activities are controlled by SEA Fund Manager as a non-member manager.

The 481 Investment Fund entered into an option agreement with the Loan Fund and the investor member of the 481 Investment Fund, whereby the investor member has the option to sell its investor interest in the 481 Investment Fund to the Loan Fund for a purchase price of $128,500, reduced by all distributions made by the 481 Investment Fund to the investor member. The investor member has the right to exercise this option at any time during a four-month period beginning at the end of the seven-year NMTC compliance period which ends in 2017. In the event that the investor member does not elect to exercise the put option, the Loan Fund has a call option to purchase the interest from the investor member at fair market value as determined by a mutual agreement among the parties, at any time during the four-month period following the put option period expiration.

1. OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

Solar Energy Programs (Continued)

BCC SEA QALICB I, LLC (SEA QALICB), a Delaware limited liability company, was formed in January 2008 to facilitate the delivery of solar energy to affordable housing projects and other facilities. SEA is the Manager Member of SEA QALICB with a .01% interest. CDE X made an equity qualified low-income community investment (QLICI) to SEA QALICB in 2011 to fund construction of six solar energy projects in Massachusetts. Through the QLICI, CDE X acquired a 99.99% interest in SEA QALICB.

The 481 Investment Fund is a disregarded entity of its investor and CDE X and SEA QALICB are partnerships for tax purposes.

BCC NMTC CDE XVI, LLC

During 2013, the Corporation activated BCC NMTC CDE XVI, LLC (CDE XVI), a Massachusetts limited liability corporation, to provide investment capital through the NMTC program (see page 13) to businesses in low-income communities that are not served by conventional forms of financing or equity.

CDE XVI is related to the following entities (the CDE XVI entities):

BCC Solar USB Investment Fund, LLC (the USB Investment Fund), a Missouri limited liability company, was formed in October 2013 for the purpose of making a QEI in CDE XVI. The USB Investment Fund equity interests are owned by an outside investor, but its activities are controlled by SEA Fund Manager as a non-member manager.

The USB Investment Fund entered into an option agreement with the Loan Fund and the investor member of the USB Investment Fund, whereby the investor member has the option to sell its investor interest in the USB Investment Fund to the Loan Fund for a purchase price of $1,000, reduced by all distributions made by the USB Investment Fund to the investor member. The investor member has the right to exercise this option at any time during a four-month period beginning at the end of the seven-year NMTC compliance period which ends in 2019. In the event that the investor member does not elect to exercise the put option, the Loan Fund has a call option to purchase the interest from the investor member at fair market value as determined by a mutual agreement among the parties, at any time during the four-month period following the put option period expiration.

BCC SEA QALICB II, LLC (SEA QALICB II), a Delaware limited liability company, was formed in December 2012 to facilitate the delivery of solar energy to affordable housing projects and other facilities. SEA is the Manager Member of SEA QALICB II with a .01% interest. CDE XVI made a QLICI to SEA QALICB II during 2013 to fund construction of nine solar energy projects located in Massachusetts. Through the QLICI, CDE XVI acquired a 99.99% interest in SEA QALICB II.

The USB Investment Fund is a disregarded entity of its investor and CDE XVI and SEA QALICB II are partnerships for tax purposes.

1. OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

Solar Energy Programs (Continued)

BCC NMTC CDE XXII, LLC

During 2015, the Corporation activated BCC NMTC CDE XXII, LLC (CDE XXII), a Massachusetts limited liability corporation, to provide investment capital through the NMTC program (see page 13) to businesses in low-income communities that are not served by conventional forms of financing or equity.

CDE XXII is related to the following entities (the CDE XXII entities):

BCC Solar III Investment Fund, LLC (the Investment Fund), a Massachusetts limited liability company, was formed in August 2015 for the purpose of making a QEI in CDE XXII. The Investment Fund equity interests are owned by an outside investor, but its activities are controlled by SEA Fund Manager as a non-member manager.

The Investment Fund entered into an option agreement with CDE XXII and NMTC Manager, whereby the Investment Fund, following the expiration of the credit period in 2021, has the option to sell its investor interest in the CDE to the NMTC Manager for a purchase price of $1,000 plus all amounts outstanding under the leverage loan, provided that the total does not exceed the fair market value of the Investment Fund. Upon the Investment Fund's exercise of the put option, NMTC Manager may elect to have a designee purchase the Investment Fund's interest for the put price in lieu of the CDE redeeming the Investment Fund's interest. In the event that the Investment Fund does not elect to exercise the put option, the NMTC Manager has a call option to purchase the interest from the Investment Fund at fair market value, as defined in the agreement, at any time during the six month period following the put option period expiration.

BCC Solar III, LLC (Solar III), a Delaware limited liability company, was formed in November 2014 to facilitate the delivery of solar energy to affordable housing projects and other facilities. SEA is the Manager Member of Solar III with a 1% interest. CDE XXII made an equity investment QLICI to Solar III during 2015 to fund construction of four solar energy projects. Through the QLICI, CDE XXII acquired a 99% interest in Solar III. During 2016, the construction of these projects were completed and placed in service.

The Investment Fund is a disregarded entity of its investor and CDE XXII and Solar III are partnerships for tax purposes.

Foreclosure and Home Mortgage Services

The Corporation operates foreclosure and home mortgage services through its Stabilizing Urban Neighborhoods Initiative (the SUN Initiative). The goal of the SUN Initiative is to stop the displacement of families and the neighborhood destabilizing effects of home vacancies and abandonment by enabling homeowners with overleveraged properties to stay in their homes. The foreclosure and home mortgage services of the SUN Initiative are carried out through the following consolidated affiliates.

1. OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

Foreclosure and Home Mortgage Services (Continued)

Aura Mortgage Advisors, LLC

The Corporation formed Aura Mortgage Advisors, LLC (Aura Mortgage), a Massachusetts limited liability company, with the Venture Fund as its sole member. Aura Mortgage has elected to be a disregarded entity for tax purposes. Aura Mortgage was formed for the purpose of acting as a mortgage broker for low-income people and communities. Aura Mortgage is licensed as a mortgage broker and lender in Massachusetts by the Massachusetts Division of Banks (the Division). Aura Mortgage's licenses as a mortgage broker and lender are subject to renewal annually and are scheduled for renewal by December 31, 2017. Aura Mortgage is approved as a Title II Federal Housing Administration lender by the U.S. Department of Housing and Urban Development (HUD). Aura Mortgage has registered to conduct business in several states outside of Massachusetts in order to expand the operation of SUN Initiative.

In order to maintain its licensed broker and lender status, Aura Mortgage is required to maintain a minimum net worth of $200,000 and must have two surety bonds filed with the state of Massachusetts; a broker bond for $75,000 and a lender bond in the amount of $100,000 to $500,000, based on the dollar amount of loans closed in the prior year. Aura Mortgage's broker bond for Massachusetts is for $75,000 and its lender bond is for $100,000 as of December 31, 2016 and 2015. Aura Mortgage met these requirements as of December 31, 2016 and 2015.

In addition, Aura Mortgage is required to have a mortgage lender surety bond in other states in which it operates. As of December 31, 2016, Aura Mortgage had the following surety bonds in each of the following states:

State	Bond Amount
Illinois	$ 25,000
New Jersey	$ 150,000
Wisconsin	$ 300,000
Maryland	$ 150,000
Pennsylvania	$ 100,000

NSP Residential, LLC

The Holding Company formed NSP Residential, LLC (NSP), a Massachusetts limited liability company, to combat community deterioration and to improve general conditions where low-income people live and work. The Holding Company is NSP's sole member and NSP has elected to be a disregarded entity for tax purposes. NSP purchases and rehabilitates residential properties in foreclosure or at risk of foreclosure in low-income communities in connection with the SUN Initiative. NSP seeks to resell purchased properties to low-income individuals. The properties are generally purchased by NSP in negotiated transactions from lenders holding the foreclosed properties or troubled loans. Once the purchases by NSP are complete, the homeowners apply for financing through Aura Mortgage or other sources, thereby allowing the residents (either previous owners or persons renting the residence) to remain in the homes and avoid eviction.

1. OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

Foreclosure and Home Mortgage Services (Continued)

SUN Initiative Financing, LLC

The Corporation formed SUN Initiative Financing, LLC (SUN Financing) as a Massachusetts limited liability company to finance the operations of the SUN Initiative. SUN Financing provides financing for activities of the SUN Initiative within the geographic areas surrounding Revere, Boston, and other surrounding areas in Massachusetts. SUN Financing received an initial capital contribution from an outside investor for $3,500,000, which acts as first loss capital related to its portfolio of mortgage loans receivable. NSP and the outside investor each hold 50% of the membership units in SUN Financing. SUN Financing has raised additional capital in the form of loans payable from investors (see Note 7).

SUN Financing has elected to be treated as a partnership for income tax purposes. Items of income, loss, credits, or deductions arising from operations are reported by the members on their respective income tax returns. In accordance with SUN Financing's operating agreement, net profits are allocated to each member until they have been allocated net profits in amounts equal to any prior net losses allocated, and then 50% to NSP and 50% to the outside investor member. Net losses are allocated to the members until their positive capital account balances are reduced to zero, and then 100% to the outside investor member.

BCC SUN Investor II LLC and SUN Initiative Financing II LLC

In October 2013, the Corporation formed BCC SUN Investor II LLC (SUN Investor) and SUN Initiative Financing II LLC (SUN Financing II). SUN Investor and SUN Financing II are Massachusetts limited liability companies established to finance additional operations of the SUN Initiative. SUN Investor is the sole member of SUN Financing II and the Holding Company is the sole member of SUN Investor. SUN Investor and SUN Financing II have elected to be treated as disregarded entities for tax purposes.

Other Affiliates - Unconsolidated

BCLF Ventures II, LLC

The Corporation is also related to BCLF Ventures II, LLC (Ventures II, LLC). Ventures II, LLC is a Massachusetts limited liability company formed for the purpose of making investments in businesses that benefit low-income people and communities. The Corporation is related to Ventures II, LLC through common management and the Venture Fund's financial interest in Ventures II, LLC. The Venture Fund is the Managing Member and a regular member of Ventures II, LLC. The Corporation accounts for its interest in Ventures II, LLC on the equity method (see Notes 2 and 3).

1. OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

Other Affiliates - Unconsolidated (Continued)

New Market Tax Credit Community Development Entities

The Holding Company has also been granted status by the Treasury as a Community Development Entity (CDE). The Holding Company has received allocations of NMTC from the Treasury which have yielded approximately $468 million of QEI's that have been syndicated as of December 31, 2016. During 2015, approximately $24 million of these allocations were syndicated through the capitalization of BCC NMTC CDE XXI, CDE XXII and BCC NMTC CDE XXIII, LLC.

The Holding Company has formed a total of thirty CDEs (collectively, the CDE LLCs), the first twenty-three of which were activated as of December 31, 2016:

BCC NMTC CDE I, LLC (closed in 2014)
BCC NMTC CDE II, LLC (closed in 2015)
BCC NMTC CDE III, LLC (closed in 2015)
BCC NMTC CDE IV, LLC (closed in 2015)
BCC NMTC CDE V, LLC (closed in 2015)
BCC NMTC CDE VI, LLC
BCC NMTC CDE VII, LLC (closed in 2015)
BCC NMTC CDE VIII, LLC
BCC NMTC CDE IX, LLC
BCC NMTC CDE X, LLC
BCC NMTC CDE XI, LLC
BCC NMTC CDE XII, LLC
BCC NMTC CDE XIII, LLC
BCC NMTC CDE XIV, LLC
BCC NMTC CDE XV, LLC
BCC NMTC CDE XVI, LLC
BCC NMTC CDE XVII, LLC
BCC NMTC CDE XVIII, LLC
BCC NMTC CDE XIX, LLC
BCC NMTC CDE XX, LLC
BCC NMTC CDE XXI, LLC
BCC NMTC CDE XXII, LLC
BCC NMTC CDE XXIII, LLC

The other seven CDE LLCs have been formed for future NMTC allocations, but have conducted no financial activity to date and are as follows:

BCC NMTC CDE XXIV, LLC
BCC NMTC CDE XXV, LLC
BCC NMTC CDE XXVI, LLC
BCC NMTC CDE XXVII, LLC
BCC NMTC CDE XXVIII, LLC
BCC NMTC CDE XXIX, LLC
BCC NMTC CDE XXX, LLC

The CDE LLCs were formed as Massachusetts limited liability companies which Managed Assets or the NMTC Manager control as managing members generally with a .01% interest and unrelated investors are admitted as regular members generally with a 99.99% interest.

2. SIGNIFICANT ACCOUNTING POLICIES

The Corporation prepares its consolidated 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).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation and Combination

The consolidated financial statements include the nonprofit affiliates under common control and all wholly-owned for-profit limited liability companies and corporations (see Note 1). All significant intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

The Corporation elects to combine CDE X, LLC, CDE XVI, LLC and CDE XXII and their related entities (see Note 1) because of its rights to receive substantial economic benefits, including net cash flows, and because of its substantive control over activities of these entities which house a substantial portion of the Corporation's Solar Energy Programs. Therefore, the financial statements of CDE X, LLC, CDE XVI, LLC and CDE XXII, LLC and their related entities are included in the accompanying consolidated financial statements. All other CDEs are not required to be consolidated in the accompanying consolidated financial statements because of the financial interest and participating rights of the investor members.

The Corporation also elects to combine the financial statements of SUN Financing, which is an integral part of the Corporation's Foreclosure and Home Mortgage Services program. NSP controls the activities of SUN Financing as its managing member and other affiliates of the Corporation conduct substantial intercompany activities with SUN Financing in connection with the SUN Initiative (see Note 1).

Under the principles of consolidation applicable to business corporations, an entity is considered as maintaining control over an affiliated corporation if it owns more than 50% of the affiliate's outstanding stock. Since the Corporation owns approximately 91% of the outstanding stock of WegoWise and 100% of the outstanding stock of SEA (see Note 1), it is considered to maintain a controlling financial interest in both, and therefore, both WegoWise and SEA are included in the accompanying consolidated financial statements.

Adoption of Accounting Principles

During 2016, the Corporation adopted the FASB's Accounting Standards Update (ASU) No. 2016-01, *Financial Instruments – Overall (Topic 825): Recognition and Measurements of Financial Assets and Financial Liabilities*. ASU 2016-01 provides guidance on organizations that are required to evaluate the need to disclose information about fair value of financial instruments. Under ASU 2016-01, the Corporation is no longer required to disclose such information in the footnotes to the consolidated financial statements. As a result of this pronouncement, 2016 and 2015 consolidated financial statements do not include these disclosures.

During 2016, the Corporation adopted the FASB's Accounting Standards Update (ASU) 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to notes payable be presented in the consolidated statements of financial position as a direct reduction from the carrying balance of notes payable. Previously, the Corporation reflected unamortized debt issuance costs as financing fees, an asset, in the accompanying 2015 consolidated statements of financial position, and has retroactively reclassified 2015 amounts in accordance with this ASU. The reclassification reduced total assets and notes payable at December 31, 2015, by $736,961.

In addition, amortization of debt issuance costs is required to be included with interest expense in the accompanying consolidated statements of activities.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of Accounting Principles (Continued)

The adoption of this ASU did not impact the Corporation's consolidated changes in net assets and cash flows for the years ended December 31, 2016 and 2015.

Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The Corporation 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 Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Corporation 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 Corporation. 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.

Cash and Cash Equivalents and Concentration of Risk

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of all highly liquid investments purchased with a maturity of three months or less.

Cash and cash equivalents are maintained in various banks in Massachusetts and are insured within limits of the Federal Deposit Insurance Corporation (FDIC). At times, cash and cash equivalents may exceed the insured limits. Management monitors, on a regular basis, the financial condition of the financial institutions, along with the Corporation's balances, to minimize potential risk.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents and Concentration of Risk (Continued)

The Corporation also held cash balances of $3,729,612 and $4,864,877 in escrow for outside parties as of December 31, 2016 and 2015, respectively. These amounts are escrowed for borrowers for various purposes, including deposits for purchases of properties, working capital reserves, replacement reserves, and construction fund escrows.

