BOSTON
COMMUNITY
CAPITAL
AND AFFILIATES

CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

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DECEMBER 31, 2011 AND 2010

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidating statements of financial position of Boston Community Capital, Inc. and Affiliates (collectively, the Corporation) (see Note 1) as of December 31, 2011 and 2010, and the related consolidating statements of activities, changes in net assets and non-controlling interests, and cash flows for the years then ended. These consolidating financial statements are the responsibility of the management of the Corporation. Our responsibility is to express an opinion on these consolidating financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidating financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidating financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the consolidating financial position of Boston Community Capital, Inc. and Affiliates as of December 31, 2011 and 2010, and the changes in their net assets and non-controlling interests and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidating financial statements as a whole. The accompanying supplementary information on pages 44 through 47 for the years ended December 31, 2011 and 2010, is presented for purposes of additional analysis and is not a required part of the basic consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidating financial statements or to the basic consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidating financial statements as a whole.

Alexander Aronson Finning & Co., P.C.

Wellesley, Massachusetts
April 9, 2012

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS	BOSTON COMMUNITY CAPITAL, INC. AND OPERATING AFFILIATES *	BCLF VENTURES, LLCs	ELIMINATIONS	TOTAL
CURRENT ASSETS:				
Cash and cash equivalents	$ 41,496,989	$ 1,546,790	$ -	$ 43,043,779
Cash and cash equivalents - escrow funds	9,096,228	-	-	9,096,228
Cash and cash equivalents - loan loss reserves	4,885,789	-	-	4,885,789
Short-term investments	2,967,493	-	-	2,967,493
Current portion of loans and interest receivable, net of allowance for loan losses of $3,194,818	30,428,310	725,298	-	31,153,608
Current portion of affiliate loans and fees receivable	4,547,660	-	-	4,547,660
Other current assets	903,850	-	-	903,850
Total current assets	94,326,319	2,272,088	-	96,598,407
LOANS AND INTEREST RECEIVABLE, net of current portion and allowance for loan losses of $4,319,798	58,062,859	-	-	58,062,859
AFFILIATE LOANS AND FEES RECEIVABLE, net of current portion	10,973,036	-	-	10,973,036
PROGRAM-RELATED EQUITY INVESTMENTS	-	13,996,432	-	13,996,432
INVESTMENTS IN AFFILIATES	4,330,560	-	(4,282,033)	48,527
PROPERTY AND EQUIPMENT AND REAL ESTATE OWNED, net	12,798,660	-	-	12,798,660
Total assets	$ 180,491,434	$ 16,268,520	$ (4,282,033)	$ 192,477,921
LIABILITIES, NET ASSETS AND NON-CONTROLLING INTERESTS				
CURRENT LIABILITIES:				
Current portion of loans payable	$ 11,616,063	$ -	$ -	$ 11,616,063
Current portion of permanent loan capital - subordinated loans payable	93,173	-	-	93,173
Interest and accounts payable	3,010,571	6,226	-	3,016,797
Current portion of deferred revenue	2,691,542	-	-	2,691,542
Escrow funds	9,096,228	-	-	9,096,228
Total current liabilities	26,507,577	6,226	-	26,513,803
LOANS PAYABLE, net of current portion	79,617,089	-	-	79,617,089
DEFERRED REVENUE, net of current portion	13,161,341	-	-	13,161,341
PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE, net of current portion	19,321,542	-	-	19,321,542
Total liabilities	138,607,549	6,226	-	138,613,775
NET ASSETS AND NON-CONTROLLING INTERESTS:				
Unrestricted:				
General	27,242,774	-	-	27,242,774
Board designated for permanent loan capital and special programs	1,132,500	-	-	1,132,500
Board designated for loan loss reserves	3,636,839	-	-	3,636,839
Board designated for affiliate investments	2,180,560	-	-	2,180,560
Total unrestricted	34,192,673	-	-	34,192,673
Temporarily restricted:				
Permanent loan capital	879,036	-	-	879,036
Special Program Collaborative	145,960	-	-	145,960
Energy Advantage Program	966,650	-	-	966,650
Other purpose restrictions	270,587	-	-	270,587
Total temporarily restricted	2,262,233	-	-	2,262,233
Sub-total net assets	36,454,906	-	-	36,454,906
Members' investment - BCLF Ventures, LLCs	-	16,262,294	(16,262,294)	-
Non-controlling interests in:				
BCLF Ventures, LLCs	-	-	11,980,261	11,980,261
SUN Initiative Financing, LLC	1,733,116	-	-	1,733,116
Solar Energy Programs	3,403,910	-	-	3,403,910
WegoWise, Inc.	291,953	-	-	291,953
Total net assets and non-controlling interests	41,883,885	16,262,294	(4,282,033)	53,864,146
Total liabilities, net assets and non-controlling interests	$ 180,491,434	$ 16,268,520	$ (4,282,033)	$ 192,477,921

* See accompanying supplemental combining and consolidating statement of financial position on page 44.

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

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS	BOSTON COMMUNITY CAPITAL, INC. AND OPERATING AFFILIATES *	BCLF VENTURES, LLCs	ELIMINATIONS	TOTAL
CURRENT ASSETS:				
Cash and cash equivalents	$ 19,202,036	$ 65,323	$ -	$ 19,267,359
Cash and cash equivalents - escrow funds	10,041,786	-	-	10,041,786
Cash and cash equivalents - loan loss reserves	4,556,461	-	-	4,556,461
Short-term investments	3,113,332	-	-	3,113,332
Current portion of loans and interest receivable, net of allowance for loan losses of $2,083,862	24,233,758	941,400	-	25,175,158
Current portion of affiliate loans and fees receivable	3,147,442	-	(202,516)	2,944,926
Current portion of property and equipment, net	1,280,442	-	-	1,280,442
Grants and rebates receivable	321,720	-	-	321,720
Other current assets	1,964,374	-	(1,291,284)	673,090
Total current assets	67,861,351	1,006,723	(1,493,800)	67,374,274
INVESTMENTS IN MARKETABLE SECURITIES	1,882,353	-	-	1,882,353
LOANS AND INTEREST RECEIVABLE, net of current portion and allowance for loan losses of $3,999,804	60,521,888	647,619	-	61,169,507
AFFILIATE LOANS AND FEES RECEIVABLE, net of current portion	10,578,714	-	-	10,578,714
PROGRAM-RELATED EQUITY INVESTMENTS	-	17,272,760	-	17,272,760
INVESTMENTS IN AFFILIATES	4,831,677	-	(4,788,450)	43,227
PROPERTY AND EQUIPMENT AND REAL ESTATE OWNED, net	5,243,226	-	-	5,243,226
Total assets	$ 150,919,209	$ 18,927,102	$ (6,282,250)	$ 163,564,061
LIABILITIES, NET ASSETS AND NON-CONTROLLING INTERESTS				
CURRENT LIABILITIES:				
Current portion of loans payable	$ 4,944,303	$ -	$ -	$ 4,944,303
Current portion of permanent loan capital - subordinated loans payable	46,082	-	-	46,082
Interest and accounts payable	1,184,190	1,291,292	(1,291,284)	1,184,198
Affiliate loans payable	-	202,516	(202,516)	-
Current portion of deferred revenue	1,905,038	-	-	1,905,038
Escrow funds	10,041,786	-	-	10,041,786
Total current liabilities	18,121,399	1,493,808	(1,493,800)	18,121,407
LOANS PAYABLE, net of current portion	71,760,440	-	-	71,760,440
DEFERRED REVENUE, net of current portion	10,742,133	-	-	10,742,133
PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE, net of current portion	15,031,220	-	-	15,031,220
Total liabilities	115,655,192	1,493,808	(1,493,800)	115,655,200
NET ASSETS AND NON-CONTROLLING INTERESTS:				
Unrestricted:				
General	23,495,635	-	-	23,495,635
Board designated for permanent loan capital and special programs	1,132,500	-	-	1,132,500
Board designated for loan loss reserves	3,636,839	-	-	3,636,839
Board designated for affiliate investments	2,431,677	-	-	2,431,677
Total unrestricted	30,696,651	-	-	30,696,651
Temporarily restricted:				
Permanent loan capital	878,091	-	-	878,091
Special Program Collaborative	145,960	-	-	145,960
Energy Advantage Program	1,008,395	-	-	1,008,395
Other purpose restrictions	30,587	-	-	30,587
Total temporarily restricted	2,063,033	-	-	2,063,033
Sub-total net assets	32,759,684	-	-	32,759,684
Members' investment - BCLF Ventures, LLCs	-	17,433,294	(17,433,294)	-
Non-controlling interests in:				
BCLF Ventures, LLCs	-	-	12,644,844	12,644,844
Sun Initiative Financing, LLC	2,504,333	-	-	2,504,333
Total net assets and non-controlling interests	35,264,017	17,433,294	(4,788,450)	47,908,861
Total liabilities, net assets and non-controlling interests	$ 150,919,209	$ 18,927,102	$ (6,282,250)	$ 163,564,061

* See accompanying supplemental combining and consolidating statement of financial position on page 45.

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

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

CHANGES IN UNRESTRICTED NET ASSETS:	BOSTON COMMUNITY CAPITAL, INC. AND OPERATING AFFILIATES *	BCLF VENTURES, LLCs	ELIMINATIONS	TOTAL
OPERATING REVENUES:				
Financial and earned revenue:				
Program revenue and fees	$ 8,246,280	$ -	$ (645,900)	$ 7,600,380
Interest on loans, net	5,426,199	42,416	-	5,468,615
Investment income	295,503	5,579	-	301,082
Net loan loss provision	(1,091,315)	-	-	(1,091,315)
Less - interest expense	(3,384,818)	-	-	(3,384,818)
Net financial and earned revenue	9,491,849	47,995	(645,900)	8,893,944
Grants and contributions	1,525,387	-	-	1,525,387
Net assets released from restrictions	41,745	-	-	41,745
Total operating revenues	11,058,981	47,995	(645,900)	10,461,076
OPERATING EXPENSES:				
Personnel	5,014,556	-	-	5,014,556
Office operations	647,686	-	-	647,686
Consultants	604,912	-	-	604,912
Marketing	494,628	-	-	494,628
Legal	409,125	8,796	-	417,921
Depreciation and amortization	427,896	-	-	427,896
Program expenses	203,434	-	-	203,434
Insurance and other	142,906	24,283	-	167,189
Accounting and investment fees	71,869	29,747	-	101,616
Travel	62,008	-	-	62,008
Management services	-	645,900	(645,900)	-
Total operating expenses	8,079,020	708,726	(645,900)	8,141,846
Changes in unrestricted operating net assets	2,979,961	(660,731)	-	2,319,230
OTHER CHANGES IN UNRESTRICTED NET ASSETS:				
Net unrealized gains on program-related equity investments	-	1,989,731	-	1,989,731
Share of loss of consolidating affiliates	(256,417)	-	256,417	-
Changes in unrestricted net assets	2,723,544	1,329,000	256,417	4,308,961
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:				
Grants and contributions	240,945	-	-	240,945
Net assets released from restrictions:				
Operating grants released from purpose restrictions	(41,745)	-	-	(41,745)
Changes in temporarily restricted net assets	199,200	-	-	199,200
Changes in net assets	2,922,744	1,329,000	256,417	4,508,161
CHANGES IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS:	1,312,052	(1,585,417)	-	(273,365)
Changes in net assets attributable to Boston Community Capital, Inc. and operating affiliates	$ 4,234,796	$ (256,417)	$ 256,417	$ 4,234,796

* See accompanying supplemental combining and consolidating statement of activities on page 46.

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

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	BOSTON COMMUNITY CAPITAL, INC. AND OPERATING AFFILIATES *	BCLF VENTURES, LLCs	ELIMINATIONS	TOTAL
CHANGES IN UNRESTRICTED NET ASSETS:				
OPERATING REVENUES:				
Financial and earned revenue:				
Program revenue and fees	$ 11,200,805	$ -	$ (645,900)	$ 10,554,905
Interest on loans, net	4,695,509	356,381	-	5,051,890
Investment income	178,449	143	-	178,592
Net loan loss provision	(995,742)	-	-	(995,742)
Less - interest expense	(2,942,985)	-	-	(2,942,985)
Net financial and earned revenue	12,136,036	356,524	(645,900)	11,846,660
Grants and contributions	1,165,783	-	-	1,165,783
Net assets released from restrictions	195,892	-	-	195,892
Less - pass-through of special program costs	(80,435)	-	-	(80,435)
Total operating revenues	13,417,276	356,524	(645,900)	13,127,900
OPERATING EXPENSES:				
Personnel	3,863,598	-	-	3,863,598
Office operations	449,073	-	-	449,073
Consultants	332,369	-	-	332,369
Marketing	195,322	-	-	195,322
Legal	213,615	14,025	-	227,640
Depreciation and amortization	268,908	-	-	268,908
Program expenses	128,112	-	-	128,112
Insurance and other	110,627	31,377	-	142,004
Accounting and investment fees	89,456	28,043	-	117,499
Travel	48,598	-	-	48,598
Management services	-	645,900	(645,900)	-
Total operating expenses	5,699,678	719,345	(645,900)	5,773,123
Changes in unrestricted operating net assets	7,717,598	(362,821)	-	7,354,777
OTHER CHANGES IN UNRESTRICTED NET ASSETS:				
Net unrealized gains on program-related equity investments	-	2,882,905	-	2,882,905
Impairment loss on program-related equity investments and loans and interest receivable	(328,254)	(646,283)	-	(974,537)
Share of income of consolidating affiliates	1,292,625	-	(1,292,625)	-
Changes in unrestricted net assets	8,681,969	1,873,801	(1,292,625)	9,263,145
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:				
Grants and contributions	1,000	-	-	1,000
Net assets released from restrictions:				
Operating grants released from purpose restrictions	(195,892)	-	-	(195,892)
Changes in temporarily restricted net assets	(194,892)	-	-	(194,892)
Changes in net assets	8,487,077	1,873,801	(1,292,625)	9,068,253
CHANGES IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS:	995,667	(581,176)	-	414,491
Changes in net assets attributable to Boston Community Capital, Inc. and operating affiliates	$ 9,482,744	$ 1,292,625	$ (1,292,625)	$ 9,482,744

* See accompanying supplemental combining and consolidating statement of activities on page 47.

