BOSTON
COMMUNITY
CAPITAL
AND AFFILIATES

CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

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DECEMBER 31, 2012 AND 2011

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Where Every Client Is A Valued Client

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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 financial statements of Boston Community Capital, Inc. and Affiliates (collectively, the Corporation) (see Note 1), which comprise the consolidating statements of financial position as of December 31, 2012 and 2011, and the related consolidating statements of activities, changes in net assets and non-controlling interests in members' investments, and cash flows for the years then ended, and the related notes to the consolidating financial statements.

Management's Responsibility for the Consolidating Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 from material misstatement.

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

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

Opinion

In our opinion, the 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, 2012 and 2011, and the changes in their net assets and non-controlling interest in members' investment and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 49 through 52 as of and for the years ended December 31, 2012 and 2011, 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.

Boston, Massachusetts
April 11, 2013

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS	BOSTON COMMUNITY CAPITAL, INC. AND OPERATING AFFILIATES *	BCLF VENTURES, LLCs	ELIMINATIONS	TOTAL
CURRENT ASSETS:				
Cash and cash equivalents	$ 49,122,207	$ 1,350,513	$ -	$ 50,472,720
Cash and cash equivalents - escrow funds held for others	15,323,105	-	-	15,323,105
Cash and cash equivalents - loan loss reserves	4,946,691	-	-	4,946,691
Current portion of loans and interest receivable, net of allowance for loan losses of $3,073,293	24,878,494	-	-	24,878,494
Current portion of affiliate loans, fees and interest receivable	5,825,103	-	-	5,825,103
Grants and rebates receivable	177,132	-	-	177,132
Other current assets	2,048,533	-	-	2,048,533
Total current assets	102,321,265	1,350,513	-	103,671,778
LOANS AND INTEREST RECEIVABLE, net of current portion and allowance for loan losses of $10,149,669	78,582,471	-	-	78,582,471
AFFILIATE LOANS, FEES AND INTEREST RECEIVABLE, net of current portion	9,621,731	-	-	9,621,731
PROGRAM-RELATED EQUITY INVESTMENTS	-	11,733,982	-	11,733,982
INVESTMENTS IN AFFILIATES	2,627,351	-	(2,574,236)	53,115
PROPERTY AND EQUIPMENT, INTERESTS IN REAL PROPERTY AND REAL ESTATE OWNED, net	12,925,093	-	-	12,925,093
Total assets	$ 206,077,911	$ 13,084,495	$ (2,574,236)	$ 216,588,170
LIABILITIES, NET ASSETS AND NON-CONTROLLING INTERESTS				
CURRENT LIABILITIES:				
Current portion of loans payable	$ 11,122,908	$ -	$ -	$ 11,122,908
Current portion of permanent loan capital - subordinated loans payable	95,053	-	-	95,053
Interest and accounts payable	1,718,637	-	-	1,718,637
Escrow funds held for others	15,323,105	-	-	15,323,105
Total current liabilities	28,259,703	-	-	28,259,703
LOANS PAYABLE, net of current portion	92,764,196	-	-	92,764,196
DEFERRED REVENUE	17,670,007	-	-	17,670,007
PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE, net of current portion	20,226,489	-	-	20,226,489
Total liabilities	158,920,395	-	-	158,920,395
NET ASSETS AND NON-CONTROLLING INTERESTS:				
Unrestricted:				
General	33,291,346	-	-	33,291,346
Board designated for permanent loan capital and special programs	1,132,500	-	-	1,132,500
Board designated for loan loss reserves	3,887,124	-	-	3,887,124
Board designated for affiliate investments	227,351	-	-	227,351
Total unrestricted	38,538,321	-	-	38,538,321
Temporarily restricted:				
Permanent loan capital	879,911	-	-	879,911
Other purpose restrictions	3,415,050	-	-	3,415,050
Total temporarily restricted	4,294,961	-	-	4,294,961
Sub-total net assets	42,833,282	-	-	42,833,282
Members' investment - BCLF Ventures, LLCs	-	13,084,495	(13,084,495)	-
Non-controlling interests in:				
BCLF Ventures, LLCs	-	-	10,510,259	10,510,259
SUN Initiative Financing, LLC	1,245,768	-	-	1,245,768
Solar Energy Programs	3,188,038	-	-	3,188,038
WegoWise, Inc.	(109,572)	-	-	(109,572)
Total net assets and non-controlling interests	47,157,516	13,084,495	(2,574,236)	57,667,775
Total liabilities, net assets and non-controlling interests	$ 206,077,911	$ 13,084,495	$ (2,574,236)	$ 216,588,170

* See accompanying supplemental combining and consolidating statement of financial position on page 49.

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

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 held for others	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, INTERESTS IN REAL PROPERTY 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
Escrow funds held for others	9,096,228	-	-	9,096,228
Total current liabilities	23,816,035	6,226	-	23,822,261
LOANS PAYABLE, net of current portion	79,617,089	-	-	79,617,089
DEFERRED REVENUE	15,852,883	-	-	15,852,883
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	27,492,774	-	-	27,492,774
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	1,930,560	-	-	1,930,560
Total unrestricted	34,192,673	-	-	34,192,673
Temporarily restricted:				
Permanent loan capital	879,036	-	-	879,036
Other purpose restrictions	1,383,197	-	-	1,383,197
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 50.

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, 2012

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	$ 11,469,622	$ -	$ (479,900)	$ 10,989,722
Interest on loans, net	6,677,043	11,802	-	6,688,845
Investment income	372,139	1,137	-	373,276
Net loan loss provision	(500,001)	-	-	(500,001)
Less - interest expense	(4,356,929)	-	-	(4,356,929)
Net financial and earned revenue	13,661,874	12,939	(479,900)	13,194,913
Grants and contributions	961,323	-	-	961,323
Net assets released from restrictions	251,328	-	-	251,328
Total operating revenues	14,874,525	12,939	(479,900)	14,407,564
OPERATING EXPENSES:				
Personnel	5,626,845	-	-	5,626,845
Office operations	1,095,112	-	-	1,095,112
Consultants	796,242	-	-	796,242
Depreciation and amortization	702,138	-	-	702,138
Legal	629,609	295	-	629,904
Marketing	430,870	-	-	430,870
Program expenses	291,964	-	-	291,964
Insurance and other	202,137	26,373	-	228,510
Accounting and investment fees	150,908	31,550	-	182,458
Management services	-	479,900	(479,900)	-
Total operating expenses	9,925,825	538,118	(479,900)	9,984,043
Changes in unrestricted net assets from operations	4,948,700	(525,179)	-	4,423,521
OTHER CHANGES IN UNRESTRICTED NET ASSETS:				
Net realized and unrealized losses on program-related equity investments	-	(2,652,620)	-	(2,652,620)
Share of loss of consolidating affiliates	(1,707,797)	-	1,707,797	-
Changes in unrestricted net assets	3,240,903	(3,177,799)	1,707,797	1,770,901
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:				
Grants and contributions	2,284,056	-	-	2,284,056
Net assets released from restrictions:				
Operating grants released from purpose restrictions	(251,328)	-	-	(251,328)
Changes in temporarily restricted net assets	2,032,728	-	-	2,032,728
Changes in net assets	5,273,631	(3,177,799)	1,707,797	3,803,629
CHANGES IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1,104,745	1,470,002	-	2,574,747
Changes in net assets attributable to Boston Community Capital, Inc. and operating affiliates	$ 6,378,376	$ (1,707,797)	$ 1,707,797	$ 6,378,376

* See accompanying supplemental combining and consolidating statement of activities on page 51.

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

	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	$ 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
Depreciation and amortization	427,896	-	-	427,896
Legal	409,125	8,796	-	417,921
Marketing	494,628	-	-	494,628
Program expenses	203,434	-	-	203,434
Insurance and other	142,906	24,283	-	167,189
Accounting and investment fees	133,877	29,747	-	163,624
Management services	-	645,900	(645,900)	-
Total operating expenses	8,079,020	708,726	(645,900)	8,141,846
Changes in unrestricted net assets from operations	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 52.

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 IN MEMBERS' INVESTMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	UNRESTRICTED	UNRESTRICTED - BOARD DESIGNATED			TEMPORARILY RESTRICTED				
	GENERAL	PERMANENT LOAN CAPITAL AND SPECIAL PROGRAMS	LOAN LOSS RESERVES	AFFILIATE INVESTMENTS	PERMANENT LOAN CAPITAL	OTHER PURPOSE RESTRICTIONS	SUB TOTAL NET ASSETS	NON-CONTROLLING INTERESTS	TOTAL
NET ASSETS AND NON-CONTROLLING INTERESTS, December 31, 2010	$ 23,495,635	$ 1,132,500	$ 3,636,839	$ 2,431,677	$ 878,091	$ 1,184,942	$ 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	198,255	4,234,796	273,365	4,508,161
Distributions	-	-	-	-	-	-	-	(2,250,000)	(2,250,000)
Transfers of unrestricted net assets	244,700	-	-	(244,700)	-	-	-	-	-
NET ASSETS AND NON-CONTROLLING INTERESTS, December 31, 2011	27,492,774	1,132,500	3,636,839	1,930,560	879,036	1,383,197	36,454,906	17,409,240	53,864,146
Changes in net assets and non-controlling interests	6,053,445	-	-	(1,707,797)	875	2,031,853	6,378,376	(2,574,747)	3,803,629
Transfers of unrestricted net assets	(254,873)	-	250,285	4,588	-	-	-	-	-
NET ASSETS AND NON-CONTROLLING INTERESTS, December 31, 2012	$ 33,291,346	$ 1,132,500	$ 3,887,124	$ 227,351	$ 879,911	$ 3,415,050	$ 42,833,282	$ 14,834,493	$ 57,667,775