Cash and cash equivalents - loan loss reserves includes a variety of funds set aside in connection with the Corporation's Foreclosure and Home Mortgage Services business. Aura Mortgage received a $750,000 CDFI grant from the Treasury and other contracted support from the Commonwealth of Massachusetts for use as loan loss reserves. SUN Financing and SUN Financing II have also used capital contributions from investors as loan loss reserves. These reserves are invested in cash and short-term certificates of deposit and are available to provide liquidity to the SUN Initiative in the event of mortgage loan losses (see Note 4).

Included in cash and cash equivalents is approximately $174,000 of cash set aside in an escrow account for WegoWise required by the terms of its loan payable (see Note 7).

Marketable Securities

Marketable securities are comprised of an investment in a money market mutual fund. Marketable securities are reported at fair value using level 1 inputs (see page 15).

Loans Receivable and Allowance for Loan Losses

Loans receivable are stated net of unamortized deferred loan origination fees and an allowance for loan losses (see Notes 4 and 5). Interest on loans is calculated by using the simple interest method on monthly balances of the principal amounts outstanding.

Provisions are made for estimated loan losses based on management's evaluation of each loan. Loss recoveries are recorded in the year the recovery is known. The allowance for loan losses is established through the provision for loan losses and is charged to operations. The allowance is an amount that management believes will be adequate to absorb expected losses on existing loans that may become uncollectible. Management evaluates loan collectability through consideration of factors such as previous loss experience, performance of individual loans in accordance with contract terms, financial strength and cash flows of the borrower, realizable values of collateral, and current economic conditions that may affect the borrower's ability to repay.

U.S. GAAP requires nonprofit organizations to record interest expense and contribution revenue in connection with loans payable that are interest free or that have below-market interest rates. Likewise, funds loaned to borrowers at below-market interest rates should also result in imputed revenue and contribution expense. Interest rates on loans payable are disclosed in Note 7. Interest rates on loans receivable are disclosed in Note 4. The Corporation believes that the benefits derived from below-market rate loans received are passed through to the borrowers via below-market rate loans made, and that there is no material difference between community development finance market rates and the stated rates of loans in their portfolios. Consequently, no adjustments have been made to the accompanying consolidated financial statements to reflect rate differentials.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Affiliates

The Corporation maintains equity investments in Ventures II, LLC where the Corporation is deemed to exercise significant influence over Ventures II, LLC (see Note 3). The Corporation accounts for this investment using the equity method. Under the equity method, the investment is initially recorded at cost and then increased or decreased by the share of income or loss of the funds. Distributions of cash reduce the carrying value of the investment. For investments carried on the equity method, the Corporation records its share of income of affiliates as other changes in unrestricted net assets in the accompanying consolidated statements of activities.

All other closely held affiliate investments are recorded using the cost method and are generally eliminated in consolidation (see Note 3). Under the cost method, an investment is carried at its original cost and cash distributions of profits are reported as income.

The Corporation periodically assesses the carrying balance of all investments in affiliates for possible impairment.

Property and Equipment, Interests in Real Property, Real Estate Owned and Depreciation

Management records all significant expenditures for property and equipment (see Note 6) with useful lives in excess of one year at cost, if purchased, or at the fair market value on the date received, if donated. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred.

Depreciation is recorded using the straight-line method over the following useful lives:

Computer and office equipment	3 - 5 years
Leasehold improvements	Life of lease
Solar energy equipment	10 - 12 years
Rental properties	25 years (after being held one year)

With respect to solar energy equipment as developed and owned by SEA, SEA QALICB, SEA QALICB II and Solar III (see Note 1), management has adopted a policy of reducing the cost of such equipment by the amount of grants and rebates received in connection with the development of the equipment (see Note 6). This reporting policy reduces the carrying cost of solar energy equipment to the net cost expected to be recovered through the operation and future disposition of the equipment.

Real estate owned consists of real property acquired in satisfaction of lending transactions of the Loan Fund or the SUN Initiative. Real estate owned is held for sale and is recorded at the lesser of the fair value at the time of acquisition less estimated costs of sale or the net recorded investment in the loan (see Note 6). Real estate owned is not depreciated, but is periodically evaluated for possible impairment.

Also included in property and equipment are purchased rental properties and properties held for sale within the SUN Initiative (see Note 1), which are recorded at the lower of cost or fair value. Properties held for sale are generally rented to low-income homeowners under rent-to-buy arrangements (see Note 6).

The Corporation accounts for the carrying value of long-lived assets in accordance with the requirements of ASC Topic, *Property, Plant and Equipment*. As of December 31, 2016 and 2015, the Corporation has not recognized any significant reduction in the carrying value of its property and equipment when considering these requirements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets and Non-Controlling Interests

Unrestricted net assets include those net resources of the Corporation that bear no external restrictions. These include the Corporation's general net assets and net assets designated by the Board of Directors for permanent loan capital, financial assistance programs, special programs, loan loss reserves, and affiliate investments. The Corporation's Board of Directors designated $1,000,000 of unrestricted net assets, the proceeds of two unrestricted grant awards from the Treasury (see Note 1), as permanent loan capital (see page 19). The Corporation's Board of Directors also designated $132,500 of previously unrestricted net assets to Board designated net assets for special programs of the Loan Fund.

Board designated net assets for loan loss reserves consist of amounts deemed available in the event of loan losses to provide a source of liquidity to meet financing and other obligations related to lending activities. These net assets include the following at December 31:

	2016	2015
Loan Fund:		
General loan loss reserves	$ 3,654,550	$ 3,422,258
CDFI funds for specified loans (see Note 5)	3,481,493	5,601,612
	7,136,043	9,023,870
Foreclosure and Home Mortgage Services:		
CDFI funds	-	699,750
	$ 7,136,043	$ 9,723,620

Board designated net assets for affiliate investments consist of the Corporation's investment in unconsolidated affiliates, net of related debt, if any (see Note 3).

The Board of Directors may also authorize transfers of unrestricted net assets among the affiliates for working capital needs or to support new initiatives. Managed Assets made the following net asset transfers for the years ended December 31, 2015:

2015	Purpose	Amount
Holding Company	General operations	$ 803,000
Loan Fund	Support lending activities	850,000
Venture Fund	Capital for additional investments in Aura Mortgage and WegoWise	9,500,000
		$ 11,153,000

There were no such transfers during 2016.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets and Non-Controlling Interests (Continued)

Temporarily restricted net assets are net financial resources restricted by donors as to the purpose or timing of expenditure. Temporarily restricted net assets are purpose-restricted as follows as of December 31:

	2016	2015
Permanent loan capital	$ 883,321	$ 882,446
Other purpose restrictions:		
Financial assistance grants (see Note 1)	2,000,000	-
Energy Advantage Program (EAP)	776,531	955,322
Special program collaborative	125,775	126,675
Total temporarily restricted	$ 3,785,627	$ 1,964,443

Permanent loan capital is the term the Corporation uses to describe those capital resources which are intended to provide a permanent capital base for lending activities, meeting debt covenants and providing for potential loan losses. The Corporation has three categories of permanent loan capital: net assets temporarily restricted by donors, net assets designated by the Board of Directors and subordinated loans payable (see Note 8). No donor has imposed an obligation on the Corporation to replenish the principal of any gift of permanent loan capital in the event such funds are needed to offset loan losses. Accordingly, donor-restricted permanent loan capital awards have been classified as temporarily restricted net assets in the accompanying consolidated statements of financial position.

As of December 31, 2016, financial assistance grants consisted of an award from the Treasury (see Note 1) of $2,000,000 for the Healthy Foods Financing Initiative to provide low-income neighborhoods with access to affordable and healthy foods.

EAP temporarily restricted net assets consist of the unspent proceeds from a grant in the original amount of $5,000,000 received in 2007, which is restricted for a partnership between the Corporation and other agencies to design and implement a financing program to support the installation of on-site renewable energy systems for low-income housing across Massachusetts.

Special program collaborative temporarily restricted net assets consist of the remaining unspent proceeds of a grant in the original amount of $1,500,000 received in 2004, which is designated for activities of a collaborative between the Corporation and other agencies to promote ecologically efficient building designs and related technical assistance to community development corporations. A significant portion of the proceeds of this grant have been distributed to collaborative members and other agencies.

Net assets released from restrictions include the following for the years ended December 31:

	2016	2015
Energy Advantage Program (EAP)	$ 178,791	$ -
Special program collaborative	900	19,285
Financial assistance grants	-	3,090,231
Total	$ 179,691	$ 3,109,516

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets and Non-Controlling Interest (Continued)

Non-controlling Interests represents the net capital interests of outside investors participating in the ownership of certain consolidated affiliates of the Corporation.

Non-controlling interest is comprised of the following activity:

	SUN Financing	CDE X Entities	CDE XVI Entities	CDE XXII Entities	WegoWise	Total
Non-controlling interests at December 31, 2014	$ 2,268,275	$ 2,733,900	$ 4,137,383	$ -	$ (1,586,002)	$ 7,553,556
Equity investments	-	-	-	1,989,185	15,485	2,004,670
Changes in net assets	215,661	(241,431)	(175,242)	(557,535)	(1,050,888)	(1,809,435)
Non-controlling interests at December 31, 2015	2,483,936	2,492,469	3,962,141	1,431,650	(2,621,405)	7,748,791
Equity investments	-	-	-	3,850,745	2,211	3,852,956
Changes in net assets	347,483	(243,596)	28,472	(175,696)	(474,825)	(518,162)
Other adjustments	-	-	-	-	144,789	144,789
Adjustment for change in ownership	-	-	-	-	2,594,996	2,594,996
Non-controlling interests at December 31, 2016	$ 2,831,419	$ 2,248,873	$ 3,990,613	$ 5,106,699	$ (354,234)	$ 13,823,370

During 2016, the Holding Company and Venture Fund acquired additional equity in WegoWise (see Note 1) resulting in an adjustment to the non-controlling interest of other investors of $2,594,996.

Consolidated Statements of Activities

Transactions deemed by management to be ongoing and central to the provision of program services are reported as operating revenue and operating expenses in the accompanying consolidated statements of activities. Peripheral or incidental transactions are reported as other changes in unrestricted net assets. Other changes in unrestricted net assets, consistent with industry practice, include capital grants for loan capital and investment activity associated with equity method investments (see Note 3).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenues from loans, investments, and other financial instruments are recognized as unrestricted revenues as earned on an accrual basis. Interest on loans is presented net of interest of $1,221,159 and $1,735,057 collected on behalf of loan participants of the Loan Fund (see Note 4) in 2016 and 2015, respectively.

Program revenue and fees includes:

- Loan fees of the Loan Fund and Aura Mortgage
- Upfront, backend and delayed sub-allocation fees of Managed Assets (see Note 9)
- Management fees of the Venture Fund and Managed Assets (see Notes 1 and 9)
- Developer fees of the Holding Company and SEA (see Note 6)
- Electric utility charges and sales of Renewable Energy Certificates of SEA, SEA QALICB, SEA QALICB II and Solar III (see Note 6)
- Fixed subscription fees from access to WegoWise energy tracking tool software
- Other fee income

Program revenue and fees are recognized on the accrual basis as services or goods are delivered or according to relevant benchmarks or criteria of the underlying agreements. Fees received or committed in advance are included in deferred revenue and are recognized as services are delivered.

The Corporation generally amortizes loan origination fees for loans with terms greater than one year in length over the term of the loans. Unamortized deferred loan fees are included as an adjustment to the carrying value of loans receivable in the accompanying consolidated statements of financial position (see Note 4).

Grants and contributions with no donor restrictions are recognized as unrestricted revenue when received or unconditionally pledged to the Corporation. Donor restricted grants and contributions with time or purpose restrictions are recognized as temporarily restricted net assets when received or unconditionally pledged (see page 19). Temporarily restricted net assets are transferred to unrestricted net assets when they are used in accordance with donor restrictions. Donor restricted gifts received and expended for their intended use in the same year are reflected as increases in unrestricted net assets.

Expense Allocation

Expenses related directly to a function are distributed to that function, while other expenses are allocated based upon management's expectation of the percentage attributable to each function.

Income Taxes

For the consolidated corporate entities, income tax expense is based on pre-tax financial accounting income. The corporate entities account for income taxes according to the asset and liability method. The differences between the consolidated financial statement amounts and the tax bases of assets and liabilities are determined annually. Deferred tax assets and liabilities are computed for those differences that will result in taxable or deductible amounts in future periods using currently enacted tax laws and rates that apply to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount that will more likely than not be realized (see Note 12). Income tax expense is the tax payable or refundable for the current period plus or minus the change during the period in deferred income tax assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Corporation and its operating affiliates account 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 consolidated financial statements regarding a tax position taken or expected to be taken in a tax return. The Corporation has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidated financial statements at December 31, 2016 and 2015. The Corporation does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

Subsequent Events

Subsequent events have been evaluated through April 12, 2017, which is the date the consolidated financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the consolidated financial statements.

3. INVESTMENTS IN AFFILIATES

Cost Method Investments Eliminated in Consolidation

Managed Assets' investments in CDE X, CDE XVI and CDE XXII (see Note 1) are carried on the cost method of accounting (see Note 2), and have been eliminated from the accompanying consolidated financial statements at December 31, 2016 and 2015:

CDE X	$ 517
CDE XVI	753
CDE XXII	600
	$ 1,870

The Venture Fund's investments in Aura Mortgage (see Note 1) and WegoWise are carried on the cost method of accounting (see Note 2) as follows, and have been eliminated from the accompanying consolidated financial statements at December 31, 2016 and 2015:

	2016	2015
Aura Mortgage	$ 8,670,000	$ 8,670,000
WegoWise	5,371,511	-
	$ 14,041,511	$ 8,670,000

The Holding Company's investments in NSP, WegoWise, SUN Financing II, and SEA (see Note 1) are also carried on the cost method of accounting (see Note 2) as follow, and have been eliminated from the accompanying consolidated financial statements at December 31, 2016 and 2015:

	2016	2015
NSP	$ 3,400,000	$ 3,400,000
WegoWise	3,444,431	1,541,640
SUN Financing II	1,000,000	1,000,000
SEA	800,000	800,000
	$ 8,644,431	$ 6,741,640

3. INVESTMENTS IN AFFILIATES (Continued)

Cost Method Investments in CDE LLCs

The consolidated financial statements do not include the financial statements of CDEs I through IX, CDEs XI through XV, CDEs XVII through XXI and CDE XXIII (see Notes 1 and 2). Managed Assets and NMTC Manager do not maintain a significant membership interest in these entities and account for them using the cost method of accounting.

As of December 31, 2016 and 2015, Managed Assets had the following amounts invested in the unconsolidated CDE LLCs:

BCC NMTC CDE I, LLC	$ 2,844
BCC NMTC CDE II, LLC	892
BCC NMTC CDE III, LLC	575
BCC NMTC CDE IV, LLC	2,137
BCC NMTC CDE V, LLC	551
BCC NMTC CDE VI, LLC	4,421
BCC NMTC CDE VII, LLC	15,805
BCC NMTC CDE VIII, LLC	8,502
BCC NMTC CDE IX, LLC	7,500
BCC NMTC CDE XI, LLC	2,279
BCC NMTC CDE XII, LLC	1,442
BCC NMTC CDE XIII, LLC	1,579
BCC NMTC CDE XIV, LLC	2,526
BCC NMTC CDE XV, LLC	2,062
BCC NMTC CDE XVII, LLC	800
BCC NMTC CDE XVIII, LLC	1,505
BCC NMTC CDE XIX, LLC	337
BCC NMTC CDE XX, LLC	1,578
BCC NMTC CDE XXI, LLC	1,384
BCC NMTC CDE XXIII, LLC	431
	$ 59,150

Equity Investment in BCLF Ventures II, LLC

The Venture Fund accounts for its investment in Ventures II, LLC using the equity method of accounting. The Venture Fund increases or decreases its investment by its respective share of Ventures II, LLC net income or loss and decreases its investment by distributions received.