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

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS AND NON-CONTROLLING INTERESTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	UNRESTRICTED	UNRESTRICTED - BOARD DESIGNATED			TEMPORARILY RESTRICTED						
	GENERAL	PERMANENT LOAN CAPITAL AND SPECIAL PROGRAMS	LOAN LOSS RESERVES	AFFILIATE INVESTMENTS	PERMANENT LOAN CAPITAL	SPECIAL PROGRAM COLLABORATIVE	ENERGY ADVANTAGE PROGRAMS	OTHER PURPOSE RESTRICTIONS	SUB TOTAL NET ASSETS	NON-CONTROLLING INTERESTS	TOTAL
NET ASSETS AND NON-CONTROLLING INTERESTS December 31, 2009	$ 16,431,567	$ 1,132,500	$ 2,331,898	$ 1,123,050	$ 877,091	$ 226,395	$ 1,023,852	$ 130,587	$ 23,276,940	$ 15,563,668	$ 38,840,608
Changes in net assets and non-controlling interests	8,385,011	-	-	1,292,625	1,000	(80,435)	(15,457)	(100,000)	9,482,744	(414,491)	9,068,253
Transfers of unrestricted net assets	(1,320,943)	-	1,304,941	16,002	-	-	-	-	-	-	-
NET ASSETS AND NON-CONTROLLING INTERESTS December 31, 2010	23,495,635	1,132,500	3,636,839	2,431,677	878,091	145,960	1,008,395	30,587	32,759,684	15,149,177	47,908,861
Capital contributions	-	-	-	-	-	-	-	-	-	3,697,124	3,697,124
Non-controlling interest in affiliate as of acquisition date	(539,574)	-	-	-	-	-	-	-	(539,574)	539,574	-
Changes in net assets and non-controlling interests	4,292,013	-	-	(256,417)	945	-	(41,745)	240,000	4,234,796	273,365	4,508,161
Distributions	-	-	-	-	-	-	-	-	-	(2,250,000)	(2,250,000)
Transfers of unrestricted net assets	(5,300)	-	-	5,300	-	-	-	-	-	-	-
NET ASSETS AND NON-CONTROLLING INTERESTS December 31, 2011	$ 27,242,774	$ 1,132,500	$ 3,636,839	$ 2,180,560	$ 879,036	$ 145,960	$ 966,650	$ 270,587	$ 36,454,906	$ 17,409,240	$ 53,864,146

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

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011				2010			
	BOSTON COMMUNITY CAPITAL, INC. AND OPERATING AFFILIATES	BCLF VENTURES, LLCs	ELIMI-NATIONS	TOTAL	BOSTON COMMUNITY CAPITAL, INC. AND OPERATING AFFILIATES	BCLF VENTURES, LLCs	ELIMI-NATIONS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:								
Changes in net assets and non-controlling interests	$ 2,922,744	$ 1,329,000	$ 256,417	$ 4,508,161	$ 8,487,077	$ 1,873,801	$ (1,292,625)	$ 9,068,253
Adjustments to reconcile changes in net assets and non-controlling interests to net cash provided by (used in) operating activities:								
Depreciation	427,896	-	-	427,896	268,908	-	-	268,908
Net realized and unrealized losses on investments in marketable securities	-	-	-	-	1,998	-	-	1,998
Net loan loss provision	1,091,315	-	-	1,091,315	995,742	-	-	995,742
Net realized and unrealized gains on program-related equity investments	-	(1,989,731)	-	(1,989,731)	-	(2,882,905)	-	(2,882,905)
Impairment loss on program-related equity investments and loan and interest receivable	-	-	-	-	328,254	646,283	-	974,537
Share of loss (income) of consolidating affiliates	256,417	-	(256,417)	-	(1,292,625)	-	1,292,625	-
Grants for capital and investment uses	(945)	-	-	(945)	(1,000)	-	-	(1,000)
Changes in operating assets and liabilities:								
Interest receivable	(92,051)	(23,155)	-	(115,206)	277,868	(356,381)	-	(78,513)
Affiliate loans and fees receivable	(1,270,938)	-	-	(1,270,938)	(13,867,663)	-	-	(13,867,663)
Other current assets	1,060,524	-	-	1,060,524	(1,000,700)	-	-	(1,000,700)
Interest and accounts payable	1,826,381	(1,311,761)	-	514,620	48,426	654,683	-	703,109
Deferred revenue	3,205,712	-	-	3,205,712	12,647,171	-	-	12,647,171
Deferred loan fees	(64,915)	-	-	(64,915)	(3,039)	-	-	(3,039)
Net cash provided by (used in) operating activities	9,362,140	(1,995,647)	-	7,366,493	6,890,417	(64,519)	-	6,825,898
CASH FLOWS FROM INVESTING ACTIVITIES:								
Proceeds from redemption of program-related equity investments	-	5,660,086	-	5,660,086	-	-	-	-
Purchase of program-related equity investments	-	(9,875)	-	(9,875)	-	-	-	-
Investment in loan loss reserves	(329,328)	-	-	(329,328)	(4,556,461)	-	-	(4,556,461)
Investment in affiliates	(905,300)	-	-	(905,300)	(16,002)	-	-	(16,002)
Cash resulting from consolidation of affiliate	841,321	-	-	841,321	-	-	-	-
Issuance of loans receivable	(25,232,514)	(50,000)	-	(25,282,514)	(21,915,683)	-	-	(21,915,683)
Principal payments of loans receivable	20,182,932	552,724	-	20,735,656	8,052,293	-	-	8,052,293
Purchase of property and equipment, net of proceeds from grants and rebates for solar energy equipment	(6,671,764)	-	-	(6,671,764)	(7,932,496)	-	-	(7,932,496)
Proceeds from sale of property and equipment	205,383	-	-	205,383	-	-	-	-
Purchase of certificate of deposit and interest earned	-	-	-	-	(3,010,737)	-	-	(3,010,737)
Proceeds from sales and maturities of investments	2,028,192	-	-	2,028,192	1,000,000	-	-	1,000,000
Payments for investments and interest earned	-	-	-	-	(82,936)	-	-	(82,936)
Net cash provided by (used in) investing activities	(9,881,078)	6,152,935	-	(3,728,143)	(28,462,022)	-	-	(28,462,022)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Grants for capital and investment uses	945	-	-	945	1,000	-	-	1,000
Capital contributions	3,697,124	-	-	3,697,124	-	-	-	-
Proceeds from loans payable	40,164,798	-	-	40,164,798	28,484,598	-	-	28,484,598
Principal payments on loans payable	(25,636,389)	(175,821)	-	(25,812,210)	(5,068,094)	-	-	(5,068,094)
Distributions to equity members	250,000	(2,500,000)	-	(2,250,000)	-	-	-	-
Proceeds from subordinated loans payable	4,410,000	-	-	4,410,000	-	-	-	-
Principal payments on subordinated loans payable	(72,587)	-	-	(72,587)	(172,698)	-	-	(172,698)
Net cash provided by (used in) financing activities	22,813,891	(2,675,821)	-	20,138,070	23,244,806	-	-	23,244,806
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,294,953	1,481,467	-	23,776,420	1,673,201	(64,519)	-	1,608,682
CASH AND CASH EQUIVALENTS, beginning of year	19,202,036	65,323	-	19,267,359	17,528,835	129,842	-	17,658,677
CASH AND CASH EQUIVALENTS, end of year	$ 41,496,989	$ 1,546,790	$ -	$ 43,043,779	$ 19,202,036	$ 65,323	$ -	$ 19,267,359
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:								
Real estate owned acquired by foreclosure	$ 1,400,000	$ -	$ -	$ 1,400,000	$ -	$ -	$ -	$ -
Cash paid for interest	$ 3,329,038	$ -	$ -	$ 3,329,038	$ 2,923,252	$ -	$ -	$ 2,923,252

The accompanying notes are an integral part of these consolidating 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 in connection with three other affiliated Massachusetts nonprofit corporations:

- **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.
- **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.
- **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. During 2011, the Loan Fund formed BCC REO LLC (BCC REO), a Massachusetts limited liability company, to hold real and personal property (see Notes 5, 6 and 7). The Loan Fund is the sole member of BCC REO and its activities are included with the Loan Fund's activities.

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.

Community Development Financial Institutions

The Loan Fund, Venture Fund, and Aura Mortgage (see page 9) have been granted status as Community Development Financial Institutions (CDFIs) by the U.S. Department of the Treasury (the Treasury), qualifying them for certain awards and support from the Treasury. As of December 31, 2011 and 2010, the Loan Fund has received a total of $4,910,000 and $500,000, respectively, of permanent loan capital-subordinated loans payable (see Note 9) from the Treasury.

(1) OPERATIONS AND RELATED ENTITIES (Continued)

OPERATIONS (Continued)

Community Development Financial Institutions (Continued)

In 2010, Aura Mortgage received a $750,000 grant from the Treasury. In connection with the grant, Aura Mortgage is required to adhere to specific performance goals and requirements as outlined in the agreement with the Treasury through December, 2013. 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.

RELATED ENTITIES

Consolidated Affiliates

The nonprofits comprising the Corporation (see page 8) and the following affiliates of the Corporation have been consolidated within the Boston Community Capital, Inc. and Operating Affiliates columns of the accompanying consolidating financial statements.

The Corporation operates foreclosure and home mortgage services as carried out through the first three consolidated affiliates below:

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 by the Massachusetts Division of Banks (the Division) as a mortgage lender and broker. These licenses are subject to renewal annually and are scheduled for renewal by December 31, 2012. Aura Mortgage is approved as a Title II Federal Housing Administration lender by the U.S. Department of Housing and Urban Development.

In order to maintain its licensed broker and lender status with the Division, Aura Mortgage is required to maintain a minimum net worth of $200,000 and must have two surety bonds filed with the state; a broker bond for $75,000 and a lender bond in the amount of $100,000 - $500,000, based on the dollar amount of loans closed in the prior year. Aura Mortgage met these requirements as of December 31, 2011 and 2010.

NSP Residential, LLC

The Corporation 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. 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 Massachusetts in connection with the Stabilizing Urban Neighborhoods Initiative (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. NSP seeks to resell purchased properties to low-income individuals.

(1) OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

Consolidated Affiliates (Continued)

NSP Residential, LLC (Continued)

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.

SUN Initiative Financing, LLC

The Corporation formed SUN Initiative Financing, LLC (SUN Financing). SUN Financing is a Massachusetts limited liability company established to finance the operations of the SUN Initiative, operated and managed by NSP. SUN Financing provides financing for activities of the SUN Initiative within the geographic areas surrounding Revere, Boston, and other areas in Massachusetts. In 2009, SUN Financing received an initial capital contribution from an outside investor in the amount of $3,500,000 to act as first loss capital on its loans receivable (see Note 5). NSP and the outside investor each hold 50% of the membership units in SUN Financing. In 2011 and 2010, SUN Financing raised additional capital in the form of loans payable from investors (see Note 8).

SUN Financing has elected to be treated as a partnership for income tax purposes. Items of income, loss, credits, or deductions arising from operations of a partnership 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 the 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.

WegoWise, Inc.

In 2010, the Holding Company and two unrelated entities formed a joint venture company, WegoWise, Inc. (WegoWise), a Delaware corporation, for the purpose of creating and selling a web-based energy tracking tool for home and business owners. As of December 31, 2010, the Holding Company owned one-third of the outstanding shares of WegoWise and two convertible notes receivable from WegoWise. During 2011, the Holding Company converted these notes into additional equity shares and now holds a 65% ownership interest in WegoWise (see Notes 2 and 4).

(1) OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

Consolidated Affiliates (Continued)

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

BCC Solar Energy Advantage, Inc.

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, 2011 and 2010, SEA had completed construction of solar panels at twelve and eight sites, respectively, in Massachusetts (see Note 7) and entered into long-term contracts with the site owners to provide electricity to the sites. As of December 31, 2011 and 2010, SEA had an additional nine and four sites, respectively, under construction.

BCC NMTC CDE X, LLC

During 2011, the Corporation formed BCC NMTC CDE X, LLC (CDE X), a Massachusetts limited liability corporation, to provide investment capital through the Federal New Markets Tax Credit (NMTC) program to solar projects in low-income communities that are not served by conventional forms of financing or equity. CDE X operates exclusively in conjunction with the following related entities:

BCC 481 NMTC Investment Fund, LLC (the 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 Investment Fund was capitalized in 2011 with a capital contribution of $3,697,124 from a financial institution which owns a 100% interest in the Investment Fund. The Investment Fund owns a 99.99% interest in CDE X by virtue of the QEI made in 2011.

The Investment Fund entered into an option agreement with the Loan Fund and the investor member of the Investment Fund whereby the investor member has the option to sell its investor interest in the Investment Fund to the Loan Fund for a purchase price of $128,500, reduced by all distributions made by the 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 compliance period of the QEI. 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 I, LLC (SEA QALICB), a Delaware limited liability company, was formed in January, 2009, 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 a qualified low-income community investment (QLICI) to SEA QALICB in 2011 to fund construction of six solar energy projects (see Note 7). Through the QLICI, CDE X acquired a 99.99% interest in SEA QALICB.

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

(1) <u>OPERATIONS AND RELATED ENTITIES</u> (Continued)

RELATED ENTITIES (Continued)

<u>Consolidated Affiliates</u> (Continued)

<u>BCLF Ventures, LLCs</u>

The Corporation is related to two other Massachusetts limited liability companies through common Board of Director membership, management and financial investment. These limited liability companies are BCLF Ventures I, LLC (Ventures I, LLC) and BCLF Ventures II, LLC (Ventures II, LLC) (collectively, BCLF Ventures, LLCs).

<u>Ventures I, LLC</u>

In 1997, the Corporation formed Ventures I, LLC, a Massachusetts for-profit limited liability company, for the purpose of making investments in businesses that benefit low-income people and communities. Ventures I, LLC entered into a management agreement with the Venture Fund to act as its Manager Member. Under the terms of this agreement, the Venture Fund supervises the activities of Ventures I, LLC in exchange for an annual management fee of 3% of Venture I, LLC's contributed capital, payable monthly. The Venture Fund earned fees of $150,900 in both 2011 and 2010. The management agreement exists for the term of Ventures I, LLC, but may be terminated with cause and approval of 75% of Ventures I, LLC's regular members.