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, 2012 AND 2011

	2012				2011			
	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	$ 5,273,631	$ (3,177,799)	$ 1,707,797	$ 3,803,629	$ 2,922,744	$ 1,329,000	$ 256,417	$ 4,508,161
Adjustments to reconcile changes in net assets and non-controlling interests to net cash provided by (used in) operating activities:								
Depreciation and amortization	702,138	-	-	702,138	427,896	-	-	427,896
Net loan loss provision	500,001	-	-	500,001	1,091,315	-	-	1,091,315
Net realized and unrealized (gains) losses on program-related equity investments	-	2,652,620	-	2,652,620	-	(1,989,731)	-	(1,989,731)
Interest income converted to program-related equity investments	-	(11,802)	-	(11,802)	-	-	-	-
Share of loss of consolidating affiliates	1,707,797	-	(1,707,797)	-	256,417	-	(256,417)	-
Grants for capital and investment uses	(2,184,056)	-	-	(2,184,056)	(945)	-	-	(945)
Changes in operating assets and liabilities:								
Interest receivable	(224,220)	-	-	(224,220)	(92,051)	(23,155)	-	(115,206)
Affiliate loans, fees and interest receivable	73,862	-	-	73,862	(1,270,938)	-	-	(1,270,938)
Grants and rebates receivable	(177,132)	-	-	(177,132)	-	-	-	-
Other current assets	(1,144,683)	-	-	(1,144,683)	1,060,524	-	-	1,060,524
Interest and accounts payable	(1,291,934)	(6,226)	-	(1,298,160)	1,826,381	(1,311,761)	-	514,620
Deferred revenue	1,817,124	-	-	1,817,124	3,205,712	-	-	3,205,712
Deferred loan fees	(21,693)	-	-	(21,693)	(64,915)	-	-	(64,915)
Net cash provided by (used in) operating activities	5,030,835	(543,207)	-	4,487,628	9,362,140	(1,995,647)	-	7,366,493
CASH FLOWS FROM INVESTING ACTIVITIES:								
Proceeds from redemption of program-related equity investments	-	596,939	-	596,939	-	5,660,086	-	5,660,086
Purchase of program-related equity investments	-	(250,009)	-	(250,009)	-	(9,875)	-	(9,875)
Investment in loan loss reserves	(60,902)	-	-	(60,902)	(329,328)	-	-	(329,328)
Investment in affiliates	(4,588)	-	-	(4,588)	(905,300)	-	-	(905,300)
Cash resulting from consolidation of affiliate	-	-	-	-	841,321	-	-	841,321
Issuance of loans receivable	(64,079,845)	-	-	(64,079,845)	(25,232,514)	(50,000)	-	(25,282,514)
Principal payments of loans receivable	48,855,961	-	-	48,855,961	20,182,932	552,724	-	20,735,656
Purchase of property and equipment, net of proceeds from grants and rebates for solar energy equipment	(828,571)	-	-	(828,571)	(6,671,764)	-	-	(6,671,764)
Proceeds from sale of property and equipment	-	-	-	-	205,383	-	-	205,383
Proceeds from sales and maturities of investments	2,967,493	-	-	2,967,493	2,028,192	-	-	2,028,192
Net cash provided by (used in) investing activities	(13,150,452)	346,930	-	(12,803,522)	(9,881,078)	6,152,935	-	(3,728,143)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Grants for capital and investment uses	2,184,056	-	-	2,184,056	945	-	-	945
Capital contributions	-	-	-	-	3,697,124	-	-	3,697,124
Proceeds from loans payable	20,651,524	-	-	20,651,524	40,164,798	-	-	40,164,798
Principal payments on loans payable	(7,997,572)	-	-	(7,997,572)	(25,636,389)	(175,821)	-	(25,812,210)
Distributions to equity members	-	-	-	-	250,000	(2,500,000)	-	(2,250,000)
Proceeds from subordinated loans payable	1,000,000	-	-	1,000,000	4,410,000	-	-	4,410,000
Principal payments on subordinated loans payable	(93,173)	-	-	(93,173)	(72,587)	-	-	(72,587)
Net cash provided by (used in) financing activities	15,744,835	-	-	15,744,835	22,813,891	(2,675,821)	-	20,138,070
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,625,218	(196,277)	-	7,428,941	22,294,953	1,481,467	-	23,776,420
CASH AND CASH EQUIVALENTS, beginning of year	41,496,989	1,546,790	-	43,043,779	19,202,036	65,323	-	19,267,359
CASH AND CASH EQUIVALENTS, end of year	$ 49,122,207	$ 1,350,513	$ -	$ 50,472,720	$ 41,496,989	$ 1,546,790	$ -	$ 43,043,779
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:								
Real estate owned acquired by foreclosure	$ -	$ -	$ -	$ -	$ 1,400,000	$ -	$ -	$ 1,400,000
Cash paid for interest	$ 4,372,021	$ -	$ -	$ 4,372,021	$ 3,329,038	$ -	$ -	$ 3,329,038

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. During 2011, Managed Assets formed BCC NMTC CDE Manager, LLC (CDE Manager), a Massachusetts limited liability company, to manage certain aspects of its new markets tax credit programs (see page 13). Managed Assets is the sole member of the CDE Manager. which has elected to be treated as a disregarded entity for tax purposes. The activities of CDE Manager are included with those of Managed Assets in these consolidating financial statements.
- **BCLF Ventures, Inc.** d/b/a Boston Community Venture Fund (the Venture Fund) was formed in 1994 to assist small community-based businesses and entrepreneurs to start, grow, and expand businesses which strengthen the low-income business community.
- **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 Note 7). The Loan Fund is the sole member of BCC REO whose activities are included in these consolidating financial statements.

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

Nonprofit Status

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

(1) OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES

Community Development Financial Institutions

The Loan Fund, Venture Fund, and Aura Mortgage (see below) have been granted status as Community Development Financial Institutions (CDFIs) by the U.S. Department of the Treasury (the Treasury), qualifying each for certain awards and support from the Treasury. As of December 31, 2012 and 2011, the Loan Fund has received a total of $4,910,000 of permanent loan capital-subordinated loans payable (see Note 9) from the Treasury. During 2012, the Loan Fund also received a grant of $1,453,806 for financial assistance.

In connection with the assistance received from the Treasury (see above), the Corporation is generally required to adhere to specific performance goals and requirements as outlined in 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.

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. Aura Mortgage's licenses as mortgage lender and broker are subject to renewal annually and are scheduled for renewal by December 31, 2013. Aura Mortgage is approved as a Title II Federal Housing Administration lender by the U.S. Department of Housing and Urban Development (HUD). Management does not believe that any review by the Division would have a material effect on the consolidating financial statements.

In order to maintain its licensed broker and license 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, 2012 and 2011.

(1) OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

Consolidated Affiliates (Continued)

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 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. 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 SUN Initiative, operated and managed by NSP. SUN Financing provides financing for activities of SUN Initiative within the geographic areas surrounding Revere, Boston, and other areas in Massachusetts. SUN Financing received an initial capital contribution from an outside investor for $3,500,000, which acts as first loss capital on its loans receivable. NSP and the outside investor each hold 50% of the membership units in SUN Financing. In 2012 and 2011, 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 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.

The Holding Company and two unrelated entities formed a joint venture company, WegoWise, Inc. (WegoWise), a Delaware corporation formed in March, 2010, for the purpose of creating and selling a web-based energy tracking tool for home and business owners. The Holding Company initially owned one-third of the outstanding shares of WegoWise and two convertible notes receivable. During 2011, the Holding Company converted these notes into equity and now holds a 65% controlling ownership interest in WegoWise (see Note 4). During 2012, WegoWise entered into a $750,000 convertible note payable agreement with the Holding Company (see Note 5).

(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, 2012 and 2011, SEA had completed construction of solar panels at twelve and eight sites in Massachusetts, respectively (see Note 7), and entered into long-term contracts with the owners to provide electricity to the sites. As of December 31, 2012 and 2011, SEA also had additional sites under construction.

BCC NMTC CDE X, LLC

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

BCC 481 NMTC Investment Fund, LLC (the 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 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 NMTC compliance period. 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, 2008, to facilitate the delivery of solar energy to affordable housing projects and other facilities. SEA is the Manager Member of SEA QALICB with a .01% interest. CDE X made a qualified low-income community investment (QLICI) to SEA QALICB in 2011 to fund construction of six solar energy projects. Through the QLICI, CDE X acquired a 99.99% interest in SEA QALICB. In 2012, the solar energy projects were completed and placed into service (see Note 7).

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) OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

Consolidated Affiliates (Continued)

BCLF Ventures, LLCs

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).

Ventures I, LLC

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 through July 31, 2012. The annual management fee was cancelled effective August 1, 2012, when the members of Ventures I, LLC agreed to extend Ventures I, LLC's operations until July 31, 2013 (see page 13). The Venture Fund earned fees of $88,025 and $150,900 in 2012 and 2011, respectively.

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.

Ventures II, LLC

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 through July 31, 2012. Beginning August 1, 2012, the annual management fee was reduced to 1.5% of Ventures II, LLC's contributed capital in connection with Ventures II, LLC's extension through July 31, 2013 (see page 13). Management fees earned by the Venture Fund were $391,875 and $495,000 for 2012 and 2011, respectively.