3. INVESTMENTS IN AFFILIATES (Continued)

Equity Investments in BCLF Ventures, LLCs (Continued)

The Venture Fund's net investment in Venture II, LLC was $414,333 and $653,094, respectively, as of December 31, 2016 and 2015, as follows:

	2016	2015
Net investment, beginning of year	$ 653,094	$ 489,979
Share of income	61,239	163,115
Distributions	(300,000)	-
Net investment, end of year	$ 414,333	$ 653,094

Summarized financial information for Ventures II, LLC is as follows as of December 31:

	2016	2015
Assets	$ 4,123,557	$ 6,574,490
Liabilities	$ -	$ 109,192
Equity	4,123,557	6,465,298
Total liabilities and equity	$ 4,123,557	$ 6,574,490

4. LOANS AND INTEREST RECEIVABLE

Loan Fund

Portfolio Lending

The Loan Fund offers a variety of loan products of both short and long-term maturity, including term loans, as well as revolving and non-revolving lines of credit, for the following purposes:

Construction: for construction or rehabilitation of residential (single family and multi-family) and commercial properties.

Permanent: for long-term financing for newly constructed or rehabilitated or existing multi-family housing, community facilities or commercial real estate.

Site acquisition: for acquisition of property for development, whether for commercial or housing developments.

Predevelopment: for financing the upfront cost of real estate development projects prior to construction, such as for permitting, design and due diligence.

Organizational: for organizational capacity building, recapitalization and/or providing operating capital.

4. LOANS AND INTEREST RECEIVABLE (Continued)

Loan Fund (Continued)

Portfolio Lending (Continued)

Loans receivable bear interest at rates ranging from zero to fourteen percent (0% - 10%) and mature at various dates through 2042. Borrowers generally include nonprofit community organizations, private developers, and businesses which benefit low-income individuals and communities. Loans receivable are generally made in connection with affordable housing and community development projects and are primarily collateralized by first or second mortgages on the property of the borrower. The Loan Fund also has some loans secured through third mortgages, all assets of the borrower, cash held by the lender, or other forms of collateral. The Loan Fund's five largest outstanding loans receivable collectively comprised approximately 19% and 20% of the portfolio as of December 31, 2016 and 2015, respectively.

Loans receivable of the Loan Fund are presented net of third-party loan participations of $9,638,268 and $24,006,772 as of December 31, 2016 and 2015, respectively. All loan participations qualify as loan sales in accordance with the ASC Topic*, Accounting for Transfers and Servicing of Assets and Liabilities.*

The Loan Fund's loans receivable are as follows at December 31:

	2016		2015	
Type	Number of Loans	Net Loan Amount	Number of Loans	Net Loan Amount
Construction	30	$ 40,424,090	33	$ 44,644,050
Permanent	46	29,791,209	43	29,880,253
Organizational	8	3,048,700	7	648,678
Site acquisition	20	11,865,623	18	10,723,690
Predevelopment	6	1,147,473	7	1,995,373
	110	86,277,095	108	87,892,044
Interest receivable on above loans		759,889		642,612
		$ 87,036,984		$ 88,534,656

The majority of the Loan Fund's loans receivable is secured by real estate holdings in Massachusetts and could be affected by adverse real estate markets in the state.

All borrowers with loans that are currently amortizing are current with their payments as of December 31, 2016 and 2015.

Commitments to Lend

The Loan Fund had committed approximately $37,259,000 and $5,550,000 for future disbursements on existing loan commitments and lines of credit to unrelated borrowers as of December 31, 2016 and 2015, respectively. Among the tools available to manage liquidity are lines of credit with financial institutions (see Note 7), as well as the potential to initiate loan sales and loan participation agreements with lending partners.

4. LOANS AND INTEREST RECEIVABLE (Continued)

Loan Fund (Continued)

Intercompany Lending

The Loan Fund has entered into the following lending arrangements with certain consolidating affiliates. All outstanding loan balances and interest have been eliminated from the consolidating financial statements.

SUN Financing

The Loan Fund entered into a Note Purchase Agreement and an initial unsecured note under this agreement with SUN Financing. Under this note, the Loan Fund made a commitment to make advances to SUN Financing from time-to-time in the aggregate principal amount of $10,000,000. Funds advanced are used to acquire and refinance homes at risk of foreclosure. This intercompany loan bears interest at 4.25% per annum and is due quarterly. Interest paid to the Loan Fund was $432,083 and $430,903 for the years ended December 31, 2016 and 2015, respectively, and has been eliminated in the accompanying consolidated statements of activities. As of December 31, 2016 and 2015, principal outstanding under this agreement totaled $10,000,000. All remaining unpaid principal and interest are due on the maturity date on December 31, 2020.

Venture Fund

The Loan Fund had loaned $2,300,000 of the proceeds of the permanent loan capital - subordinated loans payable (see Note 8) to the Venture Fund to finance a portion of certain investments of the Venture Fund. This intercompany loan bears interest at 3%, payable quarterly, is unsecured, and matures in 2018. Interest on this borrowing totaled $49,500 in 2016 and 2015 and has been eliminated in the accompanying consolidated statements of activities. As of December 31, 2016 and 2015, the principal outstanding under this agreement totaled $1,650,000.

SEA

The Loan Fund also loaned $3,000,000 of the permanent loan capital - subordinated loans payable to SEA to finance a portion of certain assets of SEA. The entire principal is outstanding at December 31, 2016 and 2015. This intercompany loan bears interest at 3%, payable quarterly, is unsecured, and matures in 2020. Interest on these borrowings totaled $90,000 in 2016 and 2015, and has been eliminated in the accompanying consolidated statements of activities.

The Loan Fund and SEA entered into a $1,000,000 term loan to finance a portion of certain assets of SEA. This intercompany loan bore interest at 6% annually, with principal and interest payments due monthly. During 2016 and 2015, SEA made interest payments of $12,231 and $26,017, respectively. During 2015, principal payments of $149,286 were made. As of December 31, 2015, principal outstanding under this agreement was $346,438. During 2016, SEA paid off the remaining balance of the loan.

4. LOANS AND INTEREST RECEIVABLE (Continued)

Loan Fund (Continued)

Intercompany Lending (Continued)

481 Investment Fund

The Loan Fund entered into a leverage loan agreement with the 481 Investment Fund in the amount of $1,472,876, which was used in the finance of solar panel installments within a new markets tax credit financing structure. Interest on this note accrues at 6%. On October 31st of each year, all accrued interest and unpaid principal, to the extent of cash flow as outlined in the agreement, are due. All remaining unpaid principal and interest are due on the maturity date of March 23, 2021. This interest has been eliminated in the accompanying consolidated statements of financial position. This loan may be prepaid without penalty. During 2016 and 2015, the 481 Investment Fund made payments of principal of $308,090 and $182,782 and accrued interest of $52,910 and $81,348, respectively. As of December 31, 2016 and 2015, the outstanding balance of the loan was $695,533 and $1,003,623, respectively. Total interest incurred was $52,910 and $69,286 for 2016 and 2015, respectively. There was no unpaid interest as of December 31, 2016 and 2015.

USB Investment Fund

The Loan Fund entered into a leverage loan agreement with the USB Investment Fund in the amount of $5,224,207, which was used in the finance of solar panel installments within a new markets tax credit financing structure. Interest on this note accrues at 6% per annum, compounded annually. Beginning on December 31, 2013, and thereafter at each succeeding year, all accrued interest and unpaid principal, to the extent of net cash flow as outlined in the agreement, shall be due and payable. All remaining principal and interest are due on the maturity date of November 6, 2023. This loan may be prepaid without penalty. During 2016 and 2015, USB Investment Fund made payments of principal of $901,135 and $147,000 and interest payments of $151,316 and $89,671, respectively. Total interest incurred was $151,316 and $176,320 as of December 31, 2016 and 2015, respectively. As of December 31, 2015, remaining unpaid interest of $86,649 was capitalized to the balance of the loan. There was no unpaid interest as of December 31, 2016. As of December 31, 2016 and 2015, the principal outstanding under this agreement was $2,011,022 and $2,912,157, respectively.

Guarantee Agreement

The Loan Fund also has a non-expiring loan guarantee agreement with the United States Department of Agriculture (USDA). The guarantee is intended to strengthen the Loan Fund's ability to finance loans to businesses in rural areas and thus stimulate economic growth in these areas. As of December 31, 2016 and 2015, there was a guarantee of $4,600,000 for one loan receivable under this agreement. This loan is set to mature on September 1, 2042. During 2016 and 2015, the Loan Fund did not receive any cash payments under this agreement.

4. LOANS AND INTEREST RECEIVABLE (Continued)

Loan Fund (Continued)

Special Tax-Credit Lending

As of December 31, 2016 and 2015, the Loan Fund has entered into sixty-five and fifty-four arrangements, respectively, to act as the nonprofit intermediary to improve the economic value of Massachusetts historic and state low-income tax credits of several projects in Massachusetts. The Loan Fund received a donation of tax credits from each project's sponsor and made a loan to the respective project entity from the proceeds of the Loan Fund's resale of the credits to an outside investor. Each loan has an interest rate ranging from 0% to 1%, which the Loan Fund will receive on the maturity date. These loans have various maturity dates through December 2063. As part of the arrangement, the Loan Fund received fees up to .05% of the total loan. However, the Loan Fund has a minimum fee of $15,000 if the .05% of loan balance is below the minimum.

These fees are included in program revenue and fees in the accompanying consolidated statements of activities and totaled $185,146 and $262,121 for 2016 and 2015, respectively. Total outstanding principal balances are $372,038,725 and $340,430,921 as of December 31, 2016 and 2015, respectively. These loans have specific restrictions surrounding their use, and due to their long-term deferred nature and likelihood of collectability, the notes are fully reserved at December 31, 2016 and 2015. The provision associated with these allowances is netted with the value of the tax credit donation.

Foreclosure and Home Mortgage Services

NSP purchases and rehabilitates residential properties in foreclosure or at risk of foreclosure in low-income communities in Massachusetts. NSP seeks to resell these properties to low-income individuals. The properties are generally purchased by NSP in negotiated transactions from lenders holding the foreclosed properties or troubled loans. Once the purchases by NSP are complete, the homeowners apply for financing through Aura Mortgage or other sources, thereby allowing the residents (either previous owners or persons renting the residence) to remain in the homes and avoid eviction.

During 2016 and 2015 Aura Mortgage transferred SUN Financing its interest, at net book value, in 127 and 85, respectively, of mortgage loans originated by Aura Mortgage. The proceeds of the transfers received from SUN Financing and SUN Financing II were then used by Aura Mortgage to repay the amounts due to NSP for home sales financed by Aura Mortgage.

The allowance associated with these loans amounted to $4,137,606 and $3,071,651 in 2016 and 2015, respectively. These allowances were transferred to SUN Financing and SUN Financing II upon transfer of loans receivable from Aura Mortgage. Below is a summary of transferred mortgage loans and related loan loss allowance transferred during the years ended December 31:

Below is a summary of transferred mortgage loans and related loan loss allowance transferred as of December 31:

	2016		2015	
	SUN Financing	SUN Financing II	SUN Financing	SUN Financing II
Loans receivable transferred	$ 12,437,729	$ 11,983,630	$ 11,248,960	$ 6,341,748
Loan loss allowance transferred	$ 2,022,567	$ 2,115,039	$ 2,055,522	$ 1,016,129

4. LOANS AND INTEREST RECEIVABLE (Continued)

Foreclosure and Home Mortgage Services (Continued)

During 2016, SUN Financing transferred its interest in 29 loans receivable, as well as the related loan loss allowance and loan loss reserve, back to Aura Mortgage in order to satisfy the collateral requirements associated with Aura Mortgage's note payable to a bank. The outstanding balance of the loans receivable at the time of transfer was $7,769,721 and the related loan loss allowance was $1,372,101. As partial consideration, Aura Mortgage transferred its interest in 27 loans receivable totaling $5,782,349, as well as the related loan loss allowance totaling $1,445,507 to SUN Financing.

Similar transfers occurred during 2015. SUN Financing transferred its interest in 91 loans receivable, as well as the related loan loss allowance and loan loss reserves, back to Aura Mortgage to satisfy the bank's requirements. The outstanding balance of the loans receivable at the time of transfer was $15,120,104 and the related loan loss allowance was $2,942,105.

Aura Mortgage, in collaboration with an outside management company, continues to service all loans held by SUN Financing and SUN Financing II. The total amounts charged for origination and servicing of the loans were $413,836 and $447,686, respectively, which are eliminated in the accompanying consolidated statements of activities.

Loans receivable consists of mortgage loans receivable to low-income individuals in the states of Massachusetts, Maryland, Rhode Island and Illinois and New Jersey. Adverse real estate markets in these states could affect the value of the SUN Initiative's loans receivable. These loans are generally secured by a first priority mortgage on the property and mature at various dates through 2045. The allowance for loan losses reduces the reported loan values.

Loans receivable of the SUN Initiative consisted of the following at December 31:

	2016			2015		
	Number of Loans	Interest Rates	Monthly Payments	Number of Loans	Interest Rates	Monthly Payments
Aura Mortgage	295	5.625% - 7.5%	$180 - $3,088	309	5.625% - 7.5%	$180 - $3,088
SUN Financing	117	5.75% - 6.375%	$349 - $4,186	68	6.25% - 6.375%	$343 - $4,186
SUN Financing II	115	6.375%	$172 - $4,261	53	6.375%	$172 - $4,261

The following is an aging analysis of the SUN Initiative's loans receivable balance at December 31:

	2016	2015
60 - 89 days	$ 1,766,675	$ 620,738
Greater than 90 days	9,453,784	4,904,558
Total past due	11,220,459	5,525,296
Current	88,616,078	77,523,803
	$ 99,836,537	$ 83,049,099

4. LOANS AND INTEREST RECEIVABLE (Continued)

Foreclosure and Home Mortgage Services (Continued)

The SUN Initiative maintains certain cash held for loan loss reserves. These reserves become available as a source to repay financing obligations in the event of non-payment of loans receivable associated with these cash reserves. The SUN Initiative re-deploys the cash to other loans within its portfolio upon repayment of loans receivable associated with the reserves. When loans receivable are transferred among the affiliates, any loan loss reserves associated with such loans are generally also transferred.

Below is a reconciliation of cash and cash equivalents - loan loss reserves for 2016 and 2015:

	Aura Mortgage	SUN Financing	SUN Financing II	Total
Balance at December 31, 2014	$ 2,179,246	$ 3,756,699	$ 1,003,959	$ 6,939,904
Withdrawal of accumulated interest	-	(54,166)	-	(54,166)
Transferred to Aura Mortgage at loan transfer	248,219	(248,219)	-	-
Interest earned on loan loss reserves	10,005	45,686	13,130	68,821
Balance at December 31, 2015	2,437,470	3,500,000	1,017,089	6,954,559
Withdrawals of accumulated interest	-	(32,307)	(26,497)	(58,804)
Transfer of Treasury cash award to operating cash	(782,808)	-	-	(782,808)
Interest earned on loan loss reserves	7,753	47,514	13,768	69,035
Balance at December 31, 2016	$ 1,662,415	$ 3,515,207	$ 1,004,360	$ 6,181,982

Aura Mortgage was awarded two contracts from the Commonwealth of Massachusetts totaling $1,662,415 to support loan loss reserves in connection with certain loans receivable. At times, a portion of the cash received from these contracts may be transferred to other SUN Initiative entities that hold the interest in loans that benefit from the loan loss reserve support.

In addition to the contract funds noted above, cash and cash equivalents - loan loss reserves also includes the following:

- $750,000 of proceeds of a grant received by Aura Mortgage from the Treasury (see Note 1) that had been previously designated by Aura Mortgage's Board of Directors for loan loss reserves. This was transferred to Aura Mortgage's operating cash account in 2016 at the expiration of the compliance period of the Treasury award.
- $3,500,000 received by SUN Financing from its Investor Member.
- $1,000,000 received by SUN Financing II by BCC.