In accordance with Ventures I, LLC's operating agreement, annual profits and losses of Ventures I, LLC are allocated 50% to regular members and 50% to the Manager Member to the extent that aggregate cumulative net profits exceed aggregate cumulative net losses. Otherwise, profits and losses are allocated 99% to the regular members and 1% to the Manager Member.

<u>Ventures II, LLC</u>

In 2000, the Corporation formed Ventures II, LLC. Ventures II, LLC is a Massachusetts for-profit limited liability company organized for the same purposes as Ventures I, LLC. Ventures II, LLC also entered into a management agreement with the Venture Fund to act as its Manager Member. Under the terms of this agreement, the Venture Fund supervises the activities of Ventures II, LLC for an annual management fee of 3% of Ventures II, LLC's contributed capital, payable monthly. The Venture Fund earned fees of $495,000 in both 2011 and 2010. The management agreement exists for the term of Ventures II, LLC, but may be terminated with cause and approval of 75% of Ventures II, LLC's regular members.

In accordance with Ventures II, LLC's operating agreement, annual profits and losses of Ventures II, LLC are allocated 75% to regular members and 25% to the Manager Member to the extent that aggregate cumulative net profits exceed aggregate cumulative net losses. Otherwise, profits and losses are allocated 99% to the regular members and 1% to the Manager Member.

(1) OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

Consolidating Affiliates (Continued)

BCLF Ventures, LLCs (Continued)

The BCLF Ventures, LLCs also have regular members, including the Venture Fund, which are both the Manager Member and a regular member of each fund. The BCLF Ventures, LLCs are scheduled to terminate in July, 2012.

The BCLF Ventures, LLCs have elected to be treated as partnerships 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. Accordingly, the accompanying consolidating financial statements do not reflect any provisions or credits for income taxes.

New Market Tax Credit Community Development Entities

The Holding Company, Managed Assets, the Venture Fund and the Loan Fund have also been granted status by the Treasury as Community Development Entities (CDEs). The Holding Company has received cumulative allocations totaling $353 million of QEIs for purposes of the NMTC, of which approximately $348 million and $290 million has been syndicated as of December 31, 2011 and 2010, respectively. During 2011, approximately $58 million of these allocations were syndicated through the capitalization of BCC NMTC CDE X, LLC (see page 10), BCC NMTC CDE XI, LLC, BCC NMTC CDE XII, LLC and BCC NMTC CDE XIII, LLC.

The Holding Company has formed a total of twenty-three CDEs (collectively, the CDE LLCs), the first thirteen and nine of which were activated as of December 31, 2011 and 2010, respectively:

BCC NMTC CDE I, LLC
BCC NMTC CDE II, LLC
BCC NMTC CDE III, LLC
BCC NMTC CDE IV, LLC
BCC NMTC CDE V, LLC
BCC NMTC CDE VI, LLC
BCC NMTC CDE VII, LLC
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

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

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 CDE LLCs were formed as Massachusetts limited liability companies in which Managed Assets is the Managing Member with a .01% interest and unrelated Investor Members are regular members with 99.99% interests.

(1) OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

New Market Tax Credit Community Development Entities (Continued)

Managed Assets entered into agreements with the CDE LLC Investor Members, who provided approximately $348 million of cumulative QEIs as of December 31, 2011, to make QLICIs of the active CDE LLCs. By making QLICIs, the CDE LLCs enable the Investor Members to claim approximately $136 million of NMTC over credit periods of seven years.

For Managed Assets' participation in establishing the CDE LLCs and underwriting the QLICIs made during 2011 and 2010, Managed Assets earned upfront and sub-allocation fees, which are included in program revenue and fees in the accompanying consolidating statements of activities as follows (see Note 2):

	2011	2010
BCC NMTC CDE XI, LLC	$1,139,474	$ -
BCC NMTC CDE XIII, LLC	789,474	-
BCC NMTC CDE XII, LLC	721,052	-
BCC NMTC CDE X, LLC	258,500	-
BCC NMTC CDE VIII, LLC	-	4,250,000
BCC NMTC CDE IX, LLC	-	3,750,000
Total	$2,908,500	$8,000,000

Management has allocated the delayed portions of CDE LLCs VIII - XIII sub-allocation fees to Managed Assets as compensation for annual services related to servicing and management of the CDE entities. The delayed sub-allocation fees will be recognized over the seven year lives of the CDE LLC QLICI loans (see Note 2). Delayed fees receivable are included within affiliate loans and fees receivable and are as follows at December 31:

	2011	2010	Quarterly Installments Payable Through
BCC NMTC CDE VIII, LLC	$ 5,356,351	$ 6,800,000	May, 2017
BCC NMTC CDE IX, LLC	5,222,361	6,535,266	December, 2017
BCC NMTC CDE X, LLC	618,849	-	March, 2018
BCC NMTC CDE XI, LLC	1,974,967	-	June, 2018
BCC NMTC CDE XII, LLC	1,388,070	-	December, 2018
BCC NMTC CDE XIII, LLC	1,578,947	-	December, 2018
Total	$16,139,545	$13,335,266	

As of December 31, 2011 and 2010, Managed Assets has reported $2,199,546 and $688,095, respectively, of these fees as program revenue and fees in the accompanying consolidating statements of activities. The remaining unrecognized portion is included in deferred revenue in the accompanying consolidating statements of financial position and amounts to $15,852,883 and $12,647,171 as of December 31, 2011 and 2010, respectively.

(1) OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

New Market Tax Credit Community Development Entities (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, 2011, Managed Assets was in compliance with all such covenants and management expects to maintain compliance throughout the seven-year life of each of the CDE LLCs.

Managed Assets also earned annual management fees of $650,925 for 2011 and 2010 in conjunction with the management of CDE LLCs I - VII. These fees are also included within program revenue and fees in the accompanying consolidating statements of activities.

For CDE LLCs I-VI, Managed Assets will earn backend fees of 5% of the highest amount invested in QLICIs over each seven-year credit period, but not to exceed 5% of 89.5% of the QEI funded by the Investor Members. No portion of backend fees has been considered earned as of December 31, 2011, as they are contingent upon compliance with covenants that would cause a recapture of NMTC. Management expects to maintain compliance through the seven-year life of each CDE LLCs NMTC, at which time these backend fees will be earned and payable to Managed Assets.

During January, 2012, Managed Assets was paid $1,272,500 for its backend fee related to BCC NMTC CDE I, LLC. Backend fees from the remaining CDE LLCs are expected to be earned and paid as follows:

	Amount	Date
BCC NMTC CDE II, LLC	$ 399,713	September, 2013
BCC NMTC CDE III, LLC	$ 257,500	July, 2012
BCC NMTC CDE IV, LLC	$ 956,500	December, 2012
BCC NMTC CDE V, LLC	$ 246,287	March through April, 2013
BCC NMTC CDE VI, LLC	$2,100,000	November, 2014

(2) SIGNIFICANT ACCOUNTING POLICIES

The Corporation prepares its consolidating financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

Principles of Consolidation

The consolidating 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 consolidating financial statements.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation (Continued)

The Corporation follows the U.S. GAAP standards pertaining to the consolidation of variable interest entities (VIEs). The CDE LLCs are considered VIEs within the meaning of these standards. An entity considered to be the primary beneficiary of a VIE has both (a) the power to direct activities of the VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive the majority of benefits from the VIE that could potentially be significant to the VIE. The Corporation is considered the primary beneficiary of only CDE LLC X (see Note 1). Therefore, the financial statements of CDE X and its related entities are included in the accompanying consolidating financial statements. The financial statements of the other CDE LLCs are not included in the accompanying consolidating financial statements.

SUN Financing is an integral part of the SUN Initiative (see Note 1), which is deemed to be a business and is therefore not subject to consideration as a VIE. Likewise, BCLF Ventures I, LLC and BCLF Ventures II, LLC are deemed to operate as businesses and are therefore not subject to consideration as VIEs. Instead, the Corporation has implemented the U.S. GAAP guidance regarding *Accounting for an Investment in a Limited Partnership when the Investor is the Sole General Partner and the Limited Partners have Certain Rights*, with respect to NSP's interest in SUN Financing and the Venture Fund's interest in the BCLF Ventures, LLC, respectively (see Note 1). This guidance provides that a sole managing member of a LLC is presumed to control the LLC and should consolidate the LLC's financial statements with its own unless the other members of the LLC maintain kick-out rights or substantive participating rights with respect to the operation of the LLC which overcome the presumption of control by the managing member. The Investor Members of SUN Financing and the BCLF Ventures, LLCs do not maintain such rights and, therefore, the financial statements of these entities have been included in the accompanying consolidating financial statements.

Under the principles of consolidation applied to corporate entities, an entity is considered as maintaining control over an affiliated organization if it owns more than 50% of the affiliate's outstanding stock. Since the Corporation acquired more than 65% of the outstanding stock of WegoWise in 2011, it is considered to maintain control and, therefore, the financial statements of WegoWise are included in the accompanying consolidating financial statements effective in 2011 (see page 18 and Notes 1 and 4).

Estimates

The preparation of consolidating 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 consolidating financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Management follows the criteria of *Fair Value Measurements*. These criteria define fair value, establish a framework for measuring fair value under U.S. GAAP, and mandate disclosures about fair value measurements. The criteria establish a fair value framework that prioritizes the inputs and assumptions used to measure fair value.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The three levels of the fair value framework are as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical qualifying assets or liabilities at the measurement date.
- Level 2 – Inputs other than quoted prices in active markets that are observable for the qualifying asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 – Inputs that are unobservable.

Transfers in and out of Level 3 of the fair value framework are recorded on the date of the change in fair value input. A qualifying 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 consolidating 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 six 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.

The Corporation also held cash balances of $9,096,228 and $10,041,786 in escrow for outside parties as of December 31, 2011 and 2010, 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. These reserves are invested in cash and short-term certificates of deposit.

Short-Term Investments

Short-term investments consist of certificates of deposit reported at contract value. Fixed term securities maturing in less than one year are categorized as short-term. Investment income from short-term investments is recognized when earned.

Program-Related Equity Investments

Program-related equity investments consist of equity investments made by BCLF Ventures, LLC in corporations that provide job opportunities to low-income individuals (see Note 3). These investments represent minority interests in the respective corporations. Management of BCLF Ventures, LLC is represented on the Board of Directors of these corporations and consistently monitors each corporation's financial condition.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program-Related Equity Investments (Continued)

Management values program-related equity investments at fair value (see page 16). Management reports program-related investments at fair value as estimated in good faith. Changes in estimated values are reported in the accompanying consolidating statements of activities as unrealized gains or losses on program-related equity investments. Due to the inherent uncertainty of valuations, estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. Realized gains or losses are reported upon sale or exchange.

Investments in Affiliates

The Corporation accounts for its non-marketable interests in BCLF Ventures LLCs (see Note 1) using the equity method because its investment is significant and it is able to exercise significant influence on the activities of these entities. Prior to obtaining a controlling financial interest in 2011 (see Note 1), the Corporation also accounted for its non-marketable interest in WegoWise (see Note 1) using the equity method. Under the equity method, the cost of the original investment is increased or decreased by the Corporation's share of earnings or loss of investees and reduced by distributions received. The Corporation's share of losses exceeding the original investment in WegoWise was applied as an adjustment to the recorded value of notes receivable from WegoWise at December 31, 2010 (see Note 5).

For consolidated affiliates and other insubstantial affiliate investments (see Note 1), the Corporation uses the cost method. Under the cost method, the Corporation records its investments in investees at cost, and recognizes as income dividends received that are distributed from net accumulated earnings of the investees (see Note 4).

The resulting investment balances from the application of the equity and cost methods to investments in consolidating entities are eliminated in consolidation.

Uncertainty in Income Taxes

The Corporation follows the *Accounting for Uncertainty in Income Taxes* standard, which requires the Corporation to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of December 31, 2011, the Corporation determined that there are no material unrecognized tax benefits to report.

Information returns filed for the prior three years remain subject to examination by the Internal Revenue Service and Massachusetts taxing authorities. The Corporation does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

Property and Equipment, Real Estate Owned and Depreciation

Management records all significant expenditures for property and equipment (see Note 7) 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.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment, Real Estate Owned and Depreciation (Continued)

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	12 years
Rental properties	25 years (after being held one year)
Properties held for sale	3 - 5 years (after being held one year)

With respect to solar energy equipment as developed and owned by SEA and SEA QALICB (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 7). 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.

Also included in property and equipment are purchased rental properties and properties held for sale acquired through the SUN Initiative, the majority of which are funded by SUN Financing (see Note 1). These properties are recorded at cost. Such properties held for sale are being rented to low-income homeowners under rent-to-buy arrangements (see Note 7). Rental properties, if held for greater than one year, are depreciated over twenty five years.

Real estate owned consists of real property acquired in satisfaction of certain lending transactions. Real estate owned is held for sale and is recorded at the fair value at the time of acquisition less estimated costs of sale.

Net Assets and Members' Investments

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 and special programs, loan loss reserves, and affiliate investments. During 2010, the Board of Directors designated $554,941 of the Loan Fund's general net assets for loan loss reserves (see Note 6). During 2010, the Corporation's Board of Directors also designated $750,000, which are the proceeds of a 2010 grant from the Treasury to Aura Mortgage, (see Note 1) for loan loss reserves. These designations are reported in the accompanying consolidating statements of changes in net assets and non-controlling interests as transfers of unrestricted net assets. The Corporation did not transfer any amounts for loan loss reserves during 2011.

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 below). 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.

The Board of Directors may authorize transfers of unrestricted net assets among the affiliates to support new initiatives. In 2010, Managed Assets transferred $1,000,000 to the Loan Fund, $300,000 to the Venture Fund, and $700,000 to the Holding Company. Managed Assets did not make any transfers of net assets during 2011. Subsequent to December 31, 2011, Managed Assets transferred $500,000 to the Loan Fund to support lending activities.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets and Members' Investments (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 for the following as of December 31:

	2011	2010
Energy Advantage Program (EAP)	$ 966,650	$1,008,395
Permanent loan capital	879,036	878,091
Other purpose restrictions	270,587	30,587
Special Program Collaborative	145,960	145,960
Total temporarily restricted	$2,262,233	$2,063,033

EAP temporarily restricted net assets consist of the unspent proceeds and accumulated earned interest 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.

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 9). No outside 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 consolidating statements of financial position.