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)

Consolidated 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. BCLF Ventures, LLCs were originally to terminate not later than July 31, 2011, but were extended until July 31, 2013, with approval of the members as provided in the operating agreements. Effective July 31, 2013, BCLF Ventures, LLCs intend to liquidate all assets as described in their respective operating agreements and will distribute all cash and non-cash assets to members on a pro rata basis, or in such a manner as the members may agree, with all available non-cash assets being distributed on the basis of their fair market values.

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 $394 million of QEIs for purposes of the New Markets Tax Credits (NMTC), of which approximately $394 million and $348 million has been syndicated as of December 31, 2012 and 2011, respectively. During 2012, approximately $46 million of these allocations were syndicated through the capitalization of BCC NMTC CDE XIV, LLC and BCC NMTC CDE XV, LLC.

The Holding Company has formed a total of twenty-three CDEs (collectively, the CDE LLCs), the first fifteen and thirteen of which were activated as of December 31, 2012 and 2011, respectively:

BCC NMTC CDE I, LLC	BCC NMTC CDE IX, LLC
BCC NMTC CDE II, LLC	BCC NMTC CDE X, LLC
BCC NMTC CDE III, LLC	BCC NMTC CDE XI, LLC
BCC NMTC CDE IV, LLC	BCC NMTC CDE XII, LLC
BCC NMTC CDE V, LLC	BCC NMTC CDE XIII, LLC
BCC NMTC CDE VI, LLC	BCC NMTC CDE XIV, LLC
BCC NMTC CDE VII, LLC	BCC NMTC CDE XV, LLC
BCC NMTC CDE VIII, LLC	

(1) OPERATIONS AND RELATED ENTITIES (Continued)

RELATED ENTITIES (Continued)

New Market Tax Credit Community Development Entities (Continued)

The other eight 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 XVI, LLC	BCC NMTC CDE XX, LLC
BCC NMTC CDE XVII, LLC	BCC NMTC CDE XXI, LLC
BCC NMTC CDE XVIII, LLC	BCC NMTC CDE XXII, LLC
BCC NMTC CDE XIX, LLC	BCC NMTC CDE XXIII, LLC

The CDE LLCs were formed as Massachusetts limited liability companies in which Managed Assets or the CDE Manager are generally expected to be the Managing Members with a .01% interest and unrelated Investor Members are regular members with a 99.99% interest.

(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.

The Corporation applies 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. With one exception, the Investor Members of the active CDE LLCs are considered the primary beneficiaries because of their receipt of benefits from the CDE LLCs and the degree of influence they exercise over investments made. Therefore, the financial statements of these CDE LLCs are not required to be consolidated with these financial statements.

The Corporation consolidates only CDE X, LLC (see Note 1) because of its rights to receive substantial economic benefits including net cash flows and because of its substantive control over activities of the entity. Therefore, the financial statements of CDE X, LLC and its related entities are included in the accompanying consolidating financial statements.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation (Continued)

SUN Financing is an integral part of 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, with respect to SUN Financing and BCLF Ventures, LLCs, the Corporation has implemented the accounting 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 BCLF Ventures, LLCs, 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 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 related to business corporations, 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 owns more than 65% of the outstanding stock of WegoWise and 100% of the outstanding stock of SEA (see Note 1), it is considered to maintain control, and therefore, both WegoWise and SEA are included in the accompanying consolidating financial statements.

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. 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 (see Note 3).

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Corporation also held cash balances of $15,323,105 and $9,096,228 in escrow for outside parties as of December 31, 2012 and 2011, 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 2012 and 2011 in connection with the Corporation's Foreclosure and Home Mortgage Services business. Aura Mortgage received a $750,000 CDFI grant from the Treasury and the initial capital contribution received by SUN Financing from an outside investor of $3,500,000 (see Note 5). These reserves are invested in cash and short-term certificates of deposit.

Short-Term Investments

Short-term investments consisted of certificates of deposit reported at contract value as of December 31, 2011. 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, LLCs 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, LLCs is represented on the Board of Directors of these corporations and consistently monitors each corporation's financial condition.

Management values program-related equity investments at fair value (see Note 3). 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.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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, 2012 and 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 tax authorities. The Corporation does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

Property and Equipment, Interests in Real Property, 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.

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.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Also included in property and equipment are purchased rental properties and properties held for sale as funded by SUN Financing (see Note 1), which are recorded at cost. Properties held for sale are generally rented to low-income homeowners under rent-to-buy arrangements (see Note 7).

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, financial assistance programs, special programs, loan loss reserves, and affiliate investments. The Corporation's Board of Directors designated $1,000,000 of unrestricted net assets, the proceeds of two unrestricted grant awards from the Treasury (see Note 1), as permanent loan capital (see 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 loan loss reserves consist of net assets from the Loan Fund (see Note 6) and Aura Mortgage (see page 16) for $3,137,124 and $750,000, respectively, as of December 31, 2012, which includes $250,285 of general net assets transferred by the Loan Fund in 2012 to Board designated net assets for loan loss reserves (see Note 6).

Board designated net assets for affiliate investments consists of the Corporation's investment in subsidiaries net of related debt (see Note 4).

The Board of Directors may also authorize transfers of unrestricted net assets among the affiliates to support new initiatives. In 2012, Managed Assets transferred $500,000 to the Loan Fund to support lending activities and $750,000 to the Holding Company for the purpose of providing a convertible note to WegoWise (see Notes 1 and 5).

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

	2012	2011
Permanent loan capital	$ 879,911	$ 879,036
Other purpose restrictions:		
Financial assistance grants (see Note 1)	2,183,181	-
Energy Advantage Program (EAP)	955,322	966,650
Special program collaborative	145,960	145,960
SUN Initiative and other grants	130,587	270,587
Total temporarily restricted	$4,294,961	$2,262,233

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets and Members' Investments (Continued)

Temporarily Restricted Net Assets (Continued)

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 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. The Corporation did not expend any costs related to this program in 2012 and 2011.

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

	2012	2011
SUN Initiative Program	$240,000	$ -
EAP	11,328	41,745
Total	$251,328	$41,745

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.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets and Members' Investments (Continued)

Non-controlling interest is comprised of the following activity as of December 31:

	BCLF Ventures LLCs	SUN Initiative	CDE X Entities	WegoWise	Total
Non-controlling interests at December 31, 2010	$12,644,844	$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
Changes in net assets	(1,470,002)	(487,348)	(215,872)	(401,525)	(2,574,747)
Non-controlling interests at December 31, 2012	$10,510,259	$1,245,768	$3,188,038	$(109,572)	$14,834,493

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 expense of $2,648,314 and $2,800,971 collected on behalf of loan participants (see Note 5) in 2012 and 2011, respectively.

Program revenue and fees includes:

- Loan fees of the Loan Fund and Aura Mortgage
- Upfront, backend and delayed sub-allocation fees of Managed Assets (see Note 10)
- Management fees of the Venture Fund and Managed Assets (see Notes 1 and 10)
- 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 WegoWise energy tracking tool software
- Other fee income

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

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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 18 and 19). Temporarily restricted net assets are transferred to unrestricted net assets when they are used in accordance with donor restrictions. Donor restricted gifts received and expended for their intended use in the same year are reflected as increases in unrestricted net assets.

Loan Losses

Provisions are made for estimated loan losses based on management's evaluation of each loan. Management evaluates loan collectability through consideration of factors such as previous loss experience, performance of individual loans in accordance with contract terms, financial strength and cash flows of the borrower, realizable values of collateral, 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 function are distributed to that function, 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 11, 2013, 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.

(3) INVESTMENTS

Program-Related Equity Investments

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

2012 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	3,295,864	-	3,795,864
Depreciated investments	1	848,857	(658,800)	-	190,057
Impaired investments	1	700,000	-	(700,000)	-
Balance, December 31, 2012	4	$2,098,857	$2,637,064	$ (700,000)	$ 4,035,921
Ventures II, LLC					
Appreciated investments	4	$3,897,755	$3,800,306	$ -	$ 7,698,061
Impaired investments	2	1,634,340	-	(1,634,340)	-
Balance, December 31, 2012	6	$5,532,095	$3,800,306	$(1,634,340)	$ 7,698,061
Totals		$7,630,952	$6,437,370	$(2,334,340)	$11,733,982

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

(3) **INVESTMENTS** (Continued)

Program-Related Equity Investments (Continued)

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

2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Ventures I, LLC	$3,795,864	$190,057	$ 50,000	$4,035,921
Ventures II, LLC	$1,308,627	$ -	$6,389,434	$7,698,061
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

During 2011, one investee company of BCLF Ventures, LLCs went through an initial public offering and is now publicly traded and is valued using Level 1 inputs (see page 24).

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%

(3) INVESTMENTS (Continued)

Program-Related Equity Investments (Continued)

Ventures II, LLC's program-related equity investments valued using Level 3 inputs are invested in the medical and educational service sectors.

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 the years ended December 31:

	Ventures I, LLC	Ventures II, LLC
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	(6,550,928)	(2,282,570)
December 31, 2011	50,000	5,226,425
Unrealized and realized gains	-	175,900
Conversion of notes and interest receivable	-	737,100
Purchases	-	250,009
December 31, 2012	$ 50,000	$ 6,389,434

There were no known or expected impairments on program-related equity investments as of December 31, 2012 and 2011.