4. LOANS AND INTEREST RECEIVABLE (Continued)

Maturities

Maturities of the loans and interest receivable as of December 31, 2016, are as follows:

		Foreclosure and Home Mortgage Services			
Year	**Loan Fund**	**Aura Mortgage**	**SUN Financing**	**SUN Financing II**	**Total**
2017	$ 24,383,633	$ 900,534	$ 353,204	$ 259,235	$ 25,896,606
2018	7,381,974	885,332	353,503	259,684	8,880,493
2019	7,655,012	941,298	375,930	276,239	9,248,479
2020	7,242,180	1,000,804	399,781	293,849	8,936,614
2021	11,873,532	1,064,074	425,145	312,582	13,675,333
Thereafter	28,500,653	47,522,964	23,977,549	20,234,830	120,235,996
	87,036,984	52,315,006	25,885,112	21,636,419	186,873,521
Adjustment for deferred loan fees (see Note 2)	(365,259)	-	-	-	(365,259)
Less - allowance for loan losses (see Note 5)	(3,220,340)	(6,856,864)	(3,623,898)	(3,434,588)	(17,135,690)
Net loans and Interest receivable	83,451,385	45,458,142	22,261,214	18,201,831	169,372,572
Less - current portion	(23,644,507)	(900,534)	(353,204)	(259,235)	(25,157,480)
Net long-term portion	$ 59,806,878	$ 44,557,608	$ 21,908,010	$ 17,942,596	$ 144,215,092

Loans receivable are as follow as of December 31, 2015:

		Foreclosure and Home Mortgage Services			
	Loan Fund	**Aura Mortgage**	**SUN Financing**	**SUN Financing II**	**Total**
Gross loans receivable	$ 88,534,656	$ 55,661,519	$ 16,833,146	$ 10,554,434	$ 171,583,755
Adjustment for deferred loan fees (see Note 2)	(342,985)	-	-	-	(342,985)
Less - current portion	(20,638,632)	(876,997)	(384,530)	(133,687)	(22,033,846)
Less - allowance for loan losses (see Note 5)	(4,034,681)	(8,741,519)	(2,038,827)	(1,774,682)	(16,589,709)
Net long-term portion	$ 63,518,358	$ 46,043,003	$ 14,409,789	$ 8,646,065	$ 132,617,215

4. LOANS AND INTEREST RECEIVABLE (Continued)

Affiliate Loans

From time-to-time, the Corporation and its affiliates may enter into intercompany borrowing arrangements to support general operations or specific business initiatives. Those borrowing arrangements not described elsewhere in these footnotes are described below. All intercompany borrowings with affiliates are eliminated in the consolidation.

Funding of WegoWise by Holding Company and Venture Fund

In December 2014, WegoWise converted the outstanding balance of various notes, accrued interest and other advances owed to Holding Company into a new convertible secured note agreement that was scheduled to mature on March 31, 2016, with a principal balance of $1,811,996. The outstanding principal balance accrued interest daily at a rate of 5%.

In December 2014, WegoWise converted the outstanding balance of various notes and accrued interest owed to Venture Fund into a new convertible secured note agreement that was scheduled to mature on March 31, 2016, with a principal balance of $3,145,469. The outstanding principal balance accrued interest daily at a rate of 5%.

During 2015, WegoWise entered into four $500,000 convertible secured note agreements with Venture Fund that were scheduled to mature on March 31, 2016. The outstanding principal balance accrued interest daily at a rate of 5%.

In February 2016, all of the above notes totaling $6,957,465 and related accrued interest of $316,837 were converted to Series B preferred stock at $11.02 per share. Holding Company and Venture Fund received 172,632 and 487,417 shares, respectively (see Note 1).

Other Affiliate Loans

The Corporation and its affiliates have entered into various intercompany loans. These intercompany loans bear interest at 4.25% to 5%, payable quarterly, are unsecured, and mature between 2016 and 2023. Interest on these borrowings totaled $821,196 and $1,130,274 in 2016 and 2015, respectively, which has been eliminated from the accompanying consolidated financial statements.

4. LOANS AND INTEREST RECEIVABLE (Continued)

Affiliate Loans (Continued)

Other Affiliate Loans (Continued)

Affiliate loans, fees and interest receivable in the accompanying consolidated statements of financial position consist of the following at December 31:

	2016	2015
Managed Assets receivables for NMTC delayed sub-allocation fees (see Note 9):		
Consolidated CDE LLCs	$ 1,352,792	$ 1,729,390
Unconsolidated CDE LLCs	5,109,580	8,294,873
Intercompany Borrowings (see pages 26 - 32):		
Loan Fund receivable from SUN	10,000,000	10,000,000
Loan Fund receivable from SEA	3,000,000	3,000,000
Loan Fund receivable from the USB Investment Fund	2,011,022	2,912,157
Loan Fund receivable from Venture Fund	1,650,000	1,650,000
Loan Fund receivable from the 481 Investment Fund	695,533	1,003,623
Venture Fund receivable from WegoWise	-	5,145,469
Holding Company receivable from WegoWise	-	1,811,996
Loan Fund receivable from SEA	-	346,438
Sub-total affiliate loans and fees receivable	23,818,927	35,893,946
Interest receivable	-	287,291
Affiliate loans, fees and interest receivables eliminated in consolidation	(18,709,347)	(27,886,364)
Total net affiliate loans, fees and interest receivables	5,109,580	8,294,873
Less - current portion of affiliate loans, fees and interest receivable	1,917,539	3,164,990
Affiliate loans, fees and interest receivables, net of current portion	$ 3,192,041	$ 5,129,883

5. ALLOWANCE FOR LOAN LOSSES AND LOAN LOSS RESERVES

Loan Fund

Loan loss reserves is the term used by the Loan Fund and certain significant investors to refer to the balance of loan loss allowances plus otherwise unrestricted net assets which have been designated by the Board of Directors as a hedge against potential loan losses. Covenants with certain significant investors require the Loan Fund to maintain loan loss reserves equal to at least 5% of loans receivable of the Loan Fund.

5. ALLOWANCE FOR LOAN LOSSES AND LOAN LOSS RESERVES (Continued)

Loan Fund (Continued)

The Loan Fund's loan loss reserves consist of the following as of December 31:

	2016	2015
Allowance for loan losses (see page 35)	$ 3,220,340	$ 4,034,681
Board designated net assets for loan loss reserves (see Note 2):		
General loan loss reserves	3,654,550	3,422,258
CDFI funds released from restrictions for specified loans	3,481,493	5,601,612
Subtotal - Board designated net assets for loan loss reserves	7,136,043	9,023,870
	$ 10,356,383	$ 13,058,551

An allowance for loan losses is an estimate of expected loan losses expressed as a reduction of the carrying value of loans receivable. The loan loss allowance is based on expected losses as determined under the Loan Fund's risk rating system. In addition, the Loan Fund's Board of Directors designates unrestricted net assets for loan loss reserves so that the sum of the loan loss allowance and board designated general and loan loss reserves equals at least 5% of total loans receivable of the Loan Fund.

The Loan Fund also received a CDFI financial assistance grant that requires a matching component. This component requires the Loan Fund to set aside additional reserves that are specific to certain types of loans. The loans that fall under this grant are for a community facility project where the project has a low collateral value or for predevelopment loans that support early feasibility and planning activities. The CDFI funds were matched with an equivalent amount of unrestricted funds which were also transferred to Board designated net assets. Board-designated net assets related to qualifying loan commitments were:

CDFI Board Designated balance as of December 31, 2014	$ 4,921,150
Additions	680,462
CDFI Board Designated balance as of December 31, 2015	5,601,612
Additions	37,108
Releases	(2,157,227)
CDFI Board Designated balance as of December 31, 2016	$ 3,481,493

Releases are made from the board designated balance when related loans have repaid and the respective grant compliance period has lapsed.

5. ALLOWANCE FOR LOAN LOSSES AND LOAN LOSS RESERVES (Continued)

Loan Fund (Continued)

The allowance for loan losses consists of the following at December 31, 2016 and 2015:

2016	Construction	Organizational	Permanent	Predevelopment	Site Acquisition	Total
Allowance for loan losses, December 31, 2015	$ 1,022,988	$ 2,755	$ 1,767,399	$ 412,428	$ 829,111	$ 4,034,681
Charge-offs	(674,061)	-	-	-	-	(674,061)
Recoveries	(325,939)	-	(174,347)	(104,481)	(675,535)	(1,280,302)
Provision	-	-	625,893	514,129	-	1,140,022
Allowance for loan losses, December 31, 2016	$ 22,988	$ 2,755	$ 2,218,945	$ 822,076	$ 153,576	$ 3,220,340
Ending balance: Individually evaluated for impairment	$ -	$ -	$ 1,839,561	$ 514,129	$ 337,750	$ 2,691,440
Troubled debt restructuring	$ -	$ -	$ 1,839,561	$ 514,129	$ 337,750	$ 2,691,440

2015	Construction	Organizational	Permanent	Predevelopment	Site Acquisition	Total
Allowance for loan losses, December 31, 2014	$ 1,372,988	$ 2,755	$ 1,123,257	$ 418,742	$ 1,866,939	$ 4,784,681
Recoveries	(350,000)	-	(410,213)	(6,314)	(1,938,363)	(2,704,890)
Provision	-	-	1,054,355	-	900,535	1,954,890
Allowance for loan losses, December 31, 2015	$ 1,022,988	$ 2,755	$ 1,767,399	$ 412,428	$ 829,111	$ 4,034,681
Ending balance: Individually evaluated for impairment	$ 1,000,000	$ -	$ 1,247,519	$ -	$ 1,013,285	$ 3,260,804
Troubled debt restructuring	$ 1,000,000	$ -	$ 1,247,519	$ -	$ 1,013,285	$ 3,260,804

The loan loss allowance is allocated between the current and long-term portions of the loan portfolio based upon the maturities of the underlying reserved loan balances.

5. ALLOWANCE FOR LOAN LOSSES AND LOAN LOSS RESERVES (Continued)

Loan Fund (Continued)

The Loan Fund uses an eight number-based credit rating system, with "1" representing the highest quality/lowest risk credits and "8" representing the lowest quality/highest credit risk credits. The following table presents the Loan Fund's loans receivable balances and related allowance by risk rating at December 31:

		2016		2015	
Category	Risk Rating	Loan Balance	Loan Loss Allowance	Loan Balance	Loan Loss Allowance
Pass	1 - 4	$ 76,679,831	$ -	$ 75,462,174	$ -
Special Mention	5 - 6	8,246,368	1,780,336	9,611,558	2,062,589
Substandard	7 - 8	1,350,896	1,350,896	2,818,312	1,858,968
General reserve		-	89,108	-	113,124
		$ 86,277,095	$ 3,220,340	$ 87,892,044	$ 4,034,681

Impaired Loans – Loan Fund

The Corporation identifies a loan as impaired when it is probable that interest and/or principal will not be collected according to the contractual terms of the loan agreement. In accordance with guidance provided by the ASC Topic, *Impairment (Recoverability) of a Loan*, management employs one of three methods to determine and measure impairment: the Present Value of Future Cash Flow Method; the Fair Value of Collateral Method; and the Observable Market Price of a Loan Method. To perform an impairment analysis, the Loan Fund reviews a loan's internally assigned risk rating, its outstanding balance, value of the collateral, guarantors, and a current report of the action being implemented. Based on the nature of the specific loan, one of the impairment methods is chosen and any impairment is determined, based on criteria established for impaired loans.

Impaired loans are set forth in the table below as of December 31:

	2016		
Loan Category	Number of Impaired Loans	Amount of Impaired Loans	Related Allowance for Loan Loss
Site acquisition	2	$ 3,749,151	$ 337,750
Permanent	5	3,224,370	1,839,561
Predevelopment	2	514,129	514,129
Total impaired loans	9	$ 7,487,650	$ 2,691,440

	2015		
Loan Category	Number of Impaired Loans	Amount of Impaired Loans	Related Allowance for Loan Loss
Site acquisition	2	$ 3,760,535	$ 1,013,285
Permanent	4	3,449,311	1,247,519
Construction	1	1,959,344	1,000,000
Total impaired loans	7	$ 9,169,190	$ 3,260,804

5. ALLOWANCE FOR LOAN LOSSES AND LOAN LOSS RESERVES (Continued)

Loan Fund (Continued)

Troubled Debt Restructurings

A troubled debt restructuring (TDR) occurs when a creditor, for economic or legal reasons related to a borrower's financial condition, grants a concession to the borrower that it would not otherwise consider, such as below market interest rates, extending the maturity of a loan, or a combination of both. The Loan Fund considers all loans modified in a TDR to be impaired.

At the time a loan is modified in a TDR, the Loan Fund considers several factors in determining whether the loan should accrue interest, including:

- Cash flow necessary to pay the interest
- Whether the customer is current on their interest payments
- Whether the Loan Fund expects the borrower to perform under the revised terms of the restructuring

As of December 31, 2016 and 2015, loans that were impaired and classified as TDRs were as follows:

	2016		
Troubled Debt Restructuring	**Number of Loans Restructured**	**Amount of Restructured Loans**	**Related Allowance for Loan Loss**
Multiple extensions resulting from financial difficulty	6	$ 6,973,522	$ 2,177,311
Extended under forbearance	2	514,129	514,129
Total TDRs	8	$ 7,487,651	$ 2,691,440

	2015		
Troubled Debt Restructuring	**Number of Loans Restructured**	**Amount of Restructured Loans**	**Related Allowance for Loan Loss**
Multiple extensions resulting from financial difficulty	6	$ 7,209,846	$ 2,260,804
Extended under forbearance	1	1,959,344	1,000,000
Total TDRs	7	$ 9,169,190	$ 3,260,804

The above loans are all on "non-accrual" basis. During 2016, the one loan that was extended under forbearance as of 2015 was paid off.

5. ALLOWANCE FOR LOAN LOSSES AND LOAN LOSS RESERVES (Continued)

Foreclosure and Home Mortgage Services

The SUN Initiative uses an eight number-based credit rating system, with "1" representing the highest quality/lowest risk credits and "8" representing the lowest quality/highest credit risk credits. The following table presents the SUN Initiative loans receivable balances and related allowance by risk rating at December 31:

		2016		2015	
Category	Risk Rating	Loan Balance	Loan Loss Allowance	Loan Balance	Loan Loss Allowance
Pass	1 - 2	$ 70,854,819	$ 2,096,207	$ 67,427,210	$ 1,714,234
Special Mention	3 - 6	17,761,260	1,981,147	10,096,593	1,198,966
Substandard	7 - 8	11,220,458	2,754,076	5,525,296	1,377,988
General reserve		-	7,083,920	-	8,263,840
		$ 99,836,537	$ 13,915,350	$ 83,049,099	$ 12,555,028

The loan loss allowance consists of the following:

	Aura Mortgage	SUN Financing	SUN Financing II	Total
December 31, 2014	$ 7,089,177	$ 3,835,323	$ 758,553	$ 11,683,053
Loan loss allowance established with mortgage origination	3,071,651	-	-	3,071,651
Portion transferred to SUN Financing	(2,055,522)	2,055,522	-	-
Portion transferred to SUN Financing II	(1,016,129)	-	1,016,129	-
Portion transferred from SUN Financing to Aura Mortgage	2,942,105	(2,942,105)	-	-
Recovery from loans repaid	(339,763)	(219,463)	-	(559,226)
Reduction for loans converted to real estate owned	-	(90,450)	-	(90,450)
Loan loss recoveries	(950,000)	(600,000)	-	(1,550,000)
December 31, 2015	8,741,519	2,038,827	1,774,682	12,555,028
Loan loss allowance established with mortgage origination	4,137,606	-	-	4,137,606
Portion transferred to SUN Financing	(2,022,567)	2,022,567	-	-
Portion transferred to SUN Financing II	(2,115,039)	-	2,115,039	-
Portion transferred from SUN Financing to Aura Mortgage	1,372,101	(1,372,101)	-	-
Recovery from loans repaid	(977,749)	(104,880)	(105,133)	(1,187,762)
Loan loss allowance transferred from Aura Mortgage to SUN Financing	(1,445,587)	1,445,587	-	-
Reduction for loans converted to real estate owned	(83,420)	(56,102)	-	(139,522)
Loan loss recoveries	(750,000)	(350,000)	(350,000)	(1,450,000)
December 31, 2016	$ 6,856,864	$ 3,623,898	$ 3,434,588	$ 13,915,350

5. ALLOWANCE FOR LOAN LOSSES AND LOAN LOSS RESERVES (Continued)

Foreclosure and Home Mortgage Services (Continued)

The SUN Initiative had no write-offs of loan principal during 2016 and 2015. The SUN Initiative's loans receivable are secured by real estate holdings in Massachusetts, Maryland, Illinois, New Jersey, Rhode Island, and could be affected by adverse real estate markets in those states.