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. During 2010, $80,435 was expended for grants and other project costs and is included in pass-through of special program costs in the accompanying consolidating statement of activities. The Corporation did not expend any funds related to this program in 2011.

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

	2011	2010
EAP	$41,745	$ 15,457
Other purpose restrictions	-	100,000
Special Program Collaborative	-	80,435
Total	$41,745	$195,892

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets and Members' Investments (Continued)

Members' Investments represent the net capital investment of the members of BCLF Ventures, LLCs. The regular and Manager Member interests of the Ventures Fund have been eliminated in consolidation, resulting in presentation of only the non-controlling interests of other members in the consolidated totals.

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

Non-controlling interests are comprised of the following activity as of December 31, 2011 and 2010:

	BCLF Ventures LLCs	SUN Financing	CDE X Entities	WegoWise	Total
Non-controlling interests at December 31, 2009	$12,063,668	$3,500,000	$ -	$ -	$15,563,668
Changes in net assets	581,176	(995,667)	-	-	(414,491)
Non-controlling interests at December 31, 2010	2,644,844	2,504,333	-	-	15,149,177
Capital contributions	-	-	3,697,124	-	3,697,124
Distributions	(2,250,000)	-	-	-	(2,250,000)
Non-controlling interest at acquisition date	-	-	-	539,574	539,574
Changes in net assets	1,585,417	(771,217)	(293,214)	(247,621)	273,365
Non-controlling interests at December 31, 2011	$11,980,261	$1,733,116	$3,403,910	$ 291,953	$17,409,240

Revenue Recognition

Revenues from loans, investments, and other financial instruments are recognized as unrestricted revenues as earned on an accrual basis except where restricted by donors. Interest on loans is presented net of interest of $2,800,971 and $2,689,736 collected on behalf of loan participants (see Notes 5 and 8) in 2011 and 2010, respectively.

Program revenue and fees includes:

- Loan fees of the Loan Fund and Aura Mortgage
- Upfront, backend, sub-allocation and servicing fees of Managed Assets (see Note 1)
- Management fees of the Venture Fund and Managed Assets (see Note 1)
- Developer fees of the Holding Company (see Note 7)
- Electric utility charges and sales of Renewable Energy Certificates of SEA and SEA QALICB (see Note 7)
- Fixed subscription fees from access to the WegoWise energy tracking tool software
- Other fee income

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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 paid or committed in advance are included in deferred revenue and are recognized as earned.

The Corporation generally amortizes loan origination fees 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 consolidating statements of financial position (see Note 5).

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 pages 19 and 20). 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.

Loan Losses

Provisions are made for estimated loan losses based on management's evaluation of each loan. Management evaluates loan collectibility 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, inherent risk in the home foreclosure programs and current economic conditions that may affect the borrower's ability to repay (see Note 6).

The allowance for loan losses is established through a provision for loan losses 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. Loss recoveries are recorded in the year of recovery.

Expense Allocation

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

Subsequent Events

Subsequent events have been evaluated through April 9, 2012, which is the date the consolidating financial statements were available to be issued. All events that met the criteria for recognition or disclosure in the consolidating financial statements have been properly disclosed elsewhere in the consolidating financial statements.

(3) INVESTMENTS

Program-Related Equity Investments – BCLF Ventures, LLCs

BCLF Ventures, LLCs have made the following program-related equity investments (see Note 2), all in companies in Massachusetts as of December 31:

2011 Ventures I, LLC	Number of Investee Companies	Investment Principal	Net Appreciation (Depreciation)	Allowance For Impairment	Investment Balance
Investments carried at cost	1	$ 50,000	$ -	$ -	$ 50,000
Appreciated investments	1	500,000	5,682,097	-	6,182,097
Depreciated investments	1	861,356	(454,730)	-	406,626
Impaired investments	1	700,000	-	(700,000)	-
Balance, December 31, 2011	4	$2,111,356	$5,227,367	$ (700,000)	$ 6,638,723
Ventures II, LLC					
Appreciated investments	4	$2,910,646	$4,447,063	$ -	$ 7,357,709
Impaired investments	2	1,634,340	-	(1,634,340)	-
Balance, December 31, 2011	6	$4,544,986	$4,447,063	$(1,634,340)	$ 7,357,709
Totals		$6,656,342	$9,674,430	$(2,334,340)	$13,996,432

2010 Ventures I, LLC	Number of Investee Companies	Investment Principal	Net Appreciation (Depreciation)	Allowance For Impairment	Investment Balance
Investments carried at cost	1	$ 50,000	$ -	$ -	$ 50,000
Appreciated investments	1	500,000	6,050,928	-	6,550,928
Depreciated investments	1	477,204	(326,853)	-	150,351
Impaired investments	1	700,000	-	(700,000)	-
Balance, December 31, 2010	4	$1,727,204	$5,724,075	$ (700,000)	$ 6,751,279
Ventures II, LLC					
Appreciated investments	4	$6,483,310	$4,038,171	$ -	$10,521,481
Impaired investments	2	1,634,340	-	(1,634,340)	-
Balance, December 31, 2010	6	$8,117,650	$4,038,171	$(1,634,340)	$10,521,481
Totals		$9,844,854	$9,762,246	$(2,334,340)	$17,272,760

(3) **INVESTMENTS** (Continued)

Program-Related Equity Investments – BCLF Ventures, LLCs (Continued)

The following table presents the program-related equity investments by level within the fair value framework (see Note 2) as of December 31:

2011	Level 1	Level 2	Level 3	Total
Ventures I, LLC	$6,182,097	$406,626	$ 50,000	$ 6,638,723
Ventures II, LLC	$2,131,284	$ -	$ 5,226,425	$ 7,357,709
2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Ventures I, LLC	$ -	$150,351	$ 6,600,928	$ 6,751,279
Ventures II, LLC	$ -	$ -	$10,521,481	$10,521,481

During 2011, one of BCLF Ventures, LLC's program-related investments was publicly offered and is no longer considered a privately held corporation (see page 25). This investment is now valued using Level 1 inputs (see Note 2).

Management values Level 2 program-related equity investments using quoted prices of identical assets traded on a security exchange which is not an active market.

Management values certain program-related equity investments using unobservable, or Level 3, inputs. Management uses all information available, including third party valuation reports, to determine an appropriate valuation for each investment. The inputs used, including those used in third party valuations, include valuation techniques based on multiples of earnings or revenues and hypothetical sale or liquidation scenarios. As in many sale or liquidation scenarios, there are key inputs, such as multiples of revenue, which are often important in early stage companies that have not established profitability. If these multiples were to increase, it could result in a material change in valuation realized upon sale. Another similar input, that if adjusted would result in material changes in valuation, is a discount for liquidity, sometimes referred to as a discount for lack of marketability. The table below identifies each factor and a range of inputs used in determining the valuation of each of the investments valued above using Level 3 inputs:

Primary Valuation Technique - Market Comparable Companies

Unobservable Input:	Revenue Multiples:	0.5 - 2.5
	Marketable Discount:	0% - 30%
	Earnings before interest, taxes and dividends Multiple:	8.5 – 10

Other Valuation Technique - Discounted Cash Flow

Unobservable Input:	Residual Growth Rate:	3%- 5%
	Weighted Average Cost of Capital:	23% - 32%

Ventures II, LLC's program-related equity investments valued using Level 3 inputs are invested in the medical and educational service sectors. These investments have a fair value of $2,831,400 and $2,395,025, respectively, as of December 31, 2011.

(3) **INVESTMENTS** (Continued)

Program-Related Equity Investments – BCLF Ventures, LLCs (Continued)

Transfers out of all input levels are recognized on the actual date of the transfer. The following table represents a reconciliation of activity for the investments classified within Level 3 for 2011 and 2010:

	Ventures I, LLC	Ventures II, LLC
December 31, 2009	$ 4,751,888	$ 9,907,266
Unrealized gains	1,949,507	944,963
Impairment loss	(100,467)	(330,748)
December 31, 2010	6,600,928	10,521,481
Unrealized and realized gains	-	2,637,725
Purchases	-	9,875
Redemptions	-	(5,660,086)
Transfer to Level 1 (see page 24)	(6,550,928)	(2,282,570)
December 31, 2011	$ 50,000	$ 5,226,425

During 2010, BCLF Ventures, LLCs recognized impairment losses of $100,467 and $330,748, respectively, relating to investments in one investee company which was sold during the year. These amounts are included in impairment loss on program-related equity investment and loans and interest receivable in the accompanying consolidated statement of activities. As a result of the sale, the value of BCLF Ventures, LLCs' investments were completely impaired. There were no additional known or expected impairments on program-related equity investments as of December 31, 2011 and 2010.

(4) **INVESTMENTS IN AFFILIATES**

BCLF Ventures, LLCs

The financial statements of BCLF Ventures, LLCs are included in the accompanying consolidating financial statements (see Notes 1 and 2). Summarized individual financial statements as of and for the years ended December 31, 2011 and 2010, for BCLF Ventures, LLCs are as follows:

	2011		
Balance Sheets	**Ventures I, LLC**	**Ventures II, LLC**	**Total**
Cash and cash equivalents	$ 238,852	$ 1,307,938	$ 1,546,790
Loans and interest receivable	-	725,298	725,298
Program-related equity investments	6,638,723	7,357,709	13,996,432
Total assets	$6,877,575	$ 9,390,945	$16,268,520
Accounts payable	$ 6,226	$ -	$ 6,226
Members' investment	6,871,349	9,390,945	16,262,294
Total liabilities/members' investment	$6,877,575	$ 9,390,945	$16,268,520

(4) INVESTMENTS IN AFFILIATES

BCLF Ventures, LLCs (Continued)

	2011		
Statements of Operations	**Ventures I, LLC**	**Ventures II, LLC**	**Total**
Interest and other investment income	$ 23,026	$ 24,969	$ 47,995
Operating expenses	176,814	531,912	708,726
Operating loss	(153,788)	(506,943)	(660,731)
Other investment activity:			
Realized gain on redemption of program-related equity investments	-	2,077,547	2,077,547
Net unrealized gain (loss) on program-related equity investments	(496,708)	408,892	(87,816)
Net income (loss)	$ (650,496)	$ 1,979,496	$ 1,329,000

	2010		
Balance Sheets	**Ventures I, LLC**	**Ventures II, LLC**	**Total**
Cash and cash equivalents	$ 34,462	$ 30,861	$ 65,323
Loans and interest receivable	887,004	702,015	1,589,019
Program-related equity investments	6,751,279	10,521,481	17,272,760
Total assets	$7,672,745	$11,254,357	$18,927,102
Accounts payable	$ 150,900	$ 1,140,392	$ 1,291,292
Affiliate loans payable	-	202,516	202,516
Members' investment	7,521,845	9,911,449	17,433,294
Total liabilities/members' investment	$7,672,745	$11,254,357	$18,927,102
Statements of Operations			
Interest and other investment income	$ 297,712	$ 58,812	$ 356,524
Operating expenses	180,975	538,370	719,345
Operating income (loss)	116,737	(479,558)	(362,821)
Other investment activity:			
Net unrealized gain on program-related equity investments	1,937,942	944,963	2,882,905
Impairment loss on program-related equity investments and loan and interest receivable	(207,965)	(438,318)	(646,283)
Net income	$1,846,714	$ 27,087	$ 1,873,801

(4) INVESTMENTS IN AFFILIATES (Continued)

BCLF Ventures, LLCs (Continued)

As of December 31, 2011 and 2010, the BCLF Ventures, LLCs were capitalized as follows:

2011	Ventures I, LLC	Ventures II, LLC	Total
Manager member:			
Venture Fund	$ 68,713	$ 93,910	$ 162,623
Regular members:			
Venture Fund	3,267,658	851,752	4,119,410
Other members	3,534,978	8,445,283	11,980,261
Sub-total regular members	6,802,636	9,297,035	16,099,671
Total capital	$6,871,349	$9,390,945	$16,262,294

2010	Ventures I, LLC	Ventures II, LLC	Total
Manager member:			
Venture Fund	$ 75,218	$ 99,114	$ 174,332
Regular members:			
Venture Fund	3,715,519	898,599	4,614,118
Other members	3,731,108	8,913,736	12,644,844
Sub-total regular members	7,446,627	9,812,335	17,258,962
Total capital	$7,521,845	$9,911,449	$17,433,294

Original members' capital contributions were $5,030,000 and $16,500,000 for Ventures I, LLC and Ventures II, LLC, respectively.

Activity related to the Venture Fund's investment in these entities, which is recorded on the equity method of accounting (see Notes 1 and 2), is as follows:

	Ventures I, LLC	Ventures II, LLC	Total
Net investment, December 31, 2009	$2,500,822	$ 995,003	$3,495,825
Share of net income	1,289,915	2,710	1,292,625
Net investment, December 31, 2010	3,790,737	997,713	4,788,450
Distributions	-	(250,000)	(250,000)
Share of net income (loss)	(454,366)	197,949	(256,417)
Net investment, December 31, 2011	$3,336,371	$ 945,662	$4,282,033

(4) INVESTMENTS IN AFFILIATES (Continued)

Cost Method Investments Eliminated in Consolidation

The Venture Fund's investment in Aura Mortgage (see Note 1), which it carries on the cost method of accounting (see Note 2), was $1,170,000 as of December 31, 2011 and 2010, and has been eliminated in the accompanying consolidating financial statements. During 2010, the Venture Fund made capital contributions of $100,000 to Aura Mortgage to support its mortgage activities. The Venture Fund did not make any capital contributions during 2011.

The Holding Company's investments in NSP, WegoWise and SEA (see Note 1) are also carried on the cost method (see Note 2). The investments totaling $5,741,640 ($3,400,000 in NSP, $1,541,640, net of reserve of $328,254, in WegoWise and $800,000 in SEA) and $4,200,000 ($3,400,000 in NSP and $800,000 in SEA) as of December 31, 2011 and 2010, have been eliminated in the accompanying consolidating financial statements.