(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, 2012 and 2011, for BCLF Ventures, LLCs are as follows:

	2012		
Balance Sheets	**Ventures I, LLC**	**Ventures II, LLC**	**Total**
Cash and cash equivalents	$ 132,422	$1,218,091	$ 1,350,513
Program-related equity investments	4,035,921	7,698,061	11,733,982
Total assets	$ 4,168,343	$8,916,152	$13,084,495
Total members' investment	$ 4,168,343	$8,916,152	$13,084,495

(4) INVESTMENTS IN AFFILIATES (Continued)

BCLF Ventures, LLCs (Continued)

Statements of Operations	2012 Ventures I, LLC	2012 Ventures II, LLC	2012 Total
Interest and other investment income	$ 35	$ 12,904	$ 12,939
Operating expenses	(110,964)	(427,154)	(538,118)
Operating loss	(110,929)	(414,250)	(525,179)
Other investment activity:			
Realized gain (loss) on redemption of program-related equity investments	(1,775)	586,214	584,439
Net unrealized loss on program-related equity investments	(2,590,302)	(646,757)	(3,237,059)
Net loss	$(2,703,006)	$ (474,793)	$ (3,177,799)

Balance Sheets	2011 Ventures I, LLC	2011 Ventures II, LLC	2011 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
Statements of Operations			
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

(4) INVESTMENTS IN AFFILIATES (Continued)

BCLF Ventures, LLCs (Continued)

As of December 31, 2012 and 2011, the BCLF Ventures, LLCs were capitalized as follows:

2012	Ventures I, LLC	Ventures II, LLC	Total
Manager member:			
Venture Fund	$ 41,683	$ 89,161	$ 130,844
Regular members:			
Venture Fund	1,634,370	809,022	2,443,392
Other members	2,492,290	8,017,969	10,510,259
Sub-total regular members	4,126,660	8,826,991	12,953,651
Total capital	$4,168,343	$8,916,152	$13,084,495

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

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, 2010	$ 3,790,737	$ 997,713	$ 4,788,450
Distributions	-	(250,000)	(250,000)
Share of gain (loss)	(454,366)	197,949	(256,417)
Net investment, December 31, 2011	3,336,371	945,662	4,282,033
Share of loss	(1,660,318)	(47,479)	(1,707,797)
Net investment, December 31, 2012	$ 1,676,053	$ 898,183	$ 2,574,236

(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, 2012 and 2011, and has been eliminated in the accompanying consolidating financial statements.

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 in WegoWise and $800,000 in SEA) as of December 31, 2012 and 2011, have been eliminated in the accompanying consolidating financial statements.

CDE LLCs

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

As of December 31, 2012 and 2011, Managed Assets had the following amounts invested in the unconsolidated CDE LLCs:

	2012	2011
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	2,279
BCC NMTC CDE XII, LLC	1,442	1,442
BCC NMTC CDE XIII, LLC	1,579	1,579
BCC NMTC CDE XIV, LLC	2,526	-
BCC NMTC CDE XV, LLC	2,062	-
	$53,115	$48,527

(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.

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

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

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 held by the lender, or other forms of collateral. The Loan Fund's five largest outstanding loans receivable were approximately 34% of the portfolio as of December 31, 2012 and 2011.

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

	2012		2011	
Type	Number of Loans	Net Loan Amount	Number of Loans	Net Loan Amount
Permanent	37	$32,252,433	30	$21,807,561
Construction	36	18,736,091	32	21,617,828
Site acquisition	12	15,137,334	23	20,066,268
Predevelopment	9	5,971,236	11	6,911,374
Organizational	9	415,060	10	8,703,326
	103	72,512,154	106	79,106,357
Interest receivable on above loans		783,529		559,309
		$73,295,683		$79,665,666

(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 $36,561,673 and $40,628,030 as of December 31, 2012 and 2011, 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 $24,000,000 and $23,500,000 for future disbursements on existing loan commitments and lines of credit to unrelated borrowers as of December 31, 2012 and 2011, respectively. 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 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.

Intercompany Lending

The Loan Fund also committed approximately $1,000,000 and $10,000,000 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, 2012 and 2011. In 2012, SUN Financing drew $7,000,000 of advances under this agreement and repaid $1,000,000 of principal and $255,000 of interest to the Loan Fund. As of December 31, 2012, the borrowings under this agreement totaled $6,000,000. SUN Financing did not borrow under this agreement in 2011.

The Loan Fund originally entered into a $5,000,000 line of credit agreement with SEA to finance a portion of certain assets of SEA (see Note 1). This intercompany loan bore interest at 6%, payable quarterly, and was secured by first priority pledge and assignment of certain SEA assets and contracts related to these assets. During 2012 and 2011, SEA made principal payments under this agreement totaling $570,366 and $1,130,229, respectively. As of December 31, 2011, the outstanding borrowings under this agreement totaled $570,366. There were no amounts outstanding at December 31, 2012. The loan was originally due to mature in August, 2012, and was amended and extended during 2012 (see below).

During 2012, the Loan Fund and SEA agreed to terminate the $5,000,000 line of credit and entered into a $1,000,000 term loan to finance a portion of certain assets of SEA. This intercompany loan bears interest at 6% annually, with principal and interest payments due monthly. During 2012, SEA drew down $1,000,000 and made principal and interest payments of $117,742 and $57,561, respectively. As of December 31, 2012, principal outstanding under this agreement was $882,258.

In addition, in 2011, the Loan Fund entered into a leverage loan agreement with the Investment Fund (see Note 1) in the amount of $1,472,876, which was used to partially fund a qualified equity investment in CDE X. Interest on this note accrued at 7% through October, 2012. Commencing November 1, 2012, interest on this note accrues at 6%. On October 31st of each year, all accrued interest and unpaid principal, to the extent of cash flow as outlined in the agreement, is due. All remaining unpaid principal and interest are due on the maturity date of March 23, 2021. As of December 31, 2012 and 2011, unpaid interest was $183,373 and $81,049, respectively. This loan may be prepaid without penalty. The Loan Fund deferred payments during 2012 and 2011.

(5) LOANS AND INTEREST RECEIVABLE (Continued)

Loan Fund (Continued)

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, 2012 and 2011, there is a guarantee of $4,600,000 for one loan receivable under this agreement. During 2012 and 2011, the Loan Fund did not receive any amounts under this agreement.

Special Tax-Credit Lending

As of December 31, 2012 and 2011, the Loan Fund has entered into twenty and fifteen 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 sponsored project 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 4.41% of each total loan. These fees are included in program revenue and fees in the accompanying consolidating statements of activities and totaled $100,994 and $184,186 for 2012 and 2011, respectively. Total outstanding principal balances are $157,547,603 and $129,526,533 as of December 31, 2012 and 2011, 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, 2012 and 2011. The provision associated with these allowances is netted with the value of the tax credit donation.

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 $56,979 and $58,358 as of December 31, 2012 and 2011, respectively, is secured by residential properties. The loans are 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 consisted 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 of Ventures II, LLC as of December 31, 2011, consisted of three notes receivable from a company in Massachusetts bearing interest from 3.25% to 8%. A total of $570,500 of loan principal and $154,798 of accrued interest was outstanding as of December 31, 2011. The balance of this obligation, including additional interest of $11,802 accrual in 2012, was converted to preferred stock of the borrower during 2012 (see Note 3).

There were no outstanding loans and interest receivable for Ventures I, LLC as of December 31, 2012 and 2011.

(5) LOANS AND INTEREST RECEIVABLE (Continued)

Foreclosure and Home Mortgage Services

Due to the inherent risk of the mortgage loans it issues, for accounting purposes, Aura Mortgage significantly discounts the principal value of the mortgages upon closing. Discounts are applied based on the perceived risk of individual loans up to 20%. The provision associated with this discount totaled $5,385,331 and $1,727,778 in 2012 and 2011, respectively, and has been netted in the accompanying consolidating financial statements with the gain on sale of the residences realized by NSP, which it transferred to Aura Mortgage upon sale of the property (see Note 6). NSP generally sells the property at a profit equal to the loan discount applied by Aura Mortgage.

During 2012 and 2011, in connection with the SUN Initiative (see Note 1), Aura Mortgage closed 139 and 41 loans, respectively, in total principal amounts of $28,052,608 and $8,565,217, respectively. All of the properties financed by Aura Mortgage in 2012 and 2011 were purchased by the borrowers from NSP.

Also, during 2012 and 2011, SUN Financing purchased, at net book value, 139 and 33, respectively, of the mortgage loans issued by Aura Mortgage for $22,762,277 and $5,784,863, respectively, which is net of loan loss reserves of $5,290,331 and $1,454,395, respectively (see Note 6). At December 31, 2012, SUN Financing held 209 mortgage loans receivable from low-income individuals in Massachusetts totaling $41,674,149. These loans bear interest at rates from 5.625% to 7.5% and mature at various dates through 2042. Monthly payments of principal and interest are due in amounts ranging from $345 to $2,771. Aura Mortgage continues to service the loans purchased by SUN Financing.

At December 31, 2012, Aura Mortgage held thirteen mortgage loans receivable from low-income individuals in Massachusetts totaling $1,834,812. At December 31, 2011, Aura Mortgage held fourteen mortgage loans receivable to low-income individuals in Massachusetts totaling $2,203,514. These loans bear interest at rates ranging from 5.625% to 7.5% and mature at various dates through 2041. Monthly payments of principal and interest are due in amounts between $318 and $1,911.

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.