Impaired loans (see page 36) as of December 31, 2016 and 2015, are set forth in the table below:

	2016		
	Number of Impaired Loans	**Amount of Impaired Loans**	**Related Allowance for Loan Loss**
Aura Mortgage	4	$ 856,804	$ 214,201
SUN Financing	22	$ 4,867,119	$ 1,216,780
SUN Financing II	4	$ 995,228	$ 248,807

	2015		
	Number of Impaired Loans	**Amount of Impaired Loans**	**Related Allowance for Loan Loss**
Aura Mortgage	10	$ 2,217,688	$ 554,422
SUN Financing	5	$ 1,151,941	$ 287,985

6. PROPERTY AND EQUIPMENT, INTERESTS IN REAL PROPERTY AND REAL ESTATE OWNED

Real Estate Owned – The Loan Fund

During December 2011, the Loan Fund received a parcel of land as a result of a borrower defaulting on a loan receivable that the Loan Fund had secured (see Note 1). The fair market value of the property at the time of the acquisition, as determined by appraisal using significant Level 3 inputs (see Note 1), was $1,400,000. During 2015, the property sold for $1,200,000 and the Loan Fund recognized a loss of $209,392, inclusive of closing costs, which is included in net gain on sale of real estate properties in the accompanying 2015 consolidated statement of activities.

Holding Company

Property and equipment are as follows as of December 31:

	2016	2015
Computer equipment	$ 156,969	$ 112,264
Office equipment	47,923	17,840
Leasehold improvements	1,138,555	1,125,090
	1,343,447	1,255,194
Less - accumulated depreciation	350,529	185,826
	$ 992,918	$ 1,069,368

Depreciation expense of the Holding Company for 2016 and 2015 was $164,703 and $143,936, respectively.

6. PROPERTY AND EQUIPMENT, INTERESTS IN REAL PROPERTY AND REAL ESTATE OWNED (Continued)

Solar Energy Programs

The Corporation operates various ground and roof-mounted photovoltaic panel installations that are owned by the affiliates that operate its solar energy programs (see Note 1). All projects are located in Massachusetts.

In connection with certain of these installations, SEA and SEA QALICB received financial support in the form of grant proceeds of the Holding Company's EAP grant (see Note 2), Massachusetts Renewable Energy Trust (MRET) rebates, Massachusetts Clean Energy Center (MCEC) grants, and Federal Payments for Specified Energy Property in Lieu of Tax Credits under Section 1603 of the American Recovery and Reinvestment Act of 2009 (Section 1603 payments), all of which have reduced the cost of the solar energy equipment for depreciation purposes (see Note 2). There are specific recapture provisions associated with the MRET rebates and Section 1603 payments. SEA and SEA QALICB were in compliance with these provisions as of December 31, 2016 and 2015. Management maintained compliance throughout the five-year recapture period applicable to these projects which expired through June 2016.

The net carrying value of the solar panel projects are as follows at December 31:

2016	SEA	SEA QALICB	SEA QALICB II	Solar III	Total
Solar energy panels and installation	$ 10,366,847	$ 5,091,403	$ 6,903,719	$ 9,718,284	$ 32,080,253
Less - MRET rebates, MCEC grants and Section 1603 payments	(5,141,188)	(215,889)	-	-	(5,357,077)
Less - EAP grants received from the Holding Company	(2,307,684)	-	-	-	(2,307,684)
Depreciable cost basis	2,917,975	4,875,514	6,903,719	9,718,284	24,415,492
Less - accumulated depreciation	(1,675,387)	(2,016,375)	(1,509,519)	(719,882)	(5,921,163)
Net book value of projects	$ 1,242,588	$ 2,859,139	$ 5,394,200	$ 8,998,402	18,494,329
Less - elimination of developer fee profit earned by SEA					(569,183)
Net book value of projects after elimination					$ 17,925,146

6. PROPERTY AND EQUIPMENT, INTERESTS IN REAL PROPERTY AND REAL ESTATE OWNED (Continued)

Solar Energy Programs (Continued)

2015	SEA	SEA QALICB	SEA QALICB II	Total
Solar energy panels and installation	$ 12,137,003	$ 5,088,663	$ 6,903,719	$ 24,129,385
Less - MRET rebates, MCEC grants and Section 1603 payments	(5,672,728)	(215,889)	-	(5,888,617)
Less - EAP grants received from the Holding Company	(3,116,004)	-	-	(3,116,004)
Depreciable cost basis	3,348,271	4,872,774	6,903,719	15,124,764
Less - accumulated depreciation	(1,864,182)	(1,610,667)	(933,599)	(4,408,448)
Net book value of projects in service	1,484,089	3,262,107	5,970,120	10,716,316
Construction in progress at Solar III	-	-	2,867,838	2,867,838
	$ 1,484,089	$ 3,262,107	$ 8,837,958	$ 13,584,154

Construction in progress of Solar III at December 31, 2015, in the amount of $2,867,838 consisted of costs related to the installation and construction of four solar projects in Massachusetts. As of December 31, 2016, Solar III completed construction and the projects were placed into service.

For the years ended December 31, 2016 and 2015, depreciation expense related to SEA, SEA QALICB, SEA QALICB II and Solar III totaled $1,944,655 and $1,445,029, respectively. During 2016, SEA sold one of its fully depreciated solar panels for $38,000, which is included in net loss on disposal of property and equipment in the accompanying 2016 consolidated statement of activities.

The Holding Company and SEA are the developers of the solar projects on behalf of the affiliates which own them. Developer fees were accounted for using the completed-contract method, as the developer fee agreements are short-term contracts. The portion of any developer fee that is considered intercompany profit has been eliminated from the consolidated financial statements (see page 45).

During 2016, Solar III paid a developer fee to SEA in the amount of $1,174,884 for overseeing the development, installation, and construction of its projects. The developer fee has been capitalized and included in property and equipment.

SEA, SEA QALICB, SEA QALICB II and Solar III have power purchase and host agreements with the host of each of the solar panel projects. Under the power purchase agreements, the applicable affiliate constructs and installs integrated solar-photovoltaic electricity generating systems (the systems) in order to provide solar energy for the host. Each agreement obligates the host to buy the power produced by its solar panel project, for which the host is billed monthly at a rate per kilowatt hour of energy specified in the agreement. SEA manages the billing process on behalf of each affiliate and transfers payments accordingly. The initial term of each agreement is ten or twenty years. Ten-year agreements may be extended as provided in the agreement. The host may terminate its agreement on specified dates provided that the host pays the affiliate an early buyout purchase price for the solar panel project. The host can also buy each solar panel project on the agreement expiration date. Solar III has also signed net metering credit purchase and sale agreement with owners of residential affordable rental housing developments serving low income communities and residents in Massachusetts. Each agreement obligates the purchaser to buy the net metering credits generated by the solar panel systems.

6. PROPERTY AND EQUIPMENT, INTERESTS IN REAL PROPERTY AND REAL ESTATE OWNED (Continued)

Solar Energy Programs (Continued)

The related power purchase agreement revenue (PPA) is as follows for 2016 and 2015 and is included in program revenue and fees in the accompanying consolidated statements of activities:

	2016	2015
SEA PPA	$ 240,496	$ 252,993
SEA QALICB PPA	90,212	93,688
SEA QALICB II PPA	264,891	246,304
Solar III PPA	328,266	-
Total PPA revenue	$ 923,865	$ 592,985

The solar developments also earn Solar Renewable Energy Certificates (SRECs) and Renewable Energy Certificates (RECs) under the Commonwealth of Massachusetts' Renewable Portfolio Standard program for the production of energy through the solar energy projects. SEA entered into transaction agreements with two utility companies to sell specified amounts of SRECs and RECs at specified rates to these companies for specified time periods. SEA is obligated to sell certain amounts of SRECs and RECs to one of the utility companies through 2017. If SEA does not provide the specified quantity of RECs as described in the agreements, SEA would be obligated to reimburse the utility company for any additional costs paid to obtain substitute RECs over the agreed-upon price. SEA acts as an agent for the RECs earned by the QALICBs and generally transfers the RECs and SRECs to the contracting utility upon receipt.

The related REC and SREC revenue are as follows for 2016 and 2015 and are included in program revenue and fees in the accompanying consolidated statements of activities:

	2016	2015
SEA REC	$ 65,237	$ 72,075
SEA SREC	$ 170,650	$ 140,884
SEA QALICB SREC	331,213	345,263
SEA QALICB II SREC	840,322	695,379
Solar III SREC	835,790	-
Total SREC revenue	$ 2,243,212	$ 1,181,526

WegoWise, Inc.

WegoWise held office equipment with a cost of $165,800 and $107,828 and accumulated depreciation of $113,836 and $83,026 as of December 31, 2016 and 2015, respectively. Depreciation expense for WegoWise for 2016 and 2015 was $30,810 and $23,748, respectively.

Costs incurred to develop software applications used in WegoWise's operations consist of payroll and payroll-related costs for employees who are directly associated with and who devote time to developing internal-use computer software. Research and development costs incurred during the preliminary project stage or costs incurred for data conversion activities, maintenance and general and administrative or overhead costs are expensed as incurred. Capitalization may begin when the preliminary project stage is complete; management with the relevant authority, authorizes and commits to the funding of the software project; it is probable the project will be completed; the software will be used to perform the functions intended in future periods; and certain functional and quality standards have been met.

6. PROPERTY AND EQUIPMENT, INTERESTS IN REAL PROPERTY AND REAL ESTATE OWNED (Continued)

WegoWise, Inc. (Continued)

Management intends to capitalize the costs incurred developing internal-use computer software where technological feasibility has been established. However, given the nature of the changes in WegoWise's technology platform, all software development costs incurred since inception through December 31, 2016, have been expensed as management does not deem individual projects to have a useful life beyond one year.

Foreclosure and Home Mortgage Services

NSP

In connection with activities of the SUN Initiative, foreclosed and other residential properties in low-income communities are purchased by NSP, rehabilitated and held for resale with the intent that they be resold to the original owner. SUN Financing generally acquires the beneficial interests in these properties.

For the properties purchased by NSP and then resold to individuals through a mortgage loan, NSP holds shared appreciation agreements with each borrower that entitle NSP to a specified share of the proceeds less the original contract sales price on any potential future sale of these properties as outlined in these agreements. Realized gains from sales of interests in real property are earned upon sale of interests in real properties to mortgage lenders other than Aura Mortgage and represent the difference between sale price and net book value of interests in real property at time of sale. Income received by NSP associated with shared appreciation notes is recognized upon full repayment of loans receivable within the SUN Initiative. For the years ended December 31, 2016 and 2015, NSP recognized gains totaling $488,717 and $248,897, respectively, resulting from the sale of properties, which is included in program revenue and fees in the accompanying combining and consolidating statements of activities.

SUN Financing's Interests in Real Property and Real Estate Owned

Properties Held for Sale

Interests in real property held for sale substantially consist of real property owned by NSP in which SUN Financing or SUN Financing II have purchased an interest of the real property's income. At the time of sale, NSP transfers the value of the property to SUN Financing or SUN Financing II. NSP manages the rental and held for sale properties and transfers the net rental income to the affiliate holding the interest. Total rental income received was $50,813 and $98,121 for 2016 and 2015, respectively, which is included in program revenue and fees in the accompanying consolidated statements of activities. NSP transferred rental income totaling $30,042 and $62,580 to SUN Initiative during 2016 and 2015, respectively, and is included in program revenue and fees in the accompanying consolidated statements of activities. Due to the uncertainty of when these properties will sell, they have been classified as long-term assets in the accompanying consolidated statements of financial position.

6. PROPERTY AND EQUIPMENT, INTERESTS IN REAL PROPERTY AND REAL ESTATE OWNED (Continued)

SUN Financing's Interests in Real Property and Real Estate Owned (Continued)

Properties Held for Sale (Continued)

A reconciliation of properties held for sale for SUN Financing is as follows as of December 31:

	SUN Financing	SUN Financing II	Total
Balance at December 31, 2014	$ 1,009,877	$ -	$ 1,009,877
Purchase of interests in real properties	14,010,527	-	14,010,527
Renovations made to properties	41,432	-	41,432
Cost basis of interests in real property transferred to SUN Financing II	(5,229,731)	5,229,731	-
Cost basis of interests in real property converted to interests in loans receivable (see Note 4)	(9,538,594)	(5,229,731)	(14,768,325)
Balance at December 31, 2015	293,511	-	293,511
Purchase of interests in real properties	20,460,436	-	20,460,436
Cost basis of interests in real property transferred to SUN Financing II	(9,937,063)	9,937,063	-
Cost basis of interests in real property converted to interests in loans receivable (see Note 4)	(10,650,533)	(9,937,063)	(20,587,596)
Balance at December 31, 2016	$ 166,351	$ -	$ 166,351

Real Estate Owned

During 2015, Aura Mortgage foreclosed on three residential real estate properties which it had financed. In addition, during 2015, SUN Financing foreclosed on three residential real estate properties in which it had an interest in the loan receivable. There were no such properties acquired through foreclosure in 2016. Both Aura Mortgage and SUN Financing acquired ownership of the residential real estate properties and canceled the respective mortgage loans.

6. PROPERTY AND EQUIPMENT, INTERESTS IN REAL PROPERTY AND REAL ESTATE OWNED (Continued)

SUN Financing's Interests in Real Property and Real Estate Owned (Continued)

Real Estate Owned (Continued)

A reconciliation of real estate owned is as follows as of December 31:

	Aura Mortgage	SUN Financing	Total
Balance at December 31, 2014	$ 637,967	$ -	$ 637,967
Properties acquired through foreclosure	562,161	572,163	1,134,324
Improvements to the properties	68,578	-	68,578
Sales of real estate owned	(327,552)	-	(327,552)
Balance at December 31, 2015	941,154	572,163	1,513,317
Release of reserve against property owned	(41,854)	-	(41,854)
Improvements to the properties	39,212	3,760	42,972
Sales of real estate owned	(729,121)	-	(729,121)
Balance at December 31, 2016	$ 209,391	$ 575,923	$ 785,314

During 2016 and 2015, Aura Mortgage sold three and two residential real estate properties for cash resulting in gains of $148,183 and $114,469, respectively, which are included in net gains on sales of real estate in the accompanying consolidated statements of activities. Subsequent to December 31, 2016, Aura Mortgage sold its remaining property, which is reported as a current asset in the accompanying 2016 consolidated statement of financial position.

Total property and equipment, interests in real property and real estate owned, net is comprised of the following at December 31:

	2016	2015
Holding Company property and equipment	$ 992,918	$ 1,069,368
SEA - Solar energy equipment	17,925,146	13,584,154
WegoWise office equipment	51,964	24,802
Foreclosure and Home Mortgage Services:		
Aura Mortgage foreclosed property	209,391	941,154
SUN Financing - foreclosed property	575,923	572,163
SUN Financing - properties held for sale	166,351	293,511
	19,921,693	16,485,152
Less - eliminations	(158,091)	(174,932)
	19,763,602	16,310,220
Portion reported as current asset	(209,391)	-
Portion reported as non-current	$ 19,554,211	$ 16,310,220

Eliminations represent the undepreciated net profit of capitalized developer fees earned by the Holding Company related to solar installations (see page 41).