CDE LLCs

The consolidating financial statements do not include the financial statements of CDEs I-IX and CDEs XI-XIII (see Notes 1 and 2). Managed Assets does not maintain a significant membership interest in these entities and accounts for them using the cost method. As of December 31, 2011 and 2010, Managed Assets had the following amounts invested in the unconsolidated CDE LLCs:

	2011	2010
BCC NMTC CDE I, LLC	$ 2,844	$ 2,844
BCC NMTC CDE II, LLC	892	892
BCC NMTC CDE III, LLC	575	575
BCC NMTC CDE IV, LLC	2,137	2,137
BCC NMTC CDE V, LLC	551	551
BCC NMTC CDE VI, LLC	4,421	4,421
BCC NMTC CDE VII, LLC	15,805	15,805
BCC NMTC CDE VIII, LLC	8,502	8,502
BCC NMTC CDE IX, LLC	7,500	7,500
BCC NMTC CDE XI, LLC	2,279	-
BCC NMTC CDE XII, LLC	1,442	-
BCC NMTC CDE XIII, LLC	1,579	-
	$48,527	$43,227

WegoWise

In December, 2010, the Holding Company loaned WegoWise (see Note 1) funds under two convertible note agreements totaling $500,000. During 2011, the Holding Company made additional loans totaling $400,000 with the same terms. Each of the notes accrued interest at 8%. During 2011, principal and accrued interest totaling $969,894 was converted into 48,229 shares of preferred stock in WegoWise. At the time of acquisition, the Holding Company also purchased an additional 44,754 shares for $900,000 to hold a 65% controlling interest in WegoWise. The consolidation of WegoWise in 2011 resulted in a decrease of the unrestricted net asset of the Corporation of $539,574 as reflected in the accompanying consolidating statement of changes in net assets and non-controlling interests (see Note 2).

(5) LOANS AND INTEREST RECEIVABLE

Loan Fund

Portfolio Lending

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

> **Permanent**: for long-term financing for newly constructed or rehabilitated or existing multi-family housing, community facilities or commercial real estate.
>
> **Construction**: for construction or rehabilitation of residential (single family and multi-family) and commercial properties.
>
> **Site acquisition**: for acquisition of property for development, whether for commercial or housing developments.
>
> **Organizational**: for organizational capacity building, recapitalization and/or providing operating capital.
>
> **Predevelopment**: for financing the upfront cost of real estate development projects prior to construction, such as for permitting, design and due diligence.

Loans receivable bear interest at rates ranging from zero to fourteen percent (0% - 14%) 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 escrows held by the Loan Fund or other forms of collateral. The Loan Fund's five largest outstanding loans receivable were approximately 34% and 32% of the portfolio as of December 31, 2011 and 2010, respectively.

The Loan Fund's loans, as described above, are as follows at December 31:

	2011		2010	
Type	Number of Loans	Net Loan Amount	Number of Loans	Net Loan Amount
Permanent	30	$21,807,561	25	$19,160,932
Construction	32	21,617,828	35	23,137,474
Site Acquisition	23	20,066,268	25	24,133,138
Organizational	10	8,703,326	11	8,887,085
Predevelopment	11	6,911,374	10	6,536,447
	106	79,106,357	106	81,855,076
Interest receivable on above loans		559,309		467,258
		$79,665,666		$82,322,334

(5) LOANS AND INTEREST RECEIVABLE (Continued)

Loan Fund (Continued)

Portfolio Lending (Continued)

Loans receivable of the Loan Fund are presented net of third party loan participations of $40,628,030 and $42,676,824 as of December 31, 2011 and 2010, respectively. All loan participations qualify as loan sales in accordance with the U.S. GAAP criteria for *Accounting for Transfers of Financial Assets and Extinguishments of Liabilities.*

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.

The Loan Fund had committed approximately $23,500,000 and $14,700,000 of current assets (cash, cash equivalents and short-term investments) for future disbursements on existing loan commitments and lines of credit to unrelated borrowers as of December 31, 2011 and 2010, respectively. The Loan Fund also committed approximately $5,000,000 and $10,000,000 of current assets for loan and line of credit commitments to SEA and SUN Financing (see Note 1), respectively, to support their programs (see Notes 1 and 8) at December 31, 2011 and 2010. In 2010, SUN Financing drew down and repaid $2,582,394 under this agreement and paid $9,146 of interest to the Loan Fund. SUN Financing did not draw any funds under this agreement in 2011. In 2011 and 2010, SEA drew down $888,595 and $812,000, respectively, under the agreement and paid $36,914 and $1,802 of interest to the Loan Fund (see page 35) for the years ended December 31, 2011 and 2010, respectively. During 2011, SEA made principal payments under this agreement totaling $1,130,229. The Corporation has liquidity management policies and procedures to manage the timing of expected disbursements on these loans. Among the tools available to manage liquidity and meet commitments, are lines of credit with financial institutions (see Note 8), as well as the potential to initiate loan sales and loan participation agreements with lending partners.

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, 2011 and 2010, there is a guarantee of $4,600,000 for one loan receivable under this agreement. During 2011 and 2010, the Loan Fund has not received any amounts under this agreement.

Special Tax-Credit Lending

As of December 31, 2011 and 2010, the Loan Fund entered into fifteen and ten 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 entity from the proceeds of the Loan Fund's resale of the credits to an outside investor. Each loan is a non-interest bearing note with various maturity dates through December, 2062. As part of the arrangements, the Loan Fund received fees ranging from .2% to .51% of each total loan. These fees are included in program revenue and fees in the accompanying consolidating statements of activities and amount to $184,186 and $238,317 for 2011 and 2010, respectively. Total outstanding principal balances are $129,526,533 and $92,169,990 as of December 31, 2011 and 2010, respectively. These loans have specific restrictions surrounding their use and due to their long-term deferred nature and likelihood of collectibility, the notes are fully reserved at December 31, 2011 and 2010. The provision associated with these allowances is netted with the value of the tax credit donation.

(5) LOANS AND INTEREST RECEIVABLE (Continued)

Managed Assets

Managed Assets purchased from two financial institutions thirteen mortgage loans receivable from a nonprofit organization with a total initial principal balance of $4,200,858. Managed Assets has collected twelve of the thirteen mortgage loans receivable. The remaining loan balance of $58,358 and $59,654 as of December 31, 2011 and 2010, respectively, is secured by residential properties. The loan is due in monthly installments of principal and interest, bears interest at 6.25%, and matures in January, 2033.

BCLF Ventures, LLCs

Loans receivable of BCLF Ventures, LLCs consist of unsecured notes receivable from companies in which BCLF Ventures, LLCs have also made program-related equity investments (see Note 3).

Loans and interest receivable as of December 31, 2011, consists of three notes receivable held by BCLF Ventures II, LLC from two companies in Massachusetts. Interest on these notes range from 3.25% to 8%. A total of $570,500 of loan principal and $154,798 of accrued interest is outstanding as of December 31, 2011.

Loans and interest receivable are as follows as of December 31, 2010:

	BCLF Ventures I, LLC	BCLF Ventures II, LLC	Total
Number of companies	2	2	
Number of notes	2	3	
Interest rates	5% - 10%	3.25 - 5%	
Loan principal	$ 729,620	$ 807,822	$1,537,442
Interest receivable	264,882	259,350	524,232
Less - impaired loan and interest receivable	(107,498)	(365,157)	(472,655)
	887,004	702,015	1,589,019
Less - current portion	(239,385)	(702,015)	(941,400)
Non-current portion	$ 647,619	$ -	$ 647,619

The outstanding balance of loans and interest receivable were all due by December 31, 2011.

During 2010, $107,498 and $107,570 of loans receivable and related interest became impaired in BCLF Ventures I and II, LLC, respectively. These amounts are included in impairment loss on program-related equity investments and loans and interest receivable in the accompanying consolidating statement of activities. During 2011 and 2010, there were no additional impairment losses on loans or interest receivable.

Accrued interest of $107,498 on BCLF Ventures I, LLC's loan receivable was considered impaired in 2010 since the borrower corporation merged with another corporation during the year. As part of the merger, it was determined that there were only enough funds to cover the principal amounts of investor debt. As a result, accrued interest on the loan receivable was considered impaired since repayment was not expected. During 2011, BCLF Ventures I, LLC received repayment approximating the principal balance of the note receivable of $46,230.

(5) LOANS AND INTEREST RECEIVABLE (Continued)

Foreclosure and Home Mortgage Services

At December 31, 2011, Aura Mortgage holds fourteen mortgage loans receivable from low-income individuals in Massachusetts totaling $2,203,514. These loans bear interest at rates ranging from 5.625% - 7.5% and mature at various dates through 2041. Monthly payments of principal and interest are due in amounts between $180 and $1,911.

At December 31, 2010, Aura Mortgage holds five mortgage loans receivable from low-income individuals in Massachusetts, totaling $897,072. These loans bear interest at rates ranging from 6.12% - 7.5% and mature at various dates through 2040. Monthly payments of principal and interest are due in amounts between $180 and $1,909.

During 2011 and 2010, SUN Financing purchased, at net book value, thirty-three and thirty-seven, respectively, of the mortgage loans issued by Aura Mortgage for $7,232,892 and $6,059,750, respectively, which is net of loan loss reserves of $1,454,395 and $1,351,140, respectively. These loans bear interest from 5.625% - 6.5% and mature at various dates through 2041. Substantially, all loans receivable are secured by first mortgages on residential property. Monthly payments of principal and interest are due in amounts ranging from $225 to $2,004. Aura Mortgage continues to service the loans purchased by SUN Financing.

Aura Mortgage and SUN Financing's loans receivable are secured by residential real estate holdings in Massachusetts and could be affected by adverse real estate markets in the state.

In 2010, Aura Mortgage was awarded a $1.5 million contract from the Commonwealth of Massachusetts to fund loan loss reserves and a small amount of administrative costs. Aura Mortgage received $356,030 and $331,309 of this award in 2011 and 2010, respectively, which is included in grants and contributions in the accompanying consolidating statements of activities for the years ended December 31, 2011 and 2010, including $329,328 and $306,461, respectively, related to loan loss reserves for qualifying loans receivable. Cash amounts of $248,026 and $306,461 were transferred to SUN Financing at the time of the loan sales in 2011 and 2010, respectively. The remaining cash related to loan loss reserves of $81,302 relates to qualifying loans receivable remaining with Aura Mortgage and is included in cash and cash equivalents – loan loss reserves in the accompanying consolidating statement of financial position at December 31, 2011.

All of the forty-three properties financed by Aura Mortgage in 2011 were purchased by the borrowers from NSP in the total amount of $8,565,217. Twenty-nine of the thirty-one properties financed by Aura Mortgage in 2010 were purchased by the borrowers from NSP for $5,365,085.

Because of the inherent risk in the mortgage loans issued, for accounting purposes, Aura Mortgage significantly discounts the principal value of the mortgages upon closing. Discounts up to 20% are applied based on the perceived risk of individual loans (see Note 6). The provision associated with this discount amounted to $1,727,778 and $1,122,036 in 2011 and 2010, respectively, and has been netted in the accompanying financial statements with the gain on sale of the residences realized by NSP. NSP generally sells the property at a profit equal to the loan discount applied by Aura Mortgage.

(5) LOANS AND INTEREST RECEIVABLE (Continued)

Maturities

Maturities of loans receivable as of December 31, 2011, are as follows:

Year	Loan Fund	Managed Assets	SUN Financing	Aura Mortgage	Total
2012	$33,388,137	$ 1,365	$ 205,822	$ 27,804	$33,623,127
2013	12,218,266	1,405	197,659	29,610	12,446,940
2014	4,724,872	1,445	210,251	31,533	4,968,101
2015	10,444,239	1,485	223,648	33,581	10,702,953
2016	6,259,269	1,525	237,894	35,713	6,534,401
Thereafter	12,630,883	51,133	13,202,632	2,045,273	27,929,922
	79,665,666	58,358	14,277,906	2,203,514	96,205,444
Adjustment for deferred loan fees (see Note 2)	(199,659)	-	-	-	(199,659)
Less - allowance for loan losses (see Note 6)	(4,307,649)	-	(2,805,535)	(401,432)	(7,514,616)
Net loans receivable	$75,158,358	$58,358	$11,472,371	$1,802,082	$88,491,169

Affiliate Loans

In December, 2010, the Holding Company loaned WegoWise (see Note 1) funds under two convertible note agreements totaling $500,000. The principal balance plus accrued interest as of December 31, 2010, is included in the current portion of affiliate loans receivable in the accompanying consolidating statement of financial position. During 2011, the Corporation exercised its option to convert the two notes and accrued interest into preferred stock in WegoWise (see Notes 2 and 4).

During 2010, the Holding Company's share of WegoWise's losses exceeded the initial cost of its investment. The additional losses were recorded as a reduction in the carrying value of the loans receivable at December 31, 2010. The carrying value of the affiliate loan and interest receivable as of December 31, 2010, is as follows:

Outstanding loan receivable principal balance	$ 500,000
Accrued interest	16,628
Accumulated share of losses of WegoWise in excess of original investment	(328,254)
Net affiliate loan receivable (see page 34)	$ 188,374

The Corporation and its affiliates have entered into various intercompany loans. These intercompany loans bear interest at 3% - 6%, payable quarterly, are unsecured, and mature between 2018 and 2020. Interest on these borrowings totaled $417,746 and $271,816 in 2011 and 2010, respectively, and has been eliminated in the accompanying consolidating financial statements.

(5) LOANS AND INTEREST RECEIVABLE (Continued)

Affiliate Loans (Continued)

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

	2011	2010
Managed Assets receivable from various BCC CDE LLCs for delayed sub-allocation fees (see Note 1)	$16,139,545	$13,335,266
Loan Fund receivable from SEA	3,000,000	3,000,000
Loan Fund receivable from Venture Fund	2,300,000	2,300,000
Loan Fund receivable from the Investment Fund (see Note 1)	1,472,876	-
Loan Fund receivable from SEA	570,366	812,000
Managed Assets receivable from SEA	500,000	505,228
Holding Company receivable from BCC SEA QALICB	235,366	-
Holding Company receivable from Venture Fund	100,000	100,000
SUN receivable from Holding Company	50,000	-
Holding Company receivable from NSP	13,275	-
Managed Assets receivable from Aura Mortgage	-	426,723
Managed Assets receivable from Venture Fund	-	400,000
Holding Company net receivable from WegoWise (see page 33)	-	188,374
Managed Assets receivable from BCLF Ventures II, LLC	-	202,516
Sub-total affiliate loans and fees receivable	24,381,428	21,270,107
Affiliate loans and fees receivable eliminated	8,860,732	7,746,467
Net affiliate loans and fees receivable	$15,520,696	$13,523,640

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

	2011	2010
Allowance for loan losses (see page 35)	$4,307,649	$4,131,822
Board designated net assets for loan loss reserves (see Note 2)	2,886,839	2,886,839
	$7,194,488	$7,018,661

(6) ALLOWANCE FOR LOAN LOSSES AND LOAN LOSS RESERVES (Continued)

Loan Fund (Continued)

An allowance for loan losses is an estimate of expected loan losses expressed as a reduction of the carrying value of loans receivable (see Note 5). The loan loss allowance is based on expected losses as determined under the Loan Fund's risk rating system (see Note 2). In addition, the Loan Fund's Board of Directors designates unrestricted net assets as loan loss reserves so that the sum of the loan loss allowance and designated unrestricted net assets equals at least 5% of total loans receivable of the Loan Fund.