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 $669,071 and $356,030 of this award in 2012 and 2011, respectively, which is included in grants and contributions in the accompanying consolidating statements of activities for the years ended December 31, 2012 and 2011, including $669,071 and $329,328, respectively, related to loan loss reserves for qualifying loans receivable. Cash reserves associated with loans purchased by SUN Financing were also transferred to SUN Financing at the time of the loan sales. Cash and cash equivalents - loan loss reserve consisted of the following as of December 31:

	2012	2011
SUN Financing (see Note 2)	$3,500,000	$3,500,000
Aura Mortgage CDFI Grant (see Note 2)	750,000	750,000
SUN Financing transferred from Aura Mortgage and interest earned	615,389	554,487
Aura Mortgage - not transferred to SUN	81,302	81,302
Total	$4,946,691	$4,885,789

(5) LOANS AND INTEREST RECEIVABLE (Continued)

Maturities

Maturities of the loans receivable as of December 31, 2012, are as follows:

Year	Loan Fund	Managed Assets	Foreclosure and Home Mortgage Services: SUN Financing	Foreclosure and Home Mortgage Services: Aura Mortgage	Total
2013	$27,381,270	$ 1,405	$ 527,181	$ 41,931	$ 27,951,787
2014	7,601,969	1,445	559,227	26,502	8,189,143
2015	17,575,416	1,485	597,947	28,227	18,203,075
2016	6,512,965	1,525	636,682	30,014	7,181,186
2017	1,692,432	1,565	678,235	32,022	2,404,254
Thereafter	12,531,631	49,554	38,674,877	1,676,116	52,932,178
	73,295,683	56,979	41,674,149	1,834,812	116,861,623
Adjustment for deferred loan fees (see Note 2)	(177,696)	-	-	-	(177,696)
Less - allowance for loan losses (see Note 6)	(4,807,650)	-	(7,995,830)	(419,482)	(13,222,962)
Net loans receivable	$68,310,337	$56,979	$33,678,319	$1,415,330	$103,460,965

Affiliate Loans

From time to time, the Corporation and its affiliates may enter into intercompany borrowing arrangements to support general operations or specific business initiatives. Those borrowing arrangements not described elsewhere in these footnotes are described below. All principal and interest related to borrowing transactions between consolidating affiliates has been eliminated in the accompanying consolidating financial statements.

The Holding Company initially loaned WegoWise (see Note 1) funds under two convertible note agreements totaling $500,000. During 2011, the Corporation exercised its option to convert the two notes and accrued interest into preferred stock in WegoWise (see Note 4).

In September, 2012, WegoWise entered into a $750,000 convertible secured note agreement with the Holding Company (see Note 1). The outstanding principal balance accrues daily interest at a rate of 5%, compounded annually. The outstanding principal and accrued interest matures in September, 2013. This note is secured by all tangible and intangible property and assets of WegoWise. As of December 31, 2012, accrued interest under this agreement totaled $9,863. The outstanding principal and accrued interest can be converted to shares of capital stock in the event WegoWise is subject to a qualified financing as defined in the note agreement.

The Corporation and its affiliates have entered into various intercompany loans. These intercompany loans bear interest at 3% to 6%, payable quarterly, are unsecured, and mature between 2018 and 2020. Interest on these borrowings totaled $413,573 and $417,746 in 2012 and 2011, respectively.

(5) LOANS AND INTEREST RECEIVABLE (Continued)

Affiliate Loans (Continued)

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

	2012	2011
Managed Assets receivable from NMTC delayed sub-allocation fees (see Note 10)	$16,065,683	$16,139,545
Intercompany Borrowings:		
Loan Fund receivable from SUN (see page 29)	6,000,000	-
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 page 11)	1,472,876	1,472,876
Loan Fund receivable from SEA	882,258	570,366
Holding Company receivable from WegoWise	759,863	-
Holding Company receivable from Venture Fund	100,000	100,000
Managed Assets receivable from SEA	-	500,000
Holding Company receivable from BCC SEA QALICB 1	-	235,366
SUN receivable from Holding Company	-	50,000
Holding Company receivable from NSP	-	13,275
Sub-total affiliate loans and fees receivable	30,580,680	24,381,428
Affiliate loans and fee receivables eliminated in consolidation	15,133,846	8,860,732
Total net affiliate loans and fees receivable	$15,446,834	$15,520,696

(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:

	2012	2011
Allowance for loan losses (see Note 5)	$4,807,650	$4,307,649
Board designated net assets for loan loss reserves (see Note 2)	3,137,124	2,886,839
	$7,944,774	$7,194,488

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

	Con-struction	Organi-zational	Permanent	Pre-development	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
Allowance for loan losses, December 31, 2011	$1,666,479	$ -	$ 825,997	$ 956,212	$ 858,961	$4,307,649
Recoveries	-	-	(117,580)	(316,109)	-	(433,689)
Provision	30,311	-	143,977	-	759,402	933,690
Allowance for loan losses, December 31, 2012	$1,696,790	$ -	$ 852,394	$ 640,103	$1,618,363	$4,807,650
Ending balance: Individually evaluated for impairment	$1,541,485	$ -	$ 704,525	$ 395,445	$1,136,363	$3,777,818
Troubled Debt Restructurings	$1,350,000	$ -	$ 704,525	$ -	$1,136,363	$3,190,888

Impaired Loans - Loan Fund

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

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

Loan Fund (Continued)

Impaired Loans – Loan Fund (Continued)

Impaired loans as of December 31, 2012, are set forth in the table below.

Loan Category	**Number of Impaired Loans**	**Amount of Impaired Loans**	**Related Allowance for Loan Loss**
Construction	2	$4,304,854	$1,541,485
Site acquisition	1	3,391,363	1,136,363
Permanent	2	1,248,207	395,445
Predevelopment	1	938,691	704,525
Total impaired loans	6	$9,883,115	$3,777,818

Troubled Debt Restructurings

A troubled debt restructurings (TDRs) occurs when a creditor, for economic or legal reasons related to a borrower's financial condition, grants a concession to the borrower that it would not otherwise consider, such as below market interest rates, extending the maturity of a loan, or a combination of both. The Loan Fund considers all loans modified in a troubled debt restructuring to be impaired (see page 34 and above).

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

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

As of December 31, 2012, there were four loans that were impaired and classified as TDRs as follows:

Troubled Debt Restructuring	**Number of Loans Restructured**	**Amount of Restructured Loans**	**Related Allowance for Loan Loss**
Extended under forbearance	1	$4,181,480	$1,350,000
Multiple extensions resulting from financial difficulty	3	4,330,054	1,840,888
Total TDRs	4	$8,511,534	$3,190,888

The above loans are all on "non-accrual" basis. There was one borrower with two loans above where $159,994 of accumulated interest in arrears was forgiven by the Loan Fund.

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

Loan Fund (Continued)

During December, 2011, the Loan Fund received a parcel of land as a result of an organization defaulting on a loan receivable in which the Loan Fund had collateral (see Note 1). The fair market value of the property at the time of the acquisition was $1,400,000, which is included in property and equipment, interests in real property, and real estate owned in the accompanying consolidating statements of financial position as of December 31, 2012 and 2011. The remaining balance of the loan of $915,488 was recorded as a charge-off to the allowance for loan losses in 2011 (see page 34). Management intends to sell this land. The fair market value of the property is estimated using Level 3 inputs (see Note 1).

Foreclosure and Home Mortgage Services

The loan loss reserve allowance consists of the following as December 31:

	Aura Mortgage	SUN Financing	Total
December 31, 2010	$ 128,049	$1,351,140	$1,479,189
Loan loss provision	1,727,778	-	1,727,778
Less - portion transferred to SUN Financing	(1,454,395)	1,454,395	-
December 31, 2011	401,432	2,805,535	3,206,967
Loan loss provision	5,385,331	-	5,385,331
Recovery from loans repaid	(76,950)	(100,036)	(176,986)
Less - portion transferred to SUN Financing	(5,290,331)	5,290,331	-
December 31, 2012	$ 419,482	$7,995,830	$8,415,312

The allowance for loan losses is management's estimate of expected loan losses on loans receivable. It is management's policy to record a significant allowance against the initial principal balance of these loans receivable due to the inherent risk of these loans. The percentage used to calculate the loan loss reserve varies depending on certain characteristics of the loan. The allowance for loan loss for each loan is determined when the loan is originated by Aura Mortgage (see Note 5). The loan loss allowance is generally transferred from Aura Mortgage when loans are sold to SUN Financing.

Neither Aura Mortgage nor SUN Financing had any write-offs of loan principal for the years ended December 31, 2012 or 2011.

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

Impaired Loans - Foreclosure and Home Mortgage Services

Aura Mortgage and SUN Financing also identify a loan as impaired when it is probable that interest and/or principal will not be collected according to the contractual terms of the loan agreement and each employs the guidance provided by *Accounting by Creditors for Impairment of a Loan.*

Impaired loans as of December 31, 2012, are set forth in the table below.

	Number of Impaired Loans	Amount of Impaired Loans	Related Allowance for Loan Loss
SUN Financing	5	$1,190,100	$230,834
Aura Mortgage	2	$ 536,993	$153,626

Neither Aura Mortgage nor SUN Financing held any loan considered to be a troubled debt restructuring as of December 31, 2012.

(7) PROPERTY AND EQUIPMENT, INTERESTS IN REAL PROPERTY AND REAL ESTATE OWNED

Holding Company

Property and equipment are as follows as of December 31:

	2012	2011
Computer equipment	$249,301	$232,201
Office equipment	230,554	171,474
Leasehold improvements	131,732	127,682
	611,587	531,357
Less - accumulated depreciation	446,810	400,838
	$164,777	$130,519

Solar Energy Programs

As of December 31, 2012 and 2011, SEA substantially completed construction of solar panel projects at twelve locations in Massachusetts. Of these projects, eight were placed into service in 2011, with the remaining four being placed into service during 2012. Six of these projects were transferred from SEA to SEA QALICB during 2011 upon formation of CDE X and related entities (see Note 1). As of December 31, 2012, there were a total of 18 solar panel projects. Each of the transferred projects received by SEA QALICB was placed in service prior to December 31, 2011. As of December 31, 2012, SEA had incurred approximately $170,000 of costs in connection with the development of a future solar energy project.