7. LOANS PAYABLE

Loan Fund

Loans payable of the Loan Fund represent loans by approximately 350 lenders ("investors") in principal amounts ranging from $500 to $10,000,000. Loans payable bear interest at rates ranging from 0% to 4.3%, payable at various dates through 2028.

Lines of Credit

The Loan Fund has a $15,000,000 unsecured revolving line of credit with a financial institution, which expires in September 2017. The interest rate on this line of credit is a thirty-day London Interbank Offered Rate (LIBOR) (0.7164% and 0.3584% as of December 31, 2016 and 2015, respectively), plus 1.5%, with a minimum rate of 1.65%. There was no balance on this line of credit as of December 31, 2016 and 2015.

The Loan Fund has a $15,000,000 unsecured non-revolving line of credit agreement with a financial institution, which expires on June 30, 2018. Outstanding advances under this line of credit bear interest at the financial institution's seven-year cost of funds, plus 125 basis points on the date of the draw. Proceeds from this line of credit are to be used only to finance qualifying New Markets Tax Credit loans in certain states. During 2016 and 2015, the Loan Fund made a $5,000,000 payment on the outstanding balance. As of December 31, 2016 and 2015, $5,000,000 and $10,000,000, respectively, was outstanding on this line of credit. Funds advanced under these draws bear interest at rates ranging from 3.24% to 3.73%. The interest rates are locked-in on the specific date of each draw. There was no available credit as of December 31, 2016 and 2015.

The Loan Fund has a $2,500,000 unsecured revolving line of credit with a financial institution, which expires August 31, 2017. The interest rate on this line of credit is a thirty-day LIBOR (0.7164% and 0.3584% as of December 31, 2016 and 2015, respectively), plus 1.5%. There was no balance on this line of credit as of December 31, 2016 and 2015. The Loan Fund also has an additional $10,000,000 unsecured non-revolving line of credit with this financial institution, which expires on December 21, 2021. The interest rate on this line of credit is based on the applicable Federal Home Loan Bank of Boston (FHLBB) Rate at the time of the borrowings. The interest rates are locked-in on the specific date of each draw. During 2016 and 2015, the line of credit was drawn in full at an interest rate of 4%. As of December 31, 2016 and 2015, $10,000,000 was outstanding on this line of credit.

The Loan Fund has a $10,000,000 unsecured revolving line of credit with a financial institution, which originally expired on November 30, 2021. During 2015, this line of credit was extended until November 30, 2022, under the same terms. The interest rate on this line of credit is 1.34% and interest is due in quarterly payments. As of December 31, 2016 and 2015, $10,000,000 and $6,300,000, respectively, was outstanding on this line of credit.

The Loan Fund has a $15,000,000 unsecured revolving line of credit with a financial institution, which expires on December 31, 2022. The interest rate on this line of credit is 2.5% and interest is due in quarterly payments. There was no outstanding balance on this line of credit as of December 31, 2016.

The Loan Fund had a $10,000,000 unsecured non-revolving line of credit with a financial institution, which expires on November 30, 2026. The interest rate on this line of credit is 3.25% and interest is due at the end of each calendar quarter. As of December 31, 2016, $10,000,000 was outstanding on this line of credit. There was no outstanding balance on this line of credit as of December 31, 2015

The Loan fund has a $5,000,000 unsecured revolving line of credit with a financial institution, which expires on May 31, 2018. The interest rate on this line of credit is a thirty-day London Interbank Offered Rate (LIBOR) (0.7164% as of December 31, 2016), plus 2.5%. There was no outstanding balance on this line of credit as of December 31, 2016.

7. LOANS PAYABLE (Continued)

The above loans payable and lines of credit require the Loan Fund to maintain certain financial ratios and other covenants as specified in the agreements. As of December 31, 2016 and 2015, the Loan Fund was in compliance with these covenants. As of December 31, 2016 and 2015, the Loan Fund had $37,500,000 and $31,200,000, respectively, available on lines of credit.

The balance of loans payable of the Loan Fund were as follows as of December 31:

	2016	2015
Lines of credit	$ 35,000,000	$ 26,300,000
Other loans payable	33,473,637	31,636,790
	$ 68,473,637	$ 57,936,790

In the ordinary course of operations, the Loan Fund may negotiate extensions of maturity with many investors. The current maturities as of December 31, 2016, include approximately $1,200,000 of loan principal which has matured, but has not been paid or formally extended. Management is in the process of negotiating extensions of these loans. Current maturities as of December 31, 2016, also include approximately $1,400,000 considered due on demand.

Solar Energy Programs

The Investment Fund

The Investment Fund entered into a leverage loan (leverage loan) agreement with a bank in the amount of $4,163,819, which was used to partially fund the QEI (see Note 1). Outstanding amounts bear interest at 4.24% per annum, compounded annually. Interest-only payments were due each month during 2016. During 2016, the leverage loan was partially prepaid without penalty in the amount of $3,852,005. Commencing on December 31, 2016, and each successive fiscal year December 31 through December 31, 2018, the Investment Fund will make principal payments on the remaining balance of $311,814 in 2017 in the amount of available cash flow. As of December 31, 2016, there is no principal payment due based on 2016 available cash flow as defined in the loan agreement.

Solar III

Solar III entered into a loan agreement with a bank in the amount of $4,802,252. Outstanding amounts bear interest at 5.11% per annum. Beginning on January 1, 2016, Solar III is required to make interest only payments through October 1, 2016. Beginning on January 1, 2017, Solar III is required to make principal and interest payments to fully amortize the loan in ten years. Beginning on December 31, 2016 and through December 31, 2025, Solar III is also required to make an additional principal payment equal to 95% of surplus cash flow as defined in the loan agreement. As of December 31, 2016, there is an additional principal payment based on 2016 surplus cash flow and the additional principal payment was waived by the bank. As of December 31, 2016, Solar III has drawn down $4,482,795. SEA has unconditionally guaranteed the loan which is also secured by all assets of Solar III. The balance of the loan was $4,387,255 as of December 31, 2016.

The balance of loans payable of Solar Energy Programs were as follows as of December 31:

	2016	2015
The Investment Fund	$ 311,814	$ 4,163,819
Solar III	4,387,255	-
	$ 4,699,069	$ 4,163,819

7. LOANS PAYABLE (Continued)

Foreclosure and Home Mortgage Services

SUN Financing and SUN Financing II

SUN Financing entered into a Note Purchase Agreement with the Loan Fund as the original purchaser and with additional purchasers. The Loan Fund's purchased interest as of December 31, 2016 and 2015, was $10,000,000 and is eliminated from the accompanying consolidated statements of financial position. In addition, SUN Financing II has a similar agreement with certain other purchasers. Under these agreements, SUN Financing and SUN Financing II are able to sell notes representing the purchasers' commitments to make advances from time-to-time in the aggregate principal amounts of $50,000,000 and $100,000,000, respectively. The principal amounts of the loans payable range from $5,000 to $5,000,000. The interest expense incurred on the Note Purchase Agreement with the Loan Fund was $432,083 and $430,903 in 2016 and 2015, respectively, which has been eliminated from the accompanying consolidated statements of activities.

Loans payable under the Note Purchase Agreement with SUN Financing bear interest at rates ranging from 3.0% to 4.25%, payable quarterly in arrears, and were set to mature in May 2015. During 2015, a portion of these notes were extended for an additional term through December 2020. In addition, nineteen holders of the notes payable elected not to renew their agreement with SUN Financing. The balance of these notes payable repaid during 2015 totaled $20,295,000. Five note payable holders whose loans totaled $1,220,000, elected to transfer their investment to SUN Financing II in 2015.

Loans payable under the Note Purchase Agreement with SUN Financing II bear interest at 4.25%, payable quarterly in arrears, and mature in December 2020. All loans payable may be prepaid without penalty. The Note Purchase Agreements require SUN Financing and SUN Financing II to maintain certain covenants as specified in the agreements. As of December 31, 2016 and 2015, SUN Financing and SUN Financing II were in compliance with these covenants.

Interest expense under the loans payable excluding the Loan Fund's interest, was as follows for the years ended December 31:

	2016	2015
SUN Financing	$ 662,506	$ 999,814
SUN Financing II	366,052	253,031
	$ 1,028,558	$ 1,252,845

The total amount outstanding under these note payable agreements, excluding the Loan Fund's $10,000,000 interest, was as follows as of December 31:

	2016	2015
SUN Financing	$ 18,787,820	$ 14,481,458
SUN Financing II	8,626,104	8,228,864
	$ 27,413,924	$ 22,710,322

7. LOANS PAYABLE (Continued)

Foreclosure and Home Mortgage Services (Continued)

Aura Mortgage

Aura Mortgage has a note payable with a bank in the maximum amount of $75,000,000. Under the terms of the agreement, interest accrues at a rate of 4.25% (as amended from 4.75% in October, 2016) through August 2023 at which point the interest rate shall adjust to the *Federal Home Loan Bank* rate plus 2.25%. Interest only payments are due on borrowings through November 2018 at which point, monthly principal and interest payments are required to be made based upon a twenty-three year amortization period on the outstanding balance at that time plus any excess cash flow generated from collateral consisting of principal payments on pledged loans, as defined in the agreement. All remaining unpaid principal and accrued interest is due and payable in October 2036. The principal balance at December 31, 2016 and 2015 was $50,000,000 and $38,587,127, respectively. Interest expense on the note payable totaled $1,953,202 and $1,327,204 for 2016 and 2015, respectively, and is included in interest expense in the accompanying consolidated statements of activities. Accrued interest on this note payable was $94,504 and $76,370 as of December 31, 2016 and 2015, respectively. The note payable is shown net of unamortized debt issuance costs of $723,802 and $677,424, respectively, as of December 31, 2016 and 2015. Interest – amortization of deferred financing fees were amounted to $39,626 and $37,163 for 2016 and 2015, respectively. Interest – amortization of deferred financing fees are expected to be $42,725 per year for the next five years.

Aura Mortgage has pledged the balance of its loans receivable (see Note 5) as security on the note payable, as well as principal and interest payments received relating to the pledged loans receivable. In addition, the note is secured by a cash account held at the bank.

Aura Mortgage is also required to comply with certain financial and non-financial covenants associated with the note payable. Aura Mortgage was in compliance with these covenants as of December 31, 2016 and 2015.

In connection with the note payable agreement, NSP has entered into an Unlimited Guaranty agreement with the bank, whereby NSP guarantees Aura Mortgage's payment and performance under the terms of the note payable.

WegoWise

In February 2016, WegoWise entered into a loan agreement with a bank for borrowing up to $7,000,000 through February 2018, with a maturity date of February 22, 2023, and a fixed interest rate of 4.5%. As of December 31, 2016, WegoWise has drawn down $5,000,000. Beginning on March 22, 2016, WegoWise is required to make monthly payments of accrued and unpaid interest on the outstanding principal owed on this loan. Beginning on March 22, 2018, WegoWise is required to make monthly payments of principal and interest to fully repay the outstanding principal amount of this loan over a sixty-month amortization period. This loan is unconditionally guaranteed by BCC and partially secured by a restricted cash account held by WegoWise (see Note 2). The loan agreement contains various covenants with which WegoWise must comply. WegoWise was in compliance with these covenants at December 31, 2016.

7. LOANS PAYABLE (Continued)

Maturities

Maturities of all loans payable, as adjusted for commitments to refinance current maturities, as of December 31, 2016, are as follows:

Year	Loan Fund	Solar Energy Programs	Foreclosure and Homes Mortgage Services	WegoWise	Total
2017	$ 7,267,784	$ 297,164	$ 1,741,019	$ -	$ 9,305,967
2018	11,052,276	414,316	1,825,542	747,883	14,040,017
2019	8,119,631	747,805	1,914,168	928,742	11,710,346
2020	5,019,253	458,799	20,794,917	971,408	27,244,377
2021	26,825,838	482,801	2,104,535	1,016,035	30,429,209
Thereafter	10,188,855	2,298,184	49,033,743	1,335,932	62,856,714
Total loans	68,473,637	4,699,069	77,413,924	5,000,000	155,586,630
Less - current portion	(7,267,784)	(297,164)	(1,741,019)	-	(9,305,967)
Less - unamortized debt issuance costs	(58,132)	-	(723,802)	(129,480)	(911,414)
Loans payable, net of current portion	$ 61,147,721	$ 4,401,905	$ 74,949,103	$ 4,870,520	$ 145,369,249

The above schedule of maturities includes only regularly scheduled principal payments for principal outstanding at December 31, 2016 and does not include payments related to commitments to pay available or excess cash which may be determined from time to time under certain agreements.

8. PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE

Permanent loan capital - subordinated loans payable consist of long-term subordinated loans payable of the Loan Fund (46 and 44 individual loans as of December 31, 2016 and 2015, respectively) from financial and other institutions, bearing simple interest at rates between 2% and 4%. These loans have substantially similar terms including annual interest-only payments until final maturity, occurring between 2019 and 2028. These loans are subordinate and junior to all other obligations of the Loan Fund. Only two notes with original principal of $500,000 each are currently amortizing.

Each loan was issued with an initial maturity of nine to twenty years. The initial maturity dates automatically extend by one year at the end of each of the first five years of the loans' terms. The final maturity dates may then be extended at their anniversary dates, indefinitely, based upon specified criteria in the loan terms and agreements of the Loan Fund and the lenders.

Permanent loan capital - subordinated loans payable also include a $4,410,000 Equity Equivalent Security (EQ2 Security) with the Treasury (see Note 1), which the Loan Fund entered into in 2011. Outstanding amounts under this agreement bear interest at 2% through the maturity date in September 2019. The Loan Fund is required to make quarterly interest payments until maturity. The Loan Fund can elect to extend the maturity date of the EQ2 Security through September 2021. If the Loan Fund elects to extend the maturity date, any interest payments occurring after September 2021, will be calculated at 9% of the outstanding principal balance.

8. PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE (Continued)

Maturity dates of principal over the next five years as of December 31, 2016, are as follows:

2017	$ 102,963
2018	105,042
2019	4,517,162
2020	81,606
2021	22,889
Thereafter	20,749,999
Total loans	$ 25,579,661

9. NEW MARKETS TAX CREDITS PROGRAM

The New Markets Tax Credits Program was formed to provide investment capital raised through the Federal NMTC Program to businesses in low-income communities that are not served by conventional forms of financing or equity. The Corporation implements the program by competitively applying for allocations of NMTC and seeking investor capital for qualifying projects nationally. The majority of its NMTC allocations have been used to make low-interest loans through the CDE LLCs (see Note 1). The loan proceeds were provided for various projects including:

- for the purpose of acquiring land, developing, owning, operating, and selling income producing timberlands;
- to construct a sweet potato processing plant and make other certain improvements for the production and sale of sweet potato food products;
- to build a school for a local charter school in Boston, Massachusetts; and
- to facilitate the delivery of solar energy to affordable housing projects and other facilities.

Managed Assets entered into agreements with the CDE LLCs' Investor Members, who provided approximately $468 million of cumulative QEIs as of December 31, 2016, to make QLICIs of the active CDE LLCs. By making QLICIs, the CDE LLCs enable the Investor Members to claim approximately $183 million of NMTC over credit periods of seven years.

For Managed Assets' participation in establishing the CDE LLCs and underwriting the QLICIs made, Managed Assets earns upfront and sub-allocation fees, which are included in program revenue and fees (see Note 2) in the accompanying consolidated statements of activities. Fee earned in 2015 were as follows:

	2015
BCC NMTC CDE XXI, LLC	$ 695,000
BCC NMTC CDE XXII, LLC	300,000
BCC NMTC CDE XXIII, LLC	215,526
Total	$ 1,210,526

There were no such fees earned in 2016 as there were no new CDEs activated during 2016.

Sub-allocation fees may also include delayed portions earned by Managed Assets as compensation for annual services related to servicing and management of the CDE entities. Though the delayed sub-allocation fees are recognized over the seven-year expected lives of the CDE LLCs, the entire fee is recorded as receivable at the inception of the agreement because these fees are generally guaranteed to be paid by the respective CDE LLCs or their investors. The delayed portions not yet collected are included in affiliate loans and fees receivable.