The allowance for the loan losses, which has been allocated proportionally to the long-term and current portions of the loan portfolio in the accompanying consolidating statements of financial position, consists of the following at December 31, 2011:

	Construction	Organizational	Permanent	Predevelopment	Site Acquisition	Total
Allowance for loan losses, December 31, 2010	$ 911,454	$ -	$758,041	$1,474,972	$ 987,355	$4,131,822
Charge-offs	-	-	-	-	(915,488)	(915,488)
Recoveries	(92,931)	-	(17,573)	(518,760)	(174,255)	(803,519)
Provision	847,956	-	85,529	-	961,349	1,894,834
Allowance for loan losses, December 31, 2011	$1,666,479	$ -	$825,997	$ 956,212	$ 858,961	$4,307,649
Ending balance: Individually evaluated for impairment	$1,541,485	$ -	$737,387	$ 701,341	$ 800,000	$3,780,213

During December, 2011, the Loan Fund received a parcel of land as a result of a borrower defaulting on a loan receivable in which the Loan Fund had collateral (see Notes 1 and 2). The fair market value of the property at the time of the acquisition was $1,400,000, which is included in property and equipment and real estate owned in the accompanying consolidating statement of financial position as of December 31, 2011. The remaining balance of the loan of $915,488 was recorded as a charge-off to the allowance for loan losses (see above). Management intends to sell this land which is held by BCC REO.

Foreclosure and Home Mortgage Services

Aura Mortgage significantly discounts the principal value of its mortgages upon closing. Discounts are applied based on the perceived risk of individual loans, up to 20%. The provision associated with this discount amounted to $1,727,778 and $1,122,036 in 2011 and 2010, respectively (see Note 5). When loans receivable are sold by Aura Mortgage to SUN Financing, the related allowance for loan losses is also transferred to SUN Financing.

(7) PROPERTY AND EQUIPMENT AND REAL ESTATE OWNED

Holding Company

Property and equipment are as follows as of December 31:

	2011	2010
Computer equipment	$232,201	$232,201
Office equipment	171,474	109,664
Leasehold improvements	127,682	87,839
	531,357	429,704
Less - accumulated depreciation	400,838	339,678
	$130,519	$ 90,026

Solar Energy Programs

As of December 31, 2011, SEA substantially completed construction of solar panel projects at twelve locations in Massachusetts. Of these projects, three and eight projects were placed into service in 2011 and 2010, respectively. Six of these projects were transferred from SEA to SEA QALICB during 2011 upon formation of CDE X and related entities (see Note 1). Each of the transferred projects received by SEA QALICB was placed in service before December 31, 2011.

In connection with these developments, 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). The net carrying value of the solar panel projects are as follows at December 31:

2011	SEA	SEA QALICB	Total
Solar energy panels and installation	$13,620,653	$5,114,787	$18,735,440
Less - MRET rebates, MCEC grants and Section 1603 payments	(6,106,075)	(215,889)	(6,321,964)
Less - EAP grants received from the Holding Company	(3,775,000)	-	(3,775,000)
Depreciable cost basis	3,739,578	4,898,898	8,638,476
Less - accumulated depreciation	(633,424)	(67,820)	(701,244)
	$ 3,106,154	$4,831,078	$ 7,937,232

(7) PROPERTY AND EQUIPMENT AND REAL ESTATE OWNED (Continued)

Solar Energy Programs (Continued)

2010	SEA
Solar energy panels and installation	$13,234,913
Less - MRET rebates and Section 1603 payments	(5,166,964)
Less - EAP grants received from the Holding Company	(3,775,000)
Depreciable cost basis	4,292,949
Less - accumulated depreciation	(344,183)
	$ 3,948,766

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, 2011 and 2010. Management expects to maintain compliance throughout the five year recapture period applicable to these projects.

The Holding Company has acted as a developer for all the solar energy projects owned and operated by SEA and SEA QALICB to date. The Holding Company earned $469,345 and $32,356 in 2011 and 2010, respectively, for these services. These fees have not been eliminated in the accompanying consolidating financial statements since they were paid substantially by third party grant and rebate payments.

SEA has power purchase and host agreements with the host of each of the solar panel projects. Each agreement obligates the host to buy the power produced by its solar panel project, for which SEA bills the host monthly at a rate per kilowatt hour of energy specified in the agreement. The related combined revenue for both entities for 2011 and 2010 of approximately $268,000 and $237,000, respectively, is included in program revenue and fees on the accompanying consolidating statements of activities. The host may terminate each agreement on the eighth or fourteenth anniversary of the operation date provided that the host pays SEA or SEA QALICB an early buyout purchase price for the solar panel project. The host can also buy each solar panel project on the agreement expiration date, which is twenty years from the first operation date of the solar panel project.

SEA also earns 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 from 2010 through 2012. 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.

(7) PROPERTY AND EQUIPMENT AND REAL ESTATE OWNED (Continued)

Solar Energy Programs (Continued)

The related combined SREC and REC revenue for both entities for 2011 and 2010 of approximately $306,000 and $129,000, respectively, is included in program revenue and fees on the accompanying consolidating statements of activities.

WegoWise, Inc.

WegoWise has equipment with a cost of $24,968 and accumulated depreciation of $4,808 as of December 31, 2011.

Foreclosure and Home Mortgage Services

NSP

In connection with activities of NSP (see Note 1), foreclosed and other residential properties in low-income communities are purchased, rehabilitated and held for resale, with the intent that they be resold to the original owner. The value of all the NSP properties, not including the properties financed by SUN Financing (see below), was $467,542 at December 31, 2010. During 2011, SUN Financing acquired the beneficial interests in these properties. As of December 31, 2011 and 2010, NSP had offers outstanding on eighty-eight and four additional properties, respectively.

For the properties purchased by NSP and then sold to individuals with an Aura Mortgage loan, NSP holds shared appreciation agreements with each borrower. At December 31, 2011, NSP holds approximately ninety shared appreciation notes that provide that NSP is entitled 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.

NSP also had $43,794 and $18,234 of office improvements and equipment as of December 31, 2011 and 2010, respectively, with accumulated depreciation of $7,400 and $2,532, respectively.

SUN Financing's Interests in Real Property held by NSP

During 2010, SUN Financing provided funding for certain housing units held by NSP. As of December 31, 2011, six of these units, totaling $579,898, are being held as rental properties, and eight of these units, totaling $1,469,881, were being held as properties held for sale under rent-to-buy arrangements. Two properties held for sale, totaling $347,432 as of December 31, 2010, were transferred to rental properties during 2011. Six of the eight properties purchased during 2010 with a cost basis of $940,010 were sold back to their owners by issuing loans to the original owners totaling $872,350 during 2011. During 2011, SUN Financing purchased fifteen additional properties with a cost of $2,455,606. During 2011, SUN Financing also sold one rental property with a cost basis of $189,439 and recognized a realized gain on the sale of $25,416. The remaining properties held for sale at December 31, 2011, are expected to be sold in 2012.

(7) PROPERTY AND EQUIPMENT AND REAL ESTATE OWNED (Continued)

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

	2011	2010
SEA QALICB solar energy equipment	$ 4,831,078	$ -
SUN Financing's interests in real property	3,274,355	2,001,632
SEA solar energy equipment	3,106,154	3,948,766
Loan Fund real estate owned (see Note 6)	1,400,000	-
Holding Company property and equipment	130,519	90,026
NSP property and equipment	36,394	15,702
WegoWise office equipment	20,160	-
NSP real estate holdings	-	467,542
	$12,798,660	$6,523,668

(8) LOANS PAYABLE

Loan Fund

Loans payable of the Loan Fund represent borrowings from approximately 300 lenders ("investors") in principal amounts ranging from $500 to $10,000,000. Loans payable bear interest at rates ranging from 0% to 4.85%, payable at varying initial maturities of one to ten years through 2021. Loans payable of the Loan Fund are unsecured with recourse to the general assets of the Loan Fund.

The Loan Fund has available three lines of credit with financial institutions. The Loan Fund has an unsecured revolving line of credit for a maximum of $50,000,000 with one of the financial institutions, with $20,000,000 of this amount being participated out to other financial institutions. The interest rate on this line is a 30-day London Inter-Bank Offered Rate (LIBOR), plus 3% (3.30% and 3.26% at December 31, 2011 and 2010, respectively). As of December 31, 2010, $10,650,000 was outstanding under this agreement and is included in loans payable in the accompanying consolidating statement of financial position. No amounts were outstanding as of December 31, 2011. The line of credit expires in 2012.

The Loan Fund entered into a $15,000,000 unsecured non-revolving line of credit with a financial institution, which expires in December, 2016. 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. As of December 31, 2011 and 2010, $15,000,000 and $10,780,000, respectively, was outstanding on this line of credit and is included in loans payable in the accompanying statements of financial position. Funds advanced under these draws bear interest at rates ranging from 3.24% to 4.26%. The interest rates are locked-in on the specific date of each draw.

The Loan Fund also entered into a $5,000,000 unsecured revolving line of credit with the same financial institution which expired in December, 2011, and was renewed through December, 2013. Outstanding advances under this line of credit bore interest at 4% at December 31, 2011 and 2010. As of December 31, 2011 and 2010, $5,000,000 and $500,000, respectively, was outstanding on this line of credit and is included in loans payable in the accompanying consolidating statements of financial position. Any future borrowings under this agreement bear interest at 3%.

(8) LOANS PAYABLE (Continued)

Loan Fund (Continued)

The Corporation also had a $4,000,000 unsecured revolving line of credit with the Federal National Mortgage Association (FNMA), which was renewed through June, 2010. Outstanding advances under this line of credit bore interest at FNMA's five-year cost of funds, plus 25 basis points. During 2010, the line of credit with FNMA was repaid and it was not renewed.

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, 2011 and 2010, the Loan Fund was in compliance with these covenants.

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

	2011	2010
Lines of credit	$20,000,000	$21,930,000
Other loans payable	54,683,152	42,724,743
	$74,683,152	$64,654,743

Foreclosure and Home Mortgage Services – SUN Financing

SUN Financing entered into a Note Purchase Agreement with the Loan Fund as the original purchaser and with additional purchasers. Under this agreement, SUN Financing is able to sell notes representing the purchasers' commitments to make advances to SUN Financing from time to time in the aggregate principal amount of $50,000,000.

SUN Financing also entered into an initial unsecured note with the Loan Fund, as original purchaser, under the Note Purchase Agreement. 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. During 2010, SUN Financing drew, and repaid, $2,582,394 of advances under this agreement (see Note 5). SUN Financing did not draw down any funds during 2011.

During 2010, SUN Financing entered into additional unsecured note payable agreements with thirty-seven additional purchasers, including both individuals and organizations, under the Note Purchase Agreement. During 2011, SUN Financing entered into twenty-six additional note payable agreements. The total amount advanced to SUN Financing under these notes payable as of December 31, 2011 and 2010, was $16,535,000 and $12,035,000, respectively, and is reflected as loans payable on the accompanying consolidating statement of financial position. The principal amounts of the notes with the additional purchasers range from $15,000 to $5,000,000.

All notes payable under the Note Purchase Agreement bear interest ranging from 3.0% to 4.25%, are payable quarterly in arrears, and mature in May, 2015. SUN Financing is able to prepay any of the notes payable without penalty. The Note Purchase Agreement requires SUN Financing to maintain certain covenants as specified in the agreement. As of December 31, 2011 and 2010, SUN Financing was in compliance with these covenants.

(8) LOANS PAYABLE (Continued)

Maturities

Maturities of all loans payable as of December 31, 2011, are as follows:

Year	Loan Fund	Foreclosure and Home Mortgage Services – SUN Financing	Venture Fund	Total
2012	$11,601,063	$ -	$15,000	$11,616,063
2013	7,484,070	-	-	7,484,070
2014	10,855,899	-	-	10,855,899
2015	9,922,823	16,535,000	-	26,457,823
2016	16,261,152	-	-	16,261,152
Thereafter	18,558,145	-	-	18,558,145
Total loans	$74,683,152	$16,535,000	$15,000	$91,233,152

In the ordinary course of operations, the Loan Fund may negotiate extensions of maturity with many investors. The current maturities as of December 31, 2011 and 2010, include $920,558 and $537,983, respectively, of loan principal which has matured, but not been paid or formally extended. Management is negotiating extensions of these amounts.

(9) PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE

Permanent loan capital – subordinated loans payable consist of long-term subordinated loans payable of the Loan Fund (36 and 35 individual loans as of December 31, 2011 and 2010, 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 2021. Only one note is currently amortizing. These loans are subordinate and junior to all other obligations of the Loan Fund.

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, indefinitely, based upon specified criteria in the loan terms and agreements of the Corporation and the lenders.

Maturity dates of principal over the next five years as of December 31, 2011, are as follows:

2012	$ 93,173
2013	$ 95,053
2014	$ 96,972
2015	$ 98,929
2016	$ 100,926
Thereafter	$18,929,662

(10) LEASE AND OTHER COMMITMENTS

The Corporation has agreements to rent office space and parking in Roxbury, Massachusetts, which terminate June, 2014. The Corporation also has short-term lease agreements to rent additional office space in Roxbury, Massachusetts and Attleboro, Massachusetts, related to the operation of Aura Mortgage. Under these leases, the Corporation is obligated to pay monthly rental payments and is also responsible for its share of utilities. For the first Roxbury lease, the Corporation is also responsible for its share of real estate taxes. Total expense under these facility leases was $136,467 and $140,598 for 2011 and 2010, respectively, and is included in office operations in the accompanying consolidating statements of activities.