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

Solar Energy Programs (Continued)

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:

2012	SEA	SEA QALICB	Total
Solar energy panels and installation	$13,790,654	$5,088,663	$18,879,317
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	3,909,579	4,872,774	8,782,353
Less - accumulated depreciation	(941,533)	(393,885)	(1,335,418)
	$ 2,968,046	$4,478,889	$ 7,446,935

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

For the years ended December 31, 2012 and 2011, depreciation expense related to SEA and SEA QALICB totaled $634,174 and $357,060, respectively.

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, 2012 and 2011. Management expects to maintain compliance throughout the five-year recapture period applicable to these projects which ends June, 2016.

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

Solar Energy Programs (Continued)

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 in 2011 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. The Holding Company did not earn any developer fees during 2012.

SEA and SEA QALICB have signed 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 the host is billed monthly at a rate per kilowatt hour of energy specified in the agreement. SEA manages the billing process on behalf of SEA QALICB and transfers payments to SEA QALICB. The related combined revenue for both entities for 2012 and 2011 of approximately $382,000 and $268,000, 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 2015. If SEA does not provide the specified quantity of RECs as described in the agreements, SEA would be obligated to reimburse the utility company for any additional costs paid to obtain substitute RECs over the agreed-upon price. SEA transfers the RECs and SRECs earned by SEA QALICB upon receipt.

The related combined REC revenue for both entities for 2012 and 2011 of approximately $118,000 and $111,000, respectively, is included in program revenue and fees on the accompanying consolidating statements of activities. The related combined SREC revenue for both entities was approximately $507,000 and $195,000 for 2012 and 2011, respectively, and is included in program revenue and fees in the accompanying consolidating statements of activities.

WegoWise, Inc.

WegoWise held equipment with a cost of $49,560 and $26,279 and accumulated depreciation of $19,713 and $6,119 as of December 31, 2012 and 2011, respectively.

Foreclosure and Home Mortgage Services

NSP

In connection with activities of NSP, 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. During 2012 and 2011, SUN Financing acquired the beneficial interests in these properties. As of December 31, 2012 and 2011, NSP has offers outstanding on 192 and 88 additional properties, respectively.

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

Foreclosure and Home Mortgage Services (Continued)

NSP (Continued)

For the properties purchased by NSP and then sold to individuals through a mortgage loan, NSP holds shared appreciation agreements with each borrower. At December 31, 2012 and 2011, NSP held 219 and 90 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, respectively. For the year ended December 31, 2012, NSP recognized gains totaling $39,414 resulting from the sale of two properties which is included in program revenue and fees in the accompanying combining and consolidating statements of activities. NSP did not recognize any gains for the year ended December 31, 2011.

NSP also had $43,794 of office improvements and equipment as of December 31, 2012 and 2011, with accumulated depreciation of $15,798 and $7,400, respectively.

SUN Financing's Interests in Real Property held by NSP

Purchased rental properties and properties held for sale as funded by SUN Financing are recorded at cost. Properties held for sale are being rented to low-income homeowners under rent-to-buy arrangements. A reconciliation of properties held for sale and rental properties is as follows for 2012 and 2011:

	Properties Held for Sale	Rental Properties
Balance at December 31, 2010	$ 1,469,881	$ 579,898
Purchase of 15 properties	2,455,606	-
Renovations	7,000	4,815
Cost basis of properties sold to SUN Initiative borrowers	(940,010)	-
Transfers	(347,432)	347,432
Sale of property	(189,439)	-
Balance at December 31, 2011	2,455,606	932,145
Purchase of 19 properties	3,099,501	-
Renovations	2,120	11,324
Cost basis of properties sold to SUN Initiative borrowers	(2,252,774)	(335,923)
Transfers	(202,831)	202,831
Balance at December 31, 2012	$ 3,101,622	$ 810,377

NSP manages the rental and held for sale properties and transfers the net rental income to SUN Financing. Net rental and other income from interests in real property totaled $231,552 and $108,704 in 2012 and 2011, respectively, and are included in program revenue and fees in the accompanying combining and consolidating statements of activities.

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

Foreclosure and Home Mortgage Services (Continued)

The cost basis of the rental properties (see page 40) are shown net of accumulated depreciation of $56,461 and $113,396, respectively, and are included in property and equipment and real estate owned in the accompanying combining and consolidating statements of financial position as of December 31, 2012 and 2011. During 2011, one property held for sale with a cost basis of $189,439 was sold for cash and resulted in a realized gain on the sale of $25,416, which is included in program revenue and fees for 2011. The remaining properties held for sale at December 31, 2012, are expected to be sold in 2013 through issuance of loans receivable to the homeowners.

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

	2012	2011
SEA QALICB solar energy equipment	$ 4,478,889	$ 4,831,078
SUN Financing's interests in real property	3,855,538	3,274,355
SEA solar energy equipment	2,968,046	3,106,154
Loan Fund real estate owned (see Note 6)	1,400,000	1,400,000
Holding Company property and equipment	164,777	130,519
WegoWise office equipment	29,847	20,160
NSP property and equipment	27,996	36,394
	$12,925,093	$12,798,660

(8) LOANS PAYABLE

Loan Fund

Loans payable of the Loan Fund represent loans by approximately 300 lenders ("investors") in principal amounts ranging from $500 to $10,000,000. Loans payable bear interest at rates ranging from 0% to 4.9%, payable at varying initial maturities of one to ten years through 2022. In the ordinary course of operations, the Loan Fund may negotiate extensions of maturity with many investors. 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 borrowing 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 thirty-day London InterBank Offered Rate (LIBOR), plus 3% (3.21% and 3.30% at December 31, 2012 and 2011, respectively). As of December 31, 2012 and 2011, no amounts were outstanding under this agreement. The line of credit expires in 2013.

(8) LOANS PAYABLE (Continued)

Loan Fund (Continued)

The Loan Fund entered into a $15,000,000 unsecured non-revolving line of credit with a financial institution, which expires on June 30, 2018. Outstanding advances under this line of credit bear interest at the financial institution's seven-year cost of funds, plus 125 basis points on the date of the draw. Proceeds from this line of credit are to be used only to finance qualifying New Markets Tax Credit loans in certain states. As of December 31, 2012 and 2011, $15,000,000 was outstanding on this line of credit and is included in loans payable in the accompanying consolidating 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 originally expired in December, 2011. During December, 2011, the Loan Fund renewed the agreement through December, 2013. Outstanding advances under this line of credit bear interest at 4% at December 31, 2011. As of December 31, 2012 and 2011, $5,000,000 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 2.27%.

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, 2012 and 2011, 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:

	2012	2011
Lines of credit	$20,000,000	$20,000,000
Other loans payable	49,638,104	54,683,152
	$69,638,104	$74,683,152

Foreclosure and Home Mortgage Services

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 2012, SUN Financing drew $7,000,000 of advances and repaid $1,000,000 under this agreement (see Note 5). SUN Financing did not draw down any funds during 2011.

(8) LOANS PAYABLE (Continued)

Foreclosure and Home Mortgage Services (Continued)

SUN Financing entered into thirty-one additional unsecured note payable agreements with purchasers, including both individuals and organizations, under the Note Purchase Agreement as of December 31, 2012. 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, 2012 and 2011, was $40,234,000 and $16,535,000, respectively. Of this amount, $6,000,000 is due to the Loan Fund as described on page 42 and has been eliminated in the consolidating statement of financial position as of December 31, 1012. The principal amounts of the notes with the additional purchasers range from $15,000 to $2,000,000.

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, 2012 and 2011, SUN Financing was in compliance with these covenants.

Maturities

Maturities of all loans payable as of December 31, 2012, are as follows:

Year	Loan Fund	Foreclosure and Home Mortgage Services – SUN Financing	Venture Fund	Total
2013	$11,107,908	$ -	$15,000	$ 11,122,908
2014	11,033,023	-	-	11,033,023
2015	5,749,440	34,234,000	-	39,983,440
2016	2,100,893	-	-	2,100,893
2017	11,056,214	-	-	11,056,214
Thereafter	28,590,626	-	-	28,590,626
Total loans	$69,638,104	$34,234,000	$15,000	$103,887,104

The current maturities as of December 31, 2012 and 2011, include $1,267,633 and $920,558, respectively, of loan principal which has matured, but has not been paid or formally extended. Management is negotiating extensions of these amounts.

Below Market Interest Rate Loans

Generally accepted accounting principles require not-for-profit organizations to record interest expense and contribution revenue in connection with loans payable that are interest free or that have below-market interest rates. Likewise, funds loaned to borrowers at below-market interest rates should also result in imputed revenue and contribution expense.

Interest rates on loans payable are disclosed on pages 41 and 42. Interest rates on loans receivable are disclosed in Note 5. The Loan Fund believes that the benefits derived from below-market rate loans received are passed through to the borrowers via below-market rate loans made, and that there is no material difference between community development finance market rates and the stated rates of loans in their portfolios. Consequently, no adjustments have been made to the accompanying consolidating financial statements to reflect rate differentials.

(9) PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE

Permanent loan capital - subordinated loans payable consist of long-term subordinated loans payable of the Loan Fund (38 and 36 individual loans as of December 31, 2012 and 2011, respectively) from financial and other institutions, bearing simple interest at rates between 2% and 4%. These loans have substantially the same terms, including interest-only payments required annually until maturity, occurring between 2019 and 2023. Only two notes are 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.

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

The Loan Fund has made cumulative permanent loans to SEA and the Venture Fund of $3,000,000 and $2,300,000, respectively, as of December 31, 2012 and 2011, which are included in permanent loan capital - subordinated loans payable in the accompanying consolidating financial statements. The Holding Company also made a permanent loan to the Venture Fund of $100,000 as of December 31, 2012 and 2011. These amounts have been eliminated in the accompanying consolidating statements of financial position.