9. NEW MARKETS TAX CREDITS PROGRAM (Continued)

Delayed fees receivable are as follows at December 31:

	2016	2015	Quarterly Installments Payable Through
BCC NMTC CDE VIII, LLC	$ 283,334	$ 1,416,667	May 2017
BCC NMTC CDE X, LLC	243,119	287,321	March 2018
BCC NMTC CDE XII, LLC	-	64,606	December 2015
BCC NMTC CDE XIII, LLC	-	143,990	December 2015
BCC NMTC CDE XIV, LLC	1,388,703	1,660,840	March 2016
BCC NMTC CDE XV, LLC	771,530	1,097,605	December 2016
BCC NMTC CDE XVI, LLC	509,673	842,069	January 2020
BCC NMTC CDE XVII, LLC	256,591	422,871	March 2017
BCC NMTC CDE XVIII, LLC	200,141	581,012	March 2017
BCC NMTC CDE XIX, LLC	84,319	170,731	November 2017
BCC NMTC CDE XX, LLC	776,155	1,134,266	September 2019
BCC NMTC CDE XXI, LLC	948,547	1,171,236	March 2020
BCC NMTC CDE XXII, LLC	600,000	600,000	December 2020
BCC NMTC CDE XXIII, LLC	400,260	431,049	December 2020
Total	$ 6,462,372	$ 10,024,263	

The current portion of delayed fees receivable represents the amount expected to be paid by CDEs during the following year based on expected available cash.

For 2016 and 2015, Managed Assets and the Holding Company have reported $4,487,831 (Managed Assets: $3,237,831, Holding Company: $1,250,000) and $4,322,616 (Managed Assets: $2,922,616, Holding Company: $1,400,000), respectively, of these fees as revenue, which is included in program revenue and fees in the accompanying consolidated statements of activities. The portion of the delayed fees which Managed Assets allocates to future services is included in deferred revenue in the accompanying consolidated statements of financial position. Deferred revenue is as follows at December 31:

	2016	2015
BCC NMTC CDE VIII, LLC	$ 283,333	$ 1,254,762
BCC NMTC CDE IX, LLC	933,610	1,867,221
BCC NMTC CDE X, LLC *	100,917	189,323
BCC NMTC CDE XI, LLC	488,281	813,845
BCC NMTC CDE XII, LLC	356,267	562,282
BCC NMTC CDE XIII, LLC	451,127	676,691
BCC NMTC CDE XIV, LLC	962,406	1,323,308
BCC NMTC CDE XV, LLC	834,597	1,129,162
BCC NMTC CDE XVI, LLC *	509,673	642,630
BCC NMTC CDE XVII, LLC	399,259	513,545
BCC NMTC CDE XVIII, LLC	752,369	967,331
BCC NMTC CDE XIX, LLC	192,571	240,714
BCC NMTC CDE XX, LLC	1,052,630	1,278,194
BCC NMTC CDE XXI, LLC	1,026,952	1,225,523
BCC NMTC CDE XXII, LLC *	507,143	592,856
BCC NMTC CDE XXIII, LLC	369,214	430,792
Total NMTC delayed fees	9,220,349	13,708,179
WegoWise subscriptions (see Note 2) and other	1,143,489	825,831
Less - eliminations *	(1,117,733)	(1,424,809)
Total deferred revenue	$ 9,246,105	$ 13,109,201

9. NEW MARKETS TAX CREDITS PROGRAM (Continued)

Terms of the agreements with the Investor Members require Managed Assets to maintain certain covenants to avoid recapture of NMTC and possible reimbursement of a portion of upfront fees it has received. At December 31, 2016 and 2015, Managed Assets was in compliance with all such covenants and management expects to maintain compliance throughout the expected seven-year NMTC credit period of each of QEI.

Total fees earned by Managed Assets and the Holding Company related to the NMTC programs are as follows for the years ended December 31:

	2016	2015
Delayed sub-allocation fees	$ 4,487,831	$ 4,322,616
Upfront fees	-	1,210,526
Total	$ 4,487,831	$ 5,533,142

10. LEASE AND OTHER COMMITMENTS

The Corporation has a lease agreement to rent office space and parking in Roxbury, Massachusetts through June 2019, with an option to extend for an additional five-year period. Monthly base rent under this lease is $23,067, with additional rent of $11,075 per month as set forth in the lease agreement. The Corporation is also responsible for its proportionate share of property taxes and certain operating expenses, as defined in the agreement.

Total rent expense under these facility leases was $421,601 and $445,037 for 2016 and 2015, respectively, and is included in office operations in the accompanying consolidated statements of activities.

The Corporation also has lease commitments for office equipment and telecommunications and information technology services. These agreements require aggregate monthly operating payments of approximately $1,600 and expire at various dates through July 2021.

Future minimum payments under all lease and other agreements are as follows:

	Facilities	Equipment
2017	$ 409,704	$ 19,646
2018	$ 409,704	$ 19,176
2019	$ 204,852	$ 19,176
2020	$ -	$ 19,176
2021	$ -	$ 11,186

WegoWise has two lease agreements to rent office space in Boston, Massachusetts through October 21, 2022. Monthly base rent under these leases is $18,040 and increased as defined in the agreement. WegoWise is also responsible for its proportionate share of property taxes and certain operating expenses, as defined in the agreement. The expense under these lease were $107,373 and $53,573 for the years ended December 31, 2016 and 2015, respectively, and is included in office operations in the accompanying consolidated statements of activities.

10. LEASE AND OTHER COMMITMENTS (Continued)

Future minimum lease payments under these agreements for WegoWise are as follow:

2017	$ 220,766
2018	$ 172,736
2019	$ 166,509
2020	$ 170,806
2021	$ 130,521

In December 2016, WegoWise subleased office space to an unrelated organization. Monthly installments of approximately $5,200 are due through February 28, 2018. Rental income for the next two years will be approximately $64,000 and $11,000, respectively.

11. PENSION PLAN

The Corporation has adopted an IRC Section 401(k) plan (the Plan) managed by an investment manager, which includes a Roth option. Employees may withhold contributions from their salaries on a tax-deferred basis within IRC limits. The Corporation provides a 100% match for all employee contributions up to 4% of their total wages, not exceeding $205,000 annually. All employees age 21 and over are eligible to participate in the Plan. Pension expense for 2016 and 2015 was $135,958 and $128,924, respectively, and is included in personnel in the accompanying consolidated statements of activities.

12. INCOME TAXES

At December 31, 2016 and 2015, WegoWise and SEA had the following net operating loss (NOL) carryforwards available to offset future taxable income:

	2016	2015
SEA:		
Federal NOL	$ 6,203,310	$ 6,395,000
State NOL	$ 4,268,000	$ 4,345,000
WegoWise:		
Federal NOL	$ 13,257,000	$ 8,760,000
State NOL	$ 13,232,000	$ 8,740,000

These carryforwards expire at various times through 2036. These Federal NOLs may be carried forward for twenty years following the year of loss. Massachusetts NOLs may be carried forward for five years or up to twenty years for losses incurred in 2010 or later. Utilization of NOL carryforwards may be subject to a substantial annual limitation due to ownership change limitations that could occur in the future as provided by Section 382 of the IRC. Due to the uncertainty of recognizing these carryforwards in future periods, the deferred tax assets associated with them have been fully reserved as of December 31, 2016 and 2015.

The deferred tax assets for WegoWise also include the expected tax consequence related to advance payments received as deferred revenue.

12. INCOME TAXES (Continued)

As of December 31, 2016 and 2015, the components of the Corporation's net deferred tax asset are as follows:

	2016	2015
Net operating loss carryforwards - WegoWise	$ 5,206,000	$ 3,366,000
Net operating loss carryforwards - SEA	2,421,000	2,492,000
Deferred revenue and other - WegoWise	457,000	248,500
	8,084,000	6,106,500
Less - valuation allowance	8,084,000	6,106,500
	$ -	$ -

13. CONDITIONAL GRANT

During 2016, the Loan Fund received a commitment for an $8,000,000 conditional grant from the U.S. Department of Education (ED). The Loan Fund will work with Nonprofit Finance Fund (NFF) to provide credit enhancement for 25 charter schools or 7,150 student slots. The Loan Fund and NFF together expect to deploy $20,000,000 in loan capital, not including the ED funds, as part of this agreement. These funds are conditional based on meeting certain benchmarks associated with deployment of the funds as defined within the agreement. Undeployed funds are refundable to ED in the case of default. Because of the nature of the grant's conditions, this commitment is not recorded as a pledge receivable as of December 31, 2016. The $8,000,000 was received subsequent to December 31, 2016.

14. RECLASSIFICATION

Certain amounts in the 2015 consolidated financial statements have been reclassified to conform with the 2016 presentation.

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

Combining and Consolidating Statement of Financial Position
December 31, 2016

	Boston Community Capital, Inc. and Operating Affiliates								
Assets	**Loan Fund**	**Managed Assets**	**Venture Fund**	**Holding Company**	**WegoWise, Inc.**	**Solar Energy Programs**	**Foreclosure and Home Mortgage Services**	**Eliminations**	**Total Operations**
Current Assets:									
Cash and cash equivalents	$ 17,450,344	$ 16,821,457	$ 1,338,014	$ 840,054	$ 1,034,603	$ 1,436,719	$ 16,146,064	$ -	$ 55,067,255
Restricted cash	-	-	-	-	-	-	-	-	-
Cash and cash equivalents - escrow funds held for others	1,232,693	-	-	2,095,313	-	-	401,606	-	3,729,612
Cash and cash equivalents - loan loss reserves	-	-	-	-	-	-	6,181,982	-	6,181,982
Marketable securities	11,500,738	-	-	-	-	-	-	-	11,500,738
Current portion of loans and interest receivable, net of allowance for loan losses	23,644,507	-	-	-	-	-	1,512,973	-	25,157,480
Current portion of affiliate loans, fees and interest receivable	-	2,316,569	-	-	-	-	-	(399,030)	1,917,539
Grants, rebates and other accounts receivable	3,750,000	-	-	5,558	410,112	1,298,132	906,508	-	6,370,310
Current portion of real estate owned	-	-	-	-	-	-	209,391	-	209,391
Other current assets	50,811	21,991	-	97,076	74,051	143,764	29,866	-	417,559
Current portion of due from affiliates	-	2,232,721	467	3,726,829	-	160,526	-	(6,120,543)	-
Total current assets	57,629,093	21,392,738	1,338,481	6,764,830	1,518,766	3,039,141	25,388,390	(6,519,573)	110,551,866
Loans and Interest Receivable, net of current portion and allowance for loan losses	59,806,878	-	-	-	-	-	84,408,214	-	144,215,092
Affiliate Loans, Fees and Interest Receivable, net of current portion	17,356,555	4,145,803	-	-	-	-	-	(18,310,317)	3,192,041
Origination Costs - Sub-Allocation Fee, net of accumulated amortization	-	-	-	-	-	1,654,126	-	(1,654,126)	-
Investments in Affiliates	-	61,020	14,455,844	8,644,431	-	-	-	(22,687,812)	473,483
Due from Affiliates, net of current portion	-	3,350,000	-	-	-	-	-	(3,350,000)	-
Property and Equipment, Interests in Real Property and Real Estate Owned, net	-	-	-	992,918	51,964	17,925,146	742,274	(158,091)	19,554,211
Total assets	$ 134,792,526	$ 28,949,561	$ 15,794,325	$ 16,402,179	$ 1,570,730	$ 22,618,413	$ 110,538,878	$ (52,679,919)	$ 277,986,693
Liabilities, Net Assets and Non-Controlling Interests									
Current Liabilities:									
Current portion of loans payable	$ 7,267,784	$ -	$ -	$ -	$ -	$ 297,164	$ 1,741,019	$ -	$ 9,305,967
Current portion of permanent loan capital - subordinated loans payable	102,963	-	-	-	-	-	-	-	102,963
Interest and accounts payable	899,511	-	-	715,923	401,493	98,332	349,107	-	2,464,366
Current portion of affiliate loans and interest payable	-	-	-	-	-	399,030	-	(399,030)	-
Escrow funds held for others	1,232,693	-	-	2,095,313	-	-	401,606	-	3,729,612
Current portion of due to affiliates	152,916	74,701	4,204	2,393,714	669	-	3,494,339	(6,120,543)	-
Total current liabilities	9,655,867	74,701	4,204	5,204,950	402,162	794,526	5,986,071	(6,519,573)	15,602,908
Loans Payable, net	61,147,721	-	-	-	4,870,520	4,401,905	74,949,103	-	145,369,249
Affiliate Loans and Interest Payable, net of current portion	-	-	-	-	-	3,660,317	10,000,000	(13,660,317)	-
Deferred Revenue	-	9,220,349	-	-	1,143,489	-	-	(1,117,733)	9,246,105
Due to Affiliates, net of current portion	-	-	-	3,350,000	-	-	-	(3,350,000)	-
Permanent Loan Capital - Subordinated Loans Payable, net of current portion	25,476,698	-	1,650,000	-	-	3,000,000	-	(4,650,000)	25,476,698
Total liabilities	96,280,286	9,295,050	1,654,204	8,554,950	6,416,171	11,856,748	90,935,174	(29,297,623)	195,694,960
Net Assets and Non-Controlling Interests:									
Unrestricted:									
General	27,360,376	16,243,491	1,334,277	1,650,492	-	-	-	9,347,491	55,936,127
Board designated for permanent loan capital and special programs	1,132,500	-	-	-	-	-	-	-	1,132,500
Board designated for loan loss reserves	7,136,043	-	-	-	-	-	-	-	7,136,043
Board designated for affiliate investments	-	3,411,020	12,805,844	5,294,431	-	-	-	(21,037,812)	473,483
Total unrestricted	35,628,919	19,654,511	14,140,121	6,944,923	-	-	-	(11,690,321)	64,678,153
Temporarily restricted:									
Permanent loan capital	883,321	-	-	-	-	-	-	-	883,321
Other purpose restrictions	2,000,000	-	-	902,306	-	-	-	-	2,902,306
Total temporarily restricted	2,883,321	-	-	902,306	-	-	-	-	3,785,627
Total net assets	38,512,240	19,654,511	14,140,121	7,847,229	-	-	-	(11,690,321)	68,463,780
Stockholder's equity and members' investment:									
Stockholder's equity - Solar Energy Advantage, Inc.	-	-	-	-	-	(586,390)	-	586,390	-
Stockholder's equity - WegoWise, Inc.	-	-	-	-	(4,495,790)	-	-	4,495,790	-
Members' investment - NSP Residential, LLC	-	-	-	-	-	-	2,600,841	(2,600,841)	-
Members' investment - Aura Mortgage Advisors, LLC	-	-	-	-	-	-	13,057,612	(13,057,612)	-
Members' investment - SUN Initiative Financing II, LLC	-	-	-	-	-	-	1,113,832	(1,113,832)	-
Total stockholder's equity and members' investment	-	-	-	-	(4,495,790)	(586,390)	16,772,285	(11,690,105)	-
Non-controlling interests in:									
SUN Initiative Financing, LLC	-	-	-	-	-	-	2,831,419	-	2,831,419
Solar Energy Programs	-	-	-	-	-	11,348,055	-	(1,870)	11,346,185
WegoWise, Inc.	-	-	-	-	(349,651)	-	-	-	(349,651)
Total non-controlling interests	-	-	-	-	(349,651)	11,348,055	2,831,419	(1,870)	13,827,953
Total net assets and non-controlling interests	38,512,240	19,654,511	14,140,121	7,847,229	(4,845,441)	10,761,665	19,603,704	(23,382,296)	82,291,733
Total liabilities, net assets and non-controlling interests	$ 134,792,526	$ 28,949,561	$ 15,794,325	$ 16,402,179	$ 1,570,730	$ 22,618,413	$ 110,538,878	$ (52,679,919)	$ 277,986,693