The Corporation also has commitments for lease of office equipment and telecommunications and information technology services. These agreements require aggregate monthly operating payments of approximately $11,500 and expire at various dates through August, 2016.

Future minimum payments for the next five years under all lease and other agreements are as follows:

2012	$154,238
2013	$143,587
2014	$138,694
2015	$ 19,272
2016	$ 13,672

(11) PENSION PLAN

The Corporation has adopted an Internal Revenue Code (IRC) Section 401(k) 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 2011 and 2010 was $106,516 and $104,315, respectively, and is included in personnel in the accompanying consolidating statements of activities.

(12) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation discloses estimated fair values for its significant financial instruments. Because no ready market exists for a significant portion of the financial instruments, some fair values are based on management's estimates using the criteria of fair value measurements (see Note 2). These estimates are subjective in nature and involve uncertainties and matters of significant judgment.

The assumptions used by management assume normal market conditions and do not contemplate the effects of short-term turmoil in the financial markets. Changes in assumptions could significantly affect the estimates.

(12) FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following fair value estimates, methods and assumptions were used to estimate the fair value of each class of significant financial instruments for which it is practical to estimate that value.

Cash and Cash Equivalents: The carrying amount of cash and cash equivalents is its fair value.

Short-Term Investments: The fair value of short-term investments is based upon the contract value of certificates of deposit.

Program-Related Equity Investments: The fair value of program-related equity investments is based upon both observable (Level 1 and Level 2) inputs and unobservable (Level 3) inputs, such as the consideration of recently occurring external events with independent parties, as well as a variety of valuation techniques based on multiples of earnings or revenues and hypothetical sale or liquidation scenarios (see Note 3).

Loans and Interest Receivable: The fair values of loans receivable in the portfolio have been determined by segregating fixed interest rate loans from adjustable interest rate loans. The fair values of fixed rate loans are calculated by discounting future cash flows through their weighted average months to maturity, using a weighted average interest rate for new financings within the Corporation's market. Loans with an adjustable interest rate tied to prime or some other floating rate move within the market and are considered by management to be at fair value.

Loans Payable: The fair values of loans payable are calculated by discounting cash flows through their weighted average months to maturity, using rates currently offered for new issuances within the Corporation's market.

Permanent Loan Capital - Subordinated Loans Payable: The carrying values of these note obligations are deemed to be a reasonable reflection of their fair values.

The following table summarizes carrying amounts and fair values for financial instruments at December 31:

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$56,670,096	$56,670,096	$33,865,606	$33,865,606
Short-term investments	$ 2,967,493	$ 2,967,493	$ 4,995,685	$ 4,995,685
Program-related equity investments	$13,996,432	$13,996,432	$17,272,760	$17,272,760
Loans and interest receivable, net	$89,216,467	$88,882,371	$86,344,665	$83,893,943
Loans payable	$91,233,152	$89,805,327	$76,704,743	$76,336,185
Permanent Loan Capital - Subordinated Loans Payable	$19,414,715	$19,414,715	$15,077,302	$15,077,302

(13) RECLASSIFICATIONS

Certain amounts in the 2010 consolidating financial statements have been reclassified to conform with the 2011 presentation.

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

COMBINING AND CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

	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	BCLF VENTURES, LLCs	ELIMINATIONS	TOTAL
CURRENT ASSETS:												
Cash and cash equivalents	$ 18,744,215	$ 16,063,970	$ 1,038,344	$ 51,048	$ 841,321	$ 2,291,747	$ 2,466,344	$ -	$ 41,496,989	$ 1,546,790	$ -	$ 43,043,779
Cash and cash equivalents - escrow funds	2,841,143	5,507,184	-	-	-	-	747,901	-	9,096,228	-	-	9,096,228
Cash and cash equivalents - loan loss reserves	-	-	-	-	-	-	4,885,789	-	4,885,789	-	-	4,885,789
Short-term investments	1,966,867	-	-	-	-	-	1,000,626	-	2,967,493	-	-	2,967,493
Current portion of loans and interest receivable, net of allowance for loan losses of $3,194,818	30,193,319	1,365	-	-	-	-	233,626	-	30,428,310	725,298	-	31,153,608
Current portion of affiliate loans and fees receivable	76,906	4,636,067	-	248,641	-	-	50,000	(463,954)	4,547,660	-	-	4,547,660
Other current assets	97,379	235,505	-	70,318	47,566	305,270	147,812	-	903,850	-	-	903,850
Due (to) from affiliate	4,414,964	(210,168)	(62,694)	(1,295,549)	-	(258,745)	(2,587,808)	-	-	-	-	-
Total current assets	58,334,793	26,233,923	975,650	(925,542)	888,887	2,338,272	6,944,290	(463,954)	94,326,319	2,272,088	-	96,598,407
LOANS AND INTEREST RECEIVABLE, net of current portion and allowance for loan losses of $4,319,798	44,965,039	56,993	-	-	-	-	13,040,827	-	58,062,859	-	-	58,062,859
AFFILIATE LOANS AND FEE RECEIVABLE, net of current portion	7,266,336	12,003,478	-	100,000	-	-	-	(8,396,778)	10,973,036	-	-	10,973,036
ORIGINATION COSTS - SUB-ALLOCATION FEE, net of accumulated amortization	-	-	-	-	-	801,452	-	(801,452)	-	-	-	-
PROGRAM-RELATED EQUITY INVESTMENTS	-	-	-	-	-	-	-	-	-	13,996,432	-	13,996,432
INVESTMENTS IN AFFILIATES	-	49,044	5,452,033	5,741,640	-	-	-	(6,912,157)	4,330,560	-	(4,282,033)	48,527
PROPERTY AND EQUIPMENT AND REAL ESTATE OWNED, net	1,400,000	-	-	130,519	20,160	7,937,232	3,310,749	-	12,798,660	-	-	12,798,660
Total assets	$ 111,966,168	$ 38,343,438	$ 6,427,683	$ 5,046,617	$ 909,047	$ 11,076,956	$ 23,295,866	$ (16,574,341)	$ 180,491,434	$ 16,268,520	$ (4,282,033)	$ 192,477,921
LIABILITIES, NET ASSETS AND NON-CONTROLLING INTERESTS												
CURRENT LIABILITIES:												
Current portion of loans payable	$ 11,601,063	$ -	$ 15,000	$ -	$ -	$ -	$ -	$ -	$ 11,616,063	$ -	$ -	$ 11,616,063
Current portion of permanent loan capital - subordinated loans payable	93,173	-	-	-	-	-	-	-	93,173	-	-	93,173
Interest and accounts payable	424,476	-	-	497,314	52,215	1,435,113	601,453	-	3,010,571	6,226	-	3,016,797
Current portion of affiliate loans payable	-	-	-	50,000	-	400,679	13,275	(463,954)	-	-	-	-
Current portion of deferred revenue	-	2,757,269	-	-	22,680	-	-	(88,407)	2,691,542	-	-	2,691,542
Escrow funds	2,841,143	5,507,184	-	-	-	-	747,901	-	9,096,228	-	-	9,096,228
Total current liabilities	14,959,855	8,264,453	15,000	547,314	74,895	1,835,792	1,362,629	(552,361)	26,507,577	6,226	-	26,513,803
LOANS PAYABLE, net of current portion	63,082,089	-	-	-	-	-	16,535,000	-	79,617,089	-	-	79,617,089
AFFILIATE LOANS PAYABLE, net of current portion	-	-	-	-	-	2,496,778	-	(2,496,778)	-	-	-	-
DEFERRED REVENUE, net of current portion	-	13,615,886	-	-	-	-	-	(454,545)	13,161,341	-	-	13,161,341
PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE, net of current portion	19,321,542	-	2,400,000	-	-	3,500,000	-	(5,900,000)	19,321,542	-	-	19,321,542
Total liabilities	97,363,486	21,880,339	2,415,000	547,314	74,895	7,832,570	17,897,629	(9,403,684)	138,607,549	6,226	-	138,613,775
NET ASSETS AND NON-CONTROLLING INTERESTS:												
Unrestricted:												
General	9,704,307	16,414,055	661,167	(2,575,534)	-	-	-	3,038,779	27,242,774	-	-	27,242,774
Board designated for permanent loan capital and special programs	1,132,500	-	-	-	-	-	-	-	1,132,500	-	-	1,132,500
Board designated for loan loss reserves	2,886,839	-	-	-	-	-	750,000	-	3,636,839	-	-	3,636,839
Board designated for affiliate investments	-	49,044	3,351,516	5,691,640	-	-	-	(6,911,640)	2,180,560	-	-	2,180,560
Total unrestricted	13,723,646	16,463,099	4,012,683	3,116,106	-	-	750,000	(3,872,861)	34,192,673	-	-	34,192,673
Temporarily restricted:												
Permanent loan capital	879,036	-	-	-	-	-	-	-	879,036	-	-	879,036
Special Program Collaborative	-	-	-	145,960	-	-	-	-	145,960	-	-	145,960
Energy Advantage Program	-	-	-	966,650	-	-	-	-	966,650	-	-	966,650
Other purpose restrictions	-	-	-	270,587	-	-	-	-	270,587	-	-	270,587
Total temporarily restricted	879,036	-	-	1,383,197	-	-	-	-	2,262,233	-	-	2,262,233
Sub-total net assets	14,602,682	16,463,099	4,012,683	4,499,303	-	-	750,000	(3,872,861)	36,454,906	-	-	36,454,906
Stockholder's equity - Energy Programs	-	-	-	-	-	(160,041)	-	160,041	-	-	-	-
Stockholder's equity - WegoWise, Inc.	-	-	-	-	542,199	-	-	(542,199)	-	-	-	-
Members' investment - NSP Residential, LLC	-	-	-	-	-	-	2,395,730	(2,395,730)	-	-	-	-
Members' investment - Aura Mortgage Advisors, LLC	-	-	-	-	-	-	519,391	(519,391)	-	-	-	-
Members' investment - BCLF Ventures, LLCs	-	-	-	-	-	-	-	-	-	16,262,294	(16,262,294)	-
Non-controlling interests in:												
BCLF Ventures, LLCs	-	-	-	-	-	-	-	-	-	-	11,980,261	11,980,261
SUN Initiative Financing, LLC	-	-	-	-	-	-	1,733,116	-	1,733,116	-	-	1,733,116
Solar Energy Programs	-	-	-	-	-	3,404,427	-	(517)	3,403,910	-	-	3,403,910
WegoWise, Inc.	-	-	-	-	291,953	-	-	-	291,953	-	-	291,953
Total net assets and non-controlling interests	14,602,682	16,463,099	4,012,683	4,499,303	834,152	3,244,386	5,398,237	(7,170,657)	41,883,885	16,262,294	(4,282,033)	53,864,146
Total liabilities, net assets and non-controlling interests	$ 111,966,168	$ 38,343,438	$ 6,427,683	$ 5,046,617	$ 909,047	$ 11,076,956	$ 23,295,866	$ (16,574,341)	$ 180,491,434	$ 16,268,520	$ (4,282,033)	$ 192,477,921