Maturity dates of principal over the next five years as of December 31, 2012, are as follows:

2013	$ 95,053
2014	$ 96,972
2015	$ 98,929
2016	$ 100,926
2017	$ 102,963
Thereafter	$19,826,699

(10) NEW MARKETS TAX CREDITS PROGRAM

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

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

(10) NEW MARKETS TAX CREDITS PROGRAM (Continued)

Managed Assets entered into agreements with the CDE LLCs' Investor Members, who provided approximately $394 million of cumulative QEIs as of December 31, 2012, to make QLICIs of the active CDE LLCs. By making QLICIs, the CDE LLCs enable the Investor Members to claim approximately $154 million of NMTC over credit periods of seven years.

For Managed Assets' participation in establishing the CDE LLCs and underwriting the QLICIs made during 2012 and 2011, Managed Assets earned and was paid 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):

	2012	2011
BCC NMTC CDE XIV, LLC	$1,263,158	$ -
BCC NMTC CDE XV, LLC	1,030,974	-
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
Total	$2,294,132	$2,908,500

The sub-allocation fees also include delayed portions which management has allocated 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 expected lives of the CDE LLCs. These delayed portions are also included in affiliate loans and fee receivable.

Delayed fees receivable are as follows at December 31:

	2012	2011	Quarterly Installments Payable Through
BCC NMTC CDE VIII, LLC	$ 4,816,669	$ 5,356,351	May, 2017
BCC NMTC CDE IX, LLC	2,533,266	5,222,361	December, 2017
BCC NMTC CDE X, LLC	618,849	618,849	March, 2018
BCC NMTC CDE XI, LLC	1,215,378	1,974,967	June, 2018
BCC NMTC CDE XII, LLC	1,099,649	1,388,070	December, 2018
BCC NMTC CDE XIII, LLC	1,241,092	1,578,947	December, 2018
BCC NMTC CDE XIV, LLC	2,478,833	-	March, 2019
BCC NMTC CDE XV, LLC	2,061,947	-	September, 2019
Total	$16,065,683	$16,139,545	

For the years ended December 31, 2012 and 2011, Managed Assets has reported $2,919,982 and $2,199,546, respectively, of these fees as revenue, which is included in 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.

(10) NEW MARKETS TAX CREDITS PROGRAM (Continued)

Terms of the agreements with the Investor Members require Managed Assets to maintain certain covenants to avoid recapture of NMTC and possible reimbursement of a portion of upfront fees it has received. At December 31, 2012, Managed Assets was in compliance with all such covenants and management expects to maintain compliance throughout the expected seven-year NMTC credit period of each of the CDE LLCs.

Managed Assets also earned annual management fees of $531,494 and $650,925 for 2012 and 2011, respectively, in conjunction with the management of CDE LLCs I through VII. These fees are also included in program revenue and fees in the accompanying consolidating statements of activities.

For CDE LLCs I through 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 QEIs funded by the Investor Members. Management expects to maintain compliance through the seven-year expected life of each CDE LLCs, at which time these backend fees are earned and payable to Managed Assets. For 2012, Managed Assets received payments of $1,272,500, $257,500 and $956,500 for its backend fees related to BCC NMTC CDE I, LLC, BCC NMTC CDE III, LLC and BCC NMTC CDE IV, LLC, respectively. These fees are included in program revenue and fees in the accompanying 2012 combining and consolidating statement of activities.

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 V, LLC	$ 246,287	March through April, 2013
BCC NMTC CDE VI, LLC	$2,100,000	November, 2014

(11) LEASE AND OTHER COMMITMENTS

The Corporation has agreements to rent office space and parking in Roxbury, Massachusetts, which terminate through 2014. The Corporation also has a short-term lease agreement to rent additional office space in Roxbury, 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 rent expense under these facility leases was $140,284 and $136,467 for 2012 and 2011, respectively, and is included in office operations in the accompanying consolidating statements of activities.

The Corporation also has lease commitments for office equipment and telecommunications and information technology services. These agreements require aggregate monthly operating payments of approximately $14,700 and expire at various dates through August, 2016.

(11) LEASE AND OTHER COMMITMENTS (Continued)

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

2013	$189,096
2014	$138,180
2015	$ 18,360
2016	$ 12,760

(12) 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 2012 and 2011 was $128,865 and $106,516, respectively, and is included in personnel in the accompanying consolidating statements of activities.

(13) 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.

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 approximates fair value.

Short-Term Investments: The fair value of investments is based upon Level 2 inputs, which are quoted prices from markets for similar assets (see Note 3).

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).

(13) FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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:

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 70,742,516	$ 70,742,516	$57,025,796	$57,025,796
Short-term investments	$ -	$ -	$ 2,967,493	$ 2,967,493
Program-related equity investments	$ 11,733,982	$ 11,733,982	$13,996,432	$13,996,432
Loans and interest receivable, net	$103,460,965	$102,513,637	$89,216,467	$88,882,371
Loans payable	$103,887,104	$102,540,005	$91,233,152	$89,805,327
Permanent Loan Capital - Subordinated Loans Payable	$ 20,321,542	$ 20,321,542	$19,414,715	$19,414,715

(14) RECLASSIFICATION

Certain amounts in the 2011 consolidating financial statements have been reclassified to conform with the 2012 presentation.

BOSTON COMMUNITY CAPITAL, INC. AND AFFILIATES

COMBINING AND CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

	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	$ 22,709,815	$ 20,486,828	$ 620,250	$ 1,425,683	$ 350,344	$ 359,111	$ 3,170,176	$ -	$ 49,122,207	$ 1,350,513	$ -	$ 50,472,720
Cash and cash equivalents - escrow funds held for others	1,277,180	13,153,542	-	-	-	-	892,383	-	15,323,105	-	-	15,323,105
Cash and cash equivalents - loan loss reserves	-	-	-	-	-	-	4,946,691	-	4,946,691	-	-	4,946,691
Current portion of loans and interest receivable, net of allowance for loan losses of $3,073,293	24,307,977	1,405	-	-	-	-	569,112	-	24,878,494	-	-	24,878,494
Current portion of affiliate loans, fees and interest receivable	125,094	6,001,917	-	759,863	-	-	-	(1,061,771)	5,825,103	-	-	5,825,103
Grants and rebates receivable	-	-	-	-	-	177,132	-	-	177,132	-	-	177,132
Other current assets	98,298	168,800	-	106,616	130,268	304,784	1,239,767	-	2,048,533	-	-	2,048,533
Due (to) from affiliate	2,528,078	3,939,774	(36,339)	(3,602,475)	-	78,324	(2,907,362)	-	-	-	-	-
Total current assets	51,046,442	43,752,266	583,911	(1,310,313)	480,612	919,351	7,910,767	(1,061,771)	102,321,265	1,350,513	-	103,671,778
LOANS AND INTEREST RECEIVABLE, net of current portion and allowance for loan losses of $10,149,669	44,002,360	55,574	-	-	-	-	34,524,537	-	78,582,471	-	-	78,582,471
AFFILIATE LOANS, FEES AND INTEREST RECEIVABLE, net of current portion	13,530,040	10,063,766	-	100,000	-	-	-	(14,072,075)	9,621,731	-	-	9,621,731
ORIGINATION COSTS - SUB-ALLOCATION FEE, net of accumulated amortization	-	-	-	-	-	678,901	-	(678,901)	-	-	-	-
PROGRAM-RELATED EQUITY INVESTMENTS	-	-	-	-	-	-	-	-	-	11,733,982	-	11,733,982
INVESTMENTS IN AFFILIATES	-	53,632	3,744,236	5,741,640	-	-	-	(6,912,157)	2,627,351	-	(2,574,236)	53,115
PROPERTY AND EQUIPMENT, INTERESTS IN REAL PROPERTY AND REAL ESTATE OWNED, net	1,400,000	-	-	164,777	29,847	7,446,935	3,883,534	-	12,925,093	-	-	12,925,093
Total assets	$ 109,978,842	$ 53,925,238	$ 4,328,147	$ 4,696,104	$ 510,459	$ 9,045,187	$ 46,318,838	$ (22,724,904)	$ 206,077,911	$ 13,084,495	$ (2,574,236)	$ 216,588,170
LIABILITIES, NET ASSETS AND NON-CONTROLLING INTERESTS												
CURRENT LIABILITIES:												
Current portion of loans payable	$ 11,107,908	$ -	$ 15,000	$ -	$ -	$ -	$ -	$ -	$ 11,122,908	$ -	$ -	$ 11,122,908
Current portion of permanent loan capital - subordinated loans payable	95,053	-	-	-	-	-	-	-	95,053	-	-	95,053
Interest and accounts payable	395,845	-	-	531,792	20,707	200,331	569,962	-	1,718,637	-	-	1,718,637
Current portion of affiliate loans and interest payable	-	-	-	-	759,863	301,908	-	(1,061,771)	-	-	-	-
Escrow funds held for others	1,277,180	13,153,542	-	-	-	-	892,383	-	15,323,105	-	-	15,323,105
Total current liabilities	12,875,986	13,153,542	15,000	531,792	780,570	502,239	1,462,345	(1,061,771)	28,259,703	-	-	28,259,703
LOANS PAYABLE, net of current portion	58,530,196	-	-	-	-	-	34,234,000	-	92,764,196	-	-	92,764,196
AFFILIATE LOANS AND INTEREST PAYABLE, net of current portion	-	-	-	-	-	2,672,075	6,000,000	(8,672,075)	-	-	-	-
DEFERRED REVENUE	-	18,034,755	-	-	42,951	-	46,846	(454,545)	17,670,007	-	-	17,670,007
PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE, net of current portion	20,226,489	-	2,400,000	-	-	3,000,000	-	(5,400,000)	20,226,489	-	-	20,226,489
Total liabilities	91,632,671	31,188,297	2,415,000	531,792	823,521	6,174,314	41,743,191	(15,588,391)	158,920,395	-	-	158,920,395
NET ASSETS AND NON-CONTROLLING INTERESTS:												
Unrestricted:												
General	11,013,455	22,683,309	569,428	(2,809,197)	-	-	-	1,834,351	33,291,346	-	-	33,291,346
Board designated for permanent loan capital and special programs	1,132,500	-	-	-	-	-	-	-	1,132,500	-	-	1,132,500
Board designated for loan loss reserves	3,137,124	-	-	-	-	-	750,000	-	3,887,124	-	-	3,887,124
Board designated for affiliate investments	-	53,632	1,343,719	5,741,640	-	-	-	(6,911,640)	227,351	-	-	227,351
Total unrestricted	15,283,079	22,736,941	1,913,147	2,932,443	-	-	750,000	(5,077,289)	38,538,321	-	-	38,538,321
Temporarily restricted:												
Permanent loan capital	879,911	-	-	-	-	-	-	-	879,911	-	-	879,911
Other purpose restrictions	2,183,181	-	-	1,231,869	-	-	-	-	3,415,050	-	-	3,415,050
Total temporarily restricted	3,063,092	-	-	1,231,869	-	-	-	-	4,294,961	-	-	4,294,961
Sub-total net assets	18,346,171	22,736,941	1,913,147	4,164,312	-	-	750,000	(5,077,289)	42,833,282	-	-	42,833,282
Stockholder's equity - Energy Programs	-	-	-	-	-	(317,682)	-	317,682	-	-	-	-
Stockholder's equity - WegoWise, Inc.	-	-	-	-	(203,490)	-	-	203,490	-	-	-	-
Members' investment - NSP Residential, LLC	-	-	-	-	-	-	2,099,141	(2,099,141)	-	-	-	-
Members' investment - Aura Mortgage Advisors, LLC	-	-	-	-	-	-	480,738	(480,738)	-	-	-	-
Members' investment - BCLF Ventures, LLCs	-	-	-	-	-	-	-	-	-	13,084,495	(13,084,495)	-
Non-controlling interests in:												
BCLF Ventures, LLCs	-	-	-	-	-	-	-	-	-	-	10,510,259	10,510,259
SUN Initiative Financing, LLC	-	-	-	-	-	-	1,245,768	-	1,245,768	-	-	1,245,768
Solar Energy Programs	-	-	-	-	-	3,188,555	-	(517)	3,188,038	-	-	3,188,038
WegoWise, Inc.	-	-	-	-	(109,572)	-	-	-	(109,572)	-	-	(109,572)
Total net assets and non-controlling interests	18,346,171	22,736,941	1,913,147	4,164,312	(313,062)	2,870,873	4,575,647	(7,136,513)	47,157,516	13,084,495	(2,574,236)	57,667,775
Total liabilities, net assets and non-controlling interests	$ 109,978,842	$ 53,925,238	$ 4,328,147	$ 4,696,104	$ 510,459	$ 9,045,187	$ 46,318,838	$ (22,724,904)	$ 206,077,911	$ 13,084,495	$ (2,574,236)	$ 216,588,170