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

Combining and Consolidating Statement of Financial Position
December 31, 2015

	Boston Community Capital, Inc. and Operating Affiliates								
Assets	**Loan Fund**	**Managed Assets**	**Venture Fund**	**Holding Company**	**WegoWise, Inc.**	**Solar Energy Programs**	**Foreclosure and Home Mortgage Services**	**Eliminations**	**Total Operations**
Current Assets:									
Cash and cash equivalents	$ 11,877,488	$ 14,831,320	$ 1,216,042	$ 297,395	$ 364,355	$ 4,849,220	$ 12,020,325	$ -	$ 45,456,145
Cash and cash equivalents - escrow funds held for others	3,268,280	-	-	1,043,142	-	-	553,455	-	4,864,877
Cash and cash equivalents - loan loss reserves	-	-	-	-	-	-	6,954,559	-	6,954,559
Current portion of loans and interest receivable, net of allowance for loan losses	20,638,632	-	-	-	-	-	1,395,214	-	22,033,846
Current portion of affiliate loans, fees and interest receivable	149,988	3,597,094	-	-	-	-	-	(582,092)	3,164,990
Grants, rebates and other accounts receivable	-	-	99,000	4,529	311,954	859,069	553,671	-	1,828,223
Other current assets	76,885	-	10,192	97,524	10,393	141,438	33,495	-	369,927
Current portion of due from affiliates	-	3,169,935	-	4,028,238	-	-	-	(7,198,173)	-
Total current assets	36,011,273	21,598,349	1,325,234	5,470,828	686,702	5,849,727	21,510,719	(7,780,265)	84,672,567
Loans and Interest Receivable, net of current portion and allowance for loan losses	63,518,358	-	-	-	-	-	69,098,857	-	132,617,215
Affiliate Loans, Fees and Interest Receivable, net of current portion	18,762,230	6,427,169	5,349,660	1,895,096	-	-	-	(27,304,272)	5,129,883
Origination Costs - Sub-Allocation Fee, net of accumulated amortization	-	-	-	-	-	2,094,775	-	(2,094,775)	-
Investments in Affiliates	-	61,020	9,323,094	6,741,640	-	-	-	(15,413,510)	712,244
Due from Affiliates, net of current portion	-	3,350,000	-	-	-	-	-	(3,350,000)	-
Property and Equipment, Interests in Real Property and Real Estate Owned, net	-	-	-	1,069,368	24,802	13,584,154	1,806,828	(174,932)	16,310,220
Total assets	$ 118,291,861	$ 31,436,538	$ 15,997,988	$ 15,176,932	$ 711,504	$ 21,528,656	$ 92,416,404	$ (56,117,754)	$ 239,442,129
Liabilities, Net Assets and Non-Controlling Interests									
Current Liabilities:									
Current portion of loans payable	$ 6,966,295	$ -	$ -	$ -	$ -	$ -	$ 584,500	$ -	$ 7,550,795
Current portion of permanent loan capital - subordinated loans payable	100,926	-	-	-	-	-	-	-	100,926
Interest and accounts payable	453,870	24,878	-	730,219	150,518	271,169	361,696	-	1,992,350
Current portion of affiliate loans payable	-	-	-	-	-	582,092	-	(582,092)	-
Escrow funds held for others	3,268,280	-	-	1,043,142	-	-	553,455	-	4,864,877
Current portion of due to affiliates	156,317	-	22,550	2,232,721	8,887	1,183,954	3,593,744	(7,198,173)	-
Total current liabilities	10,945,688	24,878	22,550	4,006,082	159,405	2,037,215	5,093,395	(7,780,265)	14,508,948
Loans Payable, net	50,931,777	-	-	-	-	4,163,819	60,035,525	-	115,131,121
Affiliate Loans Payable, net of current portion	-	-	-	-	7,244,756	5,409,516	10,000,000	(22,654,272)	-
Deferred Revenue	-	13,708,179	-	-	825,831	-	-	(1,424,809)	13,109,201
Due to Affiliates, net of current portion	-	-	-	3,350,000	-	-	-	(3,350,000)	-
Permanent Loan Capital - Subordinated Loans Payable, net of current portion	23,579,662	-	1,650,000	-	-	3,000,000	-	(4,650,000)	23,579,662
Total liabilities	85,457,127	13,733,057	1,672,550	7,356,082	8,229,992	14,610,550	75,128,920	(39,859,346)	166,328,932
Net Assets and Non-Controller Interest:									
Unrestricted:									
General	21,795,918	14,292,461	6,652,344	3,347,213	-	-	-	5,743,663	51,831,599
Board designated for permanent loan capital and special programs	1,132,500	-	-	-	-	-	-	-	1,132,500
Board designated for loan loss reserves	9,023,870	-	-	-	-	-	699,750	-	9,723,620
Board designated for affiliate investments	-	3,411,020	7,673,094	3,391,640	-	-	-	(13,763,510)	712,244
Total unrestricted	31,952,288	17,703,481	14,325,438	6,738,853	-	-	699,750	(8,019,847)	63,399,963
Temporarily restricted:									
Permanent loan capital	882,446	-	-	-	-	-	-	-	882,446
Other purpose restrictions	-	-	-	1,081,997	-	-	-	-	1,081,997
Total temporarily restricted	882,446	-	-	1,081,997	-	-	-	-	1,964,443
Total net assets	32,834,734	17,703,481	14,325,438	7,820,850	-	-	699,750	(8,019,847)	65,364,406
Stockholder's equity and members' investment:									
Stockholder's equity - Solar Energy Advantage, Inc.	-	-	-	-	-	(970,024)	-	970,024	-
Stockholder's equity - WegoWise, Inc.	-	-	-	-	(4,897,083)	-	-	4,897,083	-
Members' investment - NSP Residential, LLC	-	-	-	-	-	-	2,277,835	(2,277,835)	-
Members' investment - Aura Mortgage Advisors, LLC	-	-	-	-	-	-	10,872,339	(10,872,339)	-
Members' investment - SUN Initiative Financing II, LLC	-	-	-	-	-	-	953,624	(953,624)	-
Total stockholder's equity and members' investment	-	-	-	-	(4,897,083)	(970,024)	14,103,798	(8,236,691)	-
Non-controlling interests in:									
SUN Initiative Financing, LLC	-	-	-	-	-	-	2,483,936	-	2,483,936
Solar Energy Programs	-	-	-	-	-	7,888,130	-	(1,870)	7,886,260
WegoWise, Inc.	-	-	-	-	(2,621,405)	-	-	-	(2,621,405)
Total non-controlling interests	-	-	-	-	(2,621,405)	7,888,130	2,483,936	(1,870)	7,748,791
Total net assets and non-controlling interests	32,834,734	17,703,481	14,325,438	7,820,850	(7,518,488)	6,918,106	17,287,484	(16,258,408)	73,113,197
Total liabilities, net assets and non-controlling interests	$ 118,291,861	$ 31,436,538	$ 15,997,988	$ 15,176,932	$ 711,504	$ 21,528,656	$ 92,416,404	$ (56,117,754)	$ 239,442,129

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

Combining and Consolidating Statement of Activities
For the Year Ended December 31, 2016

	Boston Community Capital, Inc. and Operating Affiliates								
	Loan Fund	Managed Assets	Venture Fund	Holding Company	WegoWise, Inc.	Solar Energy Programs	Foreclosure and Home Mortgage Services	Eliminations	Total Operations
Changes in Unrestricted Net Assets:									
Operating revenues:									
Financial and earned revenue:									
Program revenue and fees	$ 653,724	$ 3,237,831	$ 108,891	$ 1,250,086	$ 2,073,830	$ 3,773,551	$ 1,094,574	$ (307,079)	$ 11,885,408
Interest on loans, net	6,065,020	133	23,139	7,695	-	-	5,293,744	(821,196)	10,568,535
Net loan loss recoveries	140,280	-	-	-	-	-	2,637,762	-	2,778,042
Net gain on sale of real estate	-	-	-	-	-	-	148,183	-	148,183
Investment income	-	36,533	-	3,186	-	409	72,866	-	112,994
Less - interest expense - affiliate	-	-	-	-	-	-	(432,083)	432,083	-
Less - interest expense	(2,467,409)	-	-	-	-	-	(2,981,760)	-	(5,449,169)
Net financial and earned revenue	4,391,615	3,274,497	132,030	1,260,967	2,073,830	3,773,960	5,833,286	(696,192)	20,043,993
Grants and contributions	-	-	-	73,535	-	178,790	5,000	-	257,325
Net assets released from purpose restrictions	-	-	-	179,691	-	-	-	-	179,691
Total operating revenues	4,391,615	3,274,497	132,030	1,514,193	2,073,830	3,952,750	5,838,286	(696,192)	20,481,009
Operating expenses:									
Personnel	1,612,361	980,139	215,412	532,602	4,551,356	144,069	1,725,639	-	9,761,578
Office operations	576,257	292,373	81,036	34,161	332,610	172,572	1,168,544	-	2,657,553
Consultants	99,872	-	-	48,188	1,008,953	314,000	127,002	-	1,598,015
Marketing	127,801	4,915	19,662	301,594	315,864	9,896	192,856	-	972,588
Interest	17,066	-	49,500	-	178,385	586,678	39,629	(389,113)	482,145
Professional fees	-	32,392	-	16,835	286,686	124,279	-	-	460,192
Program expenses	-	-	-	192,975	19,243	125,771	65,017	-	403,006
Insurance and other	31,627	13,648	12,976	17,065	52,346	70,417	77,935	-	276,014
Management services	-	-	-	-	-	-	125,444	-	125,444
Total operating expenses before depreciation and amortization	2,464,984	1,323,467	378,586	1,143,420	6,745,443	1,547,682	3,522,066	(389,113)	16,736,535
Depreciation and amortization	-	-	-	164,703	30,810	2,412,254	-	(457,493)	2,150,274
Total operating expenses	2,464,984	1,323,467	378,586	1,308,123	6,776,253	3,959,936	3,522,066	(846,606)	18,886,809
Changes in unrestricted net assets from operations	1,926,631	1,951,030	(246,556)	206,070	(4,702,423)	(7,186)	2,316,220	150,414	1,594,200
Other changes in unrestricted net assets:									
Grants for loan capital	1,750,000	-	-	-	-	-	-	-	1,750,000
Share of income of affiliate	-	-	61,239	-	-	-	-	-	61,239
Changes in unrestricted net assets	3,676,631	1,951,030	(185,317)	206,070	(4,702,423)	(7,186)	2,316,220	150,414	3,405,439
Changes in Temporarily Restricted Net Assets:									
Grants and contributions	2,000,875	-	-	-	-	-	-	-	2,000,875
Net assets released from restrictions	-	-	-	(179,691)	-	-	-	-	(179,691)
Changes in temporarily restricted net assets	2,000,875	-	-	(179,691)	-	-	-	-	1,821,184
Changes in net assets	5,677,506	1,951,030	(185,317)	26,379	(4,702,423)	(7,186)	2,316,220	150,414	5,226,623
Changes in Net Assets Attributable to Non-Controlling Interests	-	-	-	-	470,242	390,820	(347,483)	-	513,579
Changes in net assets attributable to Boston Community Capital, Inc. and operating affiliates	$ 5,677,506	$ 1,951,030	$ (185,317)	$ 26,379	$ (4,232,181)	$ 383,634	$ 1,968,737	$ 150,414	$ 5,740,202

Combining and Consolidating Statement of Activities
For the Year Ended December 31, 2015

	Boston Community Capital, Inc. and Operating Affiliates								
	Loan Fund	Managed Assets	Venture Fund	Holding Company	WegoWise, Inc.	Solar Energy Programs	Foreclosure and Home Mortgage Services	Eliminations	Total Operations
Changes in Unrestricted Net Assets:									
Operating revenues:									
Financial and earned revenue:									
Program revenue and fees	$ 724,324	$ 4,133,142	$ 99,000	$ 1,400,071	$ 1,320,445	$ 1,869,815	$ 344,398	$ (528,510)	$ 9,362,685
Interest on loans, net	6,574,207	120	204,191	83,100	-	-	4,727,990	(1,130,274)	10,459,334
Net loan loss recoveries	750,000	-	-	-	-	-	2,109,226	-	2,859,226
Net gain (loss) on sale of real estate	(209,392)	-	-	-	-	-	363,366	-	153,974
Investment income	-	263,728	-	1,567	-	24	62,361	-	327,680
Less - interest - amortization of deferred financing fees	-	-	-	-	-	-	-	-	-
Less - interest expense - affiliate	-	-	-	-	-	-	(430,903)	430,903	-
Less - interest expense	(2,550,925)	-	-	-	-	-	(2,580,049)	-	(5,130,974)
Net financial and earned revenue	5,288,214	4,396,990	303,191	1,484,738	1,320,445	1,869,839	4,596,389	(1,227,881)	18,031,925
Grants and contributions	-	-	-	318,044	-	-	1,350,000	-	1,668,044
Net assets released from restrictions	-	-	-	19,285	-	-	-	-	19,285
Total operating revenues	5,288,214	4,396,990	303,191	1,822,067	1,320,445	1,869,839	5,946,389	(1,227,881)	19,719,254
Operating expenses:									
Personnel	1,556,465	941,371	249,156	698,741	2,624,324	69,534	1,669,773	-	7,809,364
Office operations	573,606	291,646	86,006	31,972	189,939	126,625	740,488	-	2,040,282
Consultants	43,919	-	-	205,173	893,035	32,475	295,407	-	1,470,009
Marketing	205,781	6,644	32,929	482,794	146,152	15,829	152,560	-	1,042,689
Interest	18,577	-	49,500	-	287,291	384,926	-	(699,371)	40,923
Professional fees	-	40,245	-	37,754	6,267	585,700	25,067	-	695,033
Program expenses	-	-	373	40,333	141,007	182,624	41,103	-	405,440
Insurance and other	33,675	21,300	11,042	14,358	11,220	86,798	71,146	-	249,539
Management services	-	-	-	-	-	43,250	89,742	-	132,992
Total operating expenses before depreciation and amortization	2,432,023	1,301,206	429,006	1,511,125	4,299,235	1,527,761	3,085,286	(699,371)	13,886,271
Depreciation and amortization	-	-	-	143,936	23,748	1,760,680	37,163	(339,638)	1,625,889
Total operating expenses	2,450,600	1,301,206	429,006	1,655,061	4,322,983	3,288,441	3,122,449	(1,039,009)	15,512,160
Changes in unrestricted net assets from operations	2,837,614	3,095,784	(125,815)	167,006	(3,002,538)	(1,418,602)	2,823,940	(188,872)	4,207,094
Other changes in unrestricted net assets:									
Share of income in affiliate	-	-	163,115	-	-	-	-	-	163,115
Net assets released from purpose restrictions for loan capital	3,090,231	-	-	-	-	-	-	-	3,090,231
Grants from (to) affiliate for support of new initiatives	850,000	(11,153,000)	9,500,000	803,000	-	-	-	-	-
Changes in unrestricted net assets	6,777,845	(8,057,216)	9,537,300	970,006	(3,002,538)	(1,418,602)	2,823,940	(188,872)	7,460,440
Changes in Temporarily Restricted Net Assets:									
Grants and contributions	1,050	-	-	-	-	-	-	-	1,050
Net assets released from restrictions	(3,090,231)	-	-	(19,285)	-	-	-	-	(3,109,516)
Changes in temporarily restricted net assets	(3,089,181)	-	-	(19,285)	-	-	-	-	(3,108,466)
Changes in net assets	3,688,664	(8,057,216)	9,537,300	950,721	(3,002,538)	(1,418,602)	2,823,940	(188,872)	4,351,974
Changes in Net Assets Attributable to Non-Controlling Interests	-	-	-	-	1,050,888	974,208	(215,661)	-	1,809,435
Changes in net assets attributable to Boston Community Capital, Inc. and operating affiliates	$ 3,688,664	$ (8,057,216)	$ 9,537,300	$ 950,721	$ (1,951,650)	$ (444,394)	$ 2,608,279	$ (188,872)	$ 6,161,409