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

COMBINING AND CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

	BOSTON COMMUNITY CAPITAL, INC. AND OPERATING AFFILIATES										
ASSETS	LOAN FUND	MANAGED ASSETS	VENTURE FUND	HOLDING COMPANY	SOLAR ENERGY ADVANTAGE, INC.	FORECLOSURE AND HOME MORTGAGE SERVICES	ELIMINATIONS	TOTAL OPERATIONS	BCLF VENTURES, LLCs	ELIMINATIONS	TOTAL
CURRENT ASSETS:											
Cash and cash equivalents	$ 8,163,431	$ 8,850,056	$ 28,800	$ 77,480	$ 32,045	2,050,224	$ -	$ 19,202,036	$ 65,323	$ -	$ 19,267,359
Cash and cash equivalents - escrow funds	4,613,788	5,240,893	-	-	-	187,105	-	10,041,786	-	-	10,041,786
Cash and cash equivalents - loan loss reserves	-	-	-	-	-	4,556,461		4,556,461	-	-	4,556,461
Short-term investments	-	102,595	-	-	-	3,010,737	-	3,113,332	-	-	3,113,332
Current portion of loans and interest receivable, net of allowance for loan losses of $2,083,862	24,126,932	1,325	-	-	-	105,501	-	24,233,758	941,400	-	25,175,158
Current portion of affiliate loans and fees receivable	-	3,385,791	-	188,374	-	-	(426,723)	3,147,442	-	(202,516)	2,944,926
Current portion of property and equipment, net	-	-	-	-	-	1,280,442	-	1,280,442	-	-	1,280,442
Grants and rebates receivable	-	-	-	100,000	221,720	-	-	321,720	-	-	321,720
Other current assets	84,950	43,590	1,291,284	93,641	256,434	194,475	-	1,964,374	-	(1,291,284)	673,090
Total current assets	36,989,101	17,624,250	1,320,084	459,495	510,199	11,384,945	(426,723)	67,861,351	1,006,723	(1,493,800)	67,374,274
INVESTMENTS IN MARKETABLE SECURITIES	1,882,353	-	-	-	-	-	-	1,882,353	-	-	1,882,353
LOANS AND INTEREST RECEIVABLE, net of current portion and allowance for loan losses of $3,999,804	53,799,006	58,329	-	-	-	6,664,553	-	60,521,888	647,619	-	61,169,507
AFFILIATE LOANS AND FEES RECEIVABLE, net of current portion	6,112,000	11,478,714	-	105,228	-	-	(7,117,228)	10,578,714	-	-	10,578,714
PROGRAM-RELATED EQUITY INVESTMENTS	-	-	-	-	-	-	-	-	17,272,760	-	17,272,760
INVESTMENTS IN AFFILIATES	-	43,227	5,958,450	4,200,000	-	-	(5,370,000)	4,831,677	-	(4,788,450)	43,227
PROPERTY AND EQUIPMENT AND REAL ESTATE OWNED, net	-	-	-	90,026	3,948,766	1,204,434	-	5,243,226	-	-	5,243,226
Total assets	$ 98,782,460	$ 29,204,520	$ 7,278,534	$ 4,854,749	$ 4,458,965	$ 19,253,932	$ (12,913,951)	$ 150,919,209	$ 18,927,102	$ (6,282,250)	$ 163,564,061
LIABILITIES, NET ASSETS AND NON-CONTROLLING INTERESTS											
CURRENT LIABILITIES:											
Current portion of loans payable	$ 4,944,303	$ -	$ -	$ -	$ -	$ -	$ -	4,944,303	$ -	$ -	$ 4,944,303
Current portion of permanent loan capital - subordinated loans payable	46,082	-	-	-	-	-	-	46,082	-	-	46,082
Interest and accounts payable	370,327	7,667	-	503,128	57,110	245,958	-	1,184,190	1,291,292	(1,291,284)	1,184,198
Current portion of affiliate loans payable	-	-	-	-	-	426,723	(426,723)	-	202,516	(202,516)	-
Current portion of deferred revenue	-	1,905,038	-	-	-	-	-	1,905,038	-	-	1,905,038
Escrow funds	4,613,788	5,240,893	-	-	-	187,105	-	10,041,786	-	-	10,041,786
Total current liabilities	9,974,500	7,153,598	-	503,128	57,110	859,786	(426,723)	18,121,399	1,493,808	(1,493,800)	18,121,407
LOANS PAYABLE, net of current portion	59,710,440	-	15,000	-	-	12,035,000	-	71,760,440	-	-	71,760,440
AFFILIATE LOANS PAYABLE, net of current portion	-	-	400,000	-	1,317,228	-	(1,717,228)	-	-	-	-
DEFERRED REVENUE, net of current portion	-	10,742,133	-	-	-	-	-	10,742,133	-	-	10,742,133
PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE, net of current portion	15,031,220	-	2,400,000	-	3,000,000	-	(5,400,000)	15,031,220	-	-	15,031,220
Total liabilities	84,716,160	17,895,731	2,815,000	503,128	4,374,338	12,894,786	(7,543,951)	115,655,192	1,493,808	(1,493,800)	115,655,200
NET ASSETS AND NON-CONTROLLING INTERESTS:											
Unrestricted:											
General	9,168,870	11,265,562	905,084	(1,033,321)	-	-	3,189,440	23,495,635	-	-	23,495,635
Board designated for permanent loan capital and special programs	1,132,500	-	-	-	-	-	-	1,132,500	-	-	1,132,500
Board designated for loan loss reserves	2,886,839	-	-	-	-	750,000	-	3,636,839	-	-	3,636,839
Board designated for affiliate investments	-	43,227	3,558,450	4,200,000	-	-	(5,370,000)	2,431,677	-	-	2,431,677
Total unrestricted	13,188,209	11,308,789	4,463,534	3,166,679	-	750,000	(2,180,560)	30,696,651	-	-	30,696,651
Temporarily restricted:											
Permanent loan capital	878,091	-	-	-	-	-	-	878,091	-	-	878,091
Special Program Collaborative	-	-	-	145,960	-	-	-	145,960	-	-	145,960
Energy Advantage Program	-	-	-	1,008,395	-	-	-	1,008,395	-	-	1,008,395
Other purpose restrictions	-	-	-	30,587	-	-	-	30,587	-	-	30,587
Total temporarily restricted	878,091	-	-	1,184,942	-	-	-	2,063,033	-	-	2,063,033
Sub-total net assets	14,066,300	11,308,789	4,463,534	4,351,621	-	750,000	(2,180,560)	32,759,684	-	-	32,759,684
Stockholder's Equity - Solar Energy Advantage, Inc.	-	-	-	-	84,627	-	(84,627)	-	-	-	-
Members' investment - NSP Residential, LLC	-	-	-	-	-	2,689,481	(2,689,481)	-	-	-	-
Members' investment - Aura Mortgage Advisors, LLC	-	-	-	-	-	415,332	(415,332)	-	-	-	-
Members' investment - BCLF Ventures, LLCs	-	-	-	-	-	-	-	-	17,433,294	(17,433,294)	-
Non-controlling interests in:											
BCLF Ventures, LLCs	-	-	-	-	-	-	-	-	-	12,644,844	12,644,844
SUN Initiative Financing, LLC	-	-	-	-	-	2,504,333	-	2,504,333	-	-	2,504,333
Total net assets and non-controlling interests	14,066,300	11,308,789	4,463,534	4,351,621	84,627	6,359,146	(5,370,000)	35,264,017	17,433,294	(4,788,450)	47,908,861
Total liabilities, net assets and non-controlling interests	$ 98,782,460	$ 29,204,520	$ 7,278,534	$ 4,854,749	$ 4,458,965	$ 19,253,932	$ (12,913,951)	$ 150,919,209	$ 18,927,102	$ (6,282,250)	$ 163,564,061

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

COMBINING AND CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	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	BCLF VENTURES, LLCs	ELIMINATIONS	TOTAL
CHANGES IN UNRESTRICTED NET ASSETS:												
OPERATING REVENUES:												
Financial and earned revenue:												
Program revenue and fees	$ 528,715	$ 5,759,174	$ 645,900	$ 469,405	$ 223,113	$ 585,626	$ 368,744	$ (334,397)	$ 8,246,280	$ -	$ (645,900)	$ 7,600,380
Interest on loans, net	5,000,793	13,517	-	146,389	-	-	683,246	(417,746)	5,426,199	42,416	-	5,468,615
Investment income	84,362	154,507	-	4,320	-	-	52,314	-	295,503	5,579	-	301,082
Net loan loss provision	(1,091,315)	-	-	-	-	-	-	-	(1,091,315)	-	-	(1,091,315)
Less - interest expense	(2,773,393)	-	(72,000)	(91,500)	(53,266)	(190,493)	(621,912)	417,746	(3,384,818)	-	-	(3,384,818)
Net financial and earned revenue	1,749,162	5,927,198	573,900	528,614	169,847	395,133	482,392	(334,397)	9,491,849	47,995	(645,900)	8,893,944
Grants and contributions	481,000	-	-	230,185	-	-	814,202	-	1,525,387	-	-	1,525,387
Net assets released from restrictions	-	-	-	41,745	-	-	-	-	41,745	-	-	41,745
Total operating revenues	2,230,162	5,927,198	573,900	800,544	169,847	395,133	1,296,594	(334,397)	11,058,981	47,995	(645,900)	10,461,076
OPERATING EXPENSES:												
Personnel	1,412,627	734,129	710,468	389,339	554,359	140,757	1,072,877	-	5,014,556	-	-	5,014,556
Office operations	194,351	7,034	40,521	44,829	30,959	14,390	315,602	-	647,686	-	-	647,686
Consultants	8,228	-	-	119,849	249,002	21,356	206,477	-	604,912	-	-	604,912
Marketing	28,440	1,094	4,555	71,099	10,166	4,405	374,869	-	494,628	-	-	494,628
Legal	31,183	20,006	6,114	100,693	-	148,095	103,034	-	409,125	8,796	-	417,921
Depreciation and amortization	-	-	-	61,160	4,808	432,957	4,868	(75,897)	427,896	-	-	427,896
Program expenses	-	-	-	42,340	-	43,306	117,788	-	203,434	-	-	203,434
Insurance and other	435	7,925	569	-	13,928	92,201	27,848	-	142,906	24,283	-	167,189
Accounting and investment fees	7,608	2,700	1,632	1,321	4,665	33,923	20,020	-	71,869	29,747	-	101,616
Travel	11,853	-	4,475	20,487	9,448	1,625	14,120	-	62,008	-	-	62,008
Management services	-	-	-	-	-	-	-	-	-	645,900	(645,900)	-
Total operating expenses	1,694,725	772,888	768,334	851,117	877,335	933,015	2,257,503	(75,897)	8,079,020	708,726	(645,900)	8,141,846
Changes in unrestricted operating net assets	535,437	5,154,310	(194,434)	(50,573)	(707,488)	(537,882)	(960,909)	(258,500)	2,979,961	(660,731)	-	2,319,230
OTHER CHANGES IN UNRESTRICTED NET ASSETS:												
Net unrealized gains on program-related equity investments	-	-	-	-	-	-	-	-	-	1,989,731	-	1,989,731
Share of loss of consolidating affiliates	-	-	(256,417)	-	-	-	-	-	(256,417)	-	256,417	-
Changes in unrestricted net assets	535,437	5,154,310	(450,851)	(50,573)	(707,488)	(537,882)	(960,909)	(258,500)	2,723,544	1,329,000	256,417	4,308,961
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:												
Grants and contributions	945	-	-	240,000	-	-	-	-	240,945	-	-	240,945
Net assets released from restrictions:												
Operating grants released from purpose restrictions	-	-	-	(41,745)	-	-	-	-	(41,745)	-	-	(41,745)
Changes in temporarily restricted net assets	945	-	-	198,255	-	-	-	-	199,200	-	-	199,200
Changes in net assets	536,382	5,154,310	(450,851)	147,682	(707,488)	(537,882)	(960,909)	(258,500)	2,922,744	1,329,000	256,417	4,508,161
CHANGES IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS:	-	-	-	-	247,621	293,214	771,217	-	1,312,052	(1,585,417)	-	(273,365)
Changes in net assets attributable to Boston Community Capital, Inc. and operating affiliates	$ 536,382	$ 5,154,310	$ (450,851)	$ 147,682	$ (459,867)	$ (244,668)	$ (189,692)	$ (258,500)	$ 4,234,796	$ (256,417)	$ 256,417	$ 4,234,796

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

COMBINING AND CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	BOSTON COMMUNITY CAPITAL, INC. AND OPERATING AFFILIATES										
	LOAN FUND	MANAGED ASSETS	VENTURE FUND	HOLDING COMPANY	SOLAR ENERGY PROGRAMS	FORECLOSURE AND HOME MORTGAGE SERVICES	ELIMINATIONS	TOTAL OPERATIONS	BCLF VENTURES, LLCs	ELIMINATIONS	TOTAL
CHANGES IN UNRESTRICTED NET ASSETS:											
OPERATING REVENUES:											
Financial and earned revenue:											
Program revenue and fees	$ 631,891	$ 9,339,020	$ 645,900	$ 32,401	$ 378,709	$ 172,884	$ -	$ 11,200,805	$ -	$ (645,900)	$ 10,554,905
Interest on loans, net	4,519,651	19,655	-	109,883	-	318,136	(271,816)	4,695,509	356,381	-	5,051,890
Investment income	78,153	41,969	-	7,253	-	51,074	-	178,449	143	-	178,592
Net loan loss provision	(995,742)	-	-	-	-	-	-	(995,742)	-	-	(995,742)
Less - interest expense	(2,549,333)	(35,000)	(72,000)	(98,000)	(102,605)	(357,863)	271,816	(2,942,985)	-	-	(2,942,985)
Net financial and earned revenue	1,684,620	9,365,644	573,900	51,537	276,104	184,231	-	12,136,036	356,524	(645,900)	11,846,660
Grants and contributions	-	-	-	390,935	-	774,848	-	1,165,783	-	-	1,165,783
Net assets released from restrictions	-	-	-	195,892	-	-	-	195,892	-	-	195,892
Less - pass-through of special program costs	-	-	-	(80,435)	-	-	-	(80,435)	-	-	(80,435)
Total operating revenues	1,684,620	9,365,644	573,900	557,929	276,104	959,079	-	13,417,276	356,524	(645,900)	13,127,900
OPERATING EXPENSES:											
Personnel	1,232,515	485,367	604,092	393,519	120,989	1,027,116	-	3,863,598	-	-	3,863,598
Office operations	167,814	11,602	28,615	-	18,713	222,329	-	449,073	-	-	449,073
Consultants	54,667	882	21,635	184,229	21,585	49,371	-	332,369	-	-	332,369
Marketing	37,087	1,426	5,822	87,013	6,076	57,898	-	195,322	-	-	195,322
Legal	8,223	103,018	187	4,877	24,740	72,570	-	213,615	14,025	-	227,640
Depreciation and amortization	-	-	-	51,209	215,167	2,532	-	268,908	-	-	268,908
Program expenses	-	-	-	35,016	54,305	38,791	-	128,112	-	-	128,112
Insurance and other	17,245	8,396	5,045	1,606	59,509	18,826	-	110,627	31,377	-	142,004
Accounting and investment fees	46,335	624	12,485	3,746	10,648	15,618	-	89,456	28,043	-	117,499
Travel	14,696	19	7,591	12,192	1,419	12,681	-	48,598	-	-	48,598
Management services	-	-	-	-	-	-	-	-	645,900	(645,900)	-
Total operating expenses	1,578,582	611,334	685,472	773,407	533,151	1,517,732	-	5,699,678	719,345	(645,900)	5,773,123
Changes in unrestricted operating net assets	106,038	8,754,310	(111,572)	(215,478)	(257,047)	(558,653)	-	7,717,598	(362,821)	-	7,354,777
OTHER CHANGES IN UNRESTRICTED NET ASSETS :											
Net unrealized gains on program-related equity investments	-	-	-	-	-	-	-	-	2,882,905	-	2,882,905
Impairment loss on program-related equity investments and loans and interest receivable	-	-	-	(328,254)	-	-	-	(328,254)	(646,283)	-	(974,537)
Share of income of consolidating affiliates	-	-	1,292,625	-	-	-	-	1,292,625	-	(1,292,625)	-
Net asset transfers for support of new initiatives	1,000,000	(2,000,000)	300,000	700,000	-	-	-	-	-	-	-
Changes in unrestricted net assets	1,106,038	6,754,310	1,481,053	156,268	(257,047)	(558,653)	-	8,681,969	1,873,801	(1,292,625)	9,263,145
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:											
Grants and contributions	1,000	-	-	-	-	-	-	1,000	-	-	1,000
Net assets released from restrictions:											
Operating grants released from purpose restrictions	-	-	-	(195,892)	-	-	-	(195,892)	-	-	(195,892)
Changes in temporarily restricted net assets	1,000	-	-	(195,892)	-	-	-	(194,892)	-	-	(194,892)
Changes in net assets	1,107,038	6,754,310	1,481,053	(39,624)	(257,047)	(558,653)	-	8,487,077	1,873,801	(1,292,625)	9,068,253
CHANGES IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS:	-	-	-	-	-	995,667	-	995,667	(581,176)	-	414,491
Changes in net assets attributable to Boston Community Capital, Inc. and operating affiliates	$ 1,107,038	$ 6,754,310	$ 1,481,053	$ (39,624)	$ (257,047)	$ 437,014	$ -	$ 9,482,744	$ 1,292,625	$ (1,292,625)	$ 9,482,744