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 held for others	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 FEES 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, INTERESTS IN REAL PROPERTY 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)	-	-	-	-
Escrow funds held for others	2,841,143	5,507,184	-	-	-	-	747,901	-	9,096,228	-	-	9,096,228
Total current liabilities	14,959,855	5,507,184	15,000	547,314	52,215	1,835,792	1,362,629	(463,954)	23,816,035	6,226	-	23,822,261
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	-	16,373,155	-	-	22,680	-	-	(542,952)	15,852,883	-	-	15,852,883
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	911,167	(2,575,534)	-	-	-	3,038,779	27,492,774	-	-	27,492,774
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	3,101,516	5,691,640	-	-	-	(6,911,640)	1,930,560	-	-	1,930,560
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
Other purpose restrictions	-	-	-	1,383,197	-	-	-	-	1,383,197	-	-	1,383,197
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 - Solar Energy Advantage, Inc.	-	-	-	-	-	(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 ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	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	$ 437,089	$ 8,232,108	$ 479,900	$ 392	$ 452,830	$ 1,049,737	$ 930,973	$ (113,407)	$ 11,469,622	$ -	$ (479,900)	$ 10,989,722
Interest on loans, net	5,252,467	3,643	-	102,628	-	-	1,731,878	(413,573)	6,677,043	11,802	-	6,688,845
Investment income	73,919	289,893	-	2,423	-	-	5,904	-	372,139	1,137	-	373,276
Net loan loss provision	(500,001)	-	-	-	-	-	-	-	(500,001)	-	-	(500,001)
Less - interest expense	(3,187,965)	-	(71,887)	(89,754)	(9,863)	(252,135)	(1,158,898)	413,573	(4,356,929)	-	-	(4,356,929)
Net financial and earned revenue	2,075,509	8,525,644	408,013	15,689	442,967	797,602	1,509,857	(113,407)	13,661,874	12,939	(479,900)	13,194,913
Grants and contributions	564,625	-	-	69,198	-	-	327,500	-	961,323	-	-	961,323
Net assets released from restrictions	-	-	-	251,328	-	-	-	-	251,328	-	-	251,328
Total operating revenues	2,640,134	8,525,644	408,013	336,215	442,967	797,602	1,837,357	(113,407)	14,874,525	12,939	(479,900)	14,407,564
OPERATING EXPENSES:												
Personnel	1,314,608	825,310	695,181	454,695	1,051,721	101,575	1,183,755	-	5,626,845	-	-	5,626,845
Office operations	194,100	83,359	93,388	13,438	126,090	28,615	556,122	-	1,095,112	-	-	1,095,112
Consultants	6,066	21,724	-	281,792	242,850	17,126	226,684	-	796,242	-	-	796,242
Depreciation and amortization	-	-	-	45,972	13,594	756,725	8,398	(122,551)	702,138	-	-	702,138
Legal	15,204	27,796	6,809	343,801	-	22,486	213,513	-	629,609	295	-	629,904
Marketing	29,753	5,722	180	74,380	127,191	5,149	188,495	-	430,870	-	-	430,870
Program expenses	-	-	-	15,393	-	87,952	188,619	-	291,964	-	-	291,964
Insurance and other	538	35,327	39	344	6,024	90,816	69,049	-	202,137	26,373	-	228,510
Accounting and investment fees	20,432	2,564	4,155	40,063	22,711	35,671	25,312	-	150,908	31,550	-	182,458
Management services	-	-	-	-	-	25,000	-	(25,000)	-	479,900	(479,900)	-
Total operating expenses	1,580,701	1,001,802	799,752	1,269,878	1,590,181	1,171,115	2,659,947	(147,551)	9,925,825	538,118	(479,900)	9,984,043
Changes in unrestricted net assets from operations	1,059,433	7,523,842	(391,739)	(933,663)	(1,147,214)	(373,513)	(822,590)	34,144	4,948,700	(525,179)	-	4,423,521
OTHER CHANGES IN UNRESTRICTED NET ASSETS:												
Net realized and unrealized losses on program-related equity investments	-	-	-	-	-	-	-	-	-	(2,652,620)	-	(2,652,620)
Share of loss of consolidating affiliates	-	-	(1,707,797)	-	-	-	-	-	(1,707,797)	-	1,707,797	-
Grants from (to) affiliate for support of new initiatives	500,000	(1,250,000)	-	750,000	-	-	-	-	-	-	-	-
Changes in unrestricted net assets	1,559,433	6,273,842	(2,099,536)	(183,663)	(1,147,214)	(373,513)	(822,590)	34,144	3,240,903	(3,177,799)	1,707,797	1,770,901
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:												
Grants and contributions	2,184,056	-	-	100,000	-	-	-	-	2,284,056	-	-	2,284,056
Net assets released from restrictions:												
Operating grants released from purpose restrictions	-	-	-	(251,328)	-	-	-	-	(251,328)	-	-	(251,328)
Changes in temporarily restricted net assets	2,184,056	-	-	(151,328)	-	-	-	-	2,032,728	-	-	2,032,728
Changes in net assets	3,743,489	6,273,842	(2,099,536)	(334,991)	(1,147,214)	(373,513)	(822,590)	34,144	5,273,631	(3,177,799)	1,707,797	3,803,629
CHANGES IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-	-	-	-	401,525	215,872	487,348	-	1,104,745	1,470,002	-	2,574,747
Changes in net assets attributable to Boston Community Capital, Inc. and operating affiliates	$ 3,743,489	$ 6,273,842	$ (2,099,536)	$ (334,991)	$ (745,689)	$ (157,641)	$ (335,242)	$ 34,144	$ 6,378,376	$ (1,707,797)	$ 1,707,797	$ 6,378,376

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
Depreciation and amortization	-	-	-	61,160	4,808	432,957	4,868	(75,897)	427,896	-	-	427,896
Legal	31,183	20,006	6,114	100,693	-	148,095	103,034	-	409,125	8,796	-	417,921
Marketing	28,440	1,094	4,555	71,099	10,166	4,405	374,869	-	494,628	-	-	494,628
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	19,461	2,700	6,107	21,808	14,113	35,548	34,140	-	133,877	29,747	-	163,624
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 net assets from operations	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