

# **Boston Local Development Corporation**

Financial Statements  
and  
Independent Auditors' Reports

June 30, 2016 and 2015

**Boston Local Development Corporation**

Financial Statements

*June 30, 2016 and 2015*

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## **Daniel Dennis & Company LLP**

*Certified Public Accountants*

### *Independent Auditors' Report*

To the Board of Directors of  
**Boston Local Development Corporation**

We have audited the accompanying financial statements of Boston Local Development Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of Boston Local Development Corporation as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matter*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of revenue and expenses of loan and non-loan programs on page 17 is presented for purpose of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Daniel Dennis + Company LLP*

*March 6, 2017*

**Boston Local Development Corporation**  
**Statements of Financial Position**  
June 30, 2016 and 2015

<i>Assets</i>		
	<i>2016</i>	<i>2015</i>
<i>Current Assets</i>		
Cash	\$ 3,766,324	\$3,494,418
Investments	25,000	25,000
Advance on contracts	-	23,538
Accounts receivable - (net of allowance for uncollectible accounts totaling \$54,989 and \$48,301 at June 30, 2016 and 2015, respectively)	95,587	105,825
Prepaid expenses	5,055	3,968
Current portion of loans receivable (net of allowance for uncollectible loans totaling \$489,851 and \$413,421 at June 30, 2016 and 2015, respectively)	<u>202,411</u>	<u>581,598</u>
Total current assets	<u>4,094,377</u>	<u>4,234,347</u>
<i>Long-term Assets</i>		
Loans receivable (net of allowance for uncollectible loans totaling \$7,514 and \$130,632 at June 30, 2016 and 2015, respectively)	<u>1,888,314</u>	<u>1,683,737</u>
Total long-term assets	<u>1,888,314</u>	<u>1,683,737</u>
Total assets	<u>\$ 5,982,691</u>	<u>\$5,918,084</u>
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities</i>		
Accounts payable	\$ 117,582	\$ 38,357
Deferred income	<u>30,000</u>	<u>147,169</u>
Total liabilities	<u>147,582</u>	<u>185,526</u>
<i>Net Assets</i>		
Temporarily restricted	359,985	366,645
Unrestricted	<u>5,475,124</u>	<u>5,365,913</u>
Total net assets	<u>5,835,109</u>	<u>5,732,558</u>
Total liabilities and net assets	<u>\$ 5,982,691</u>	<u>\$5,918,084</u>

*See accompanying notes to financial statements.*

**Boston Local Development Corporation**  
**Statements of Activities**  
For the Years Ended June 30, 2016 and 2015

	2016	2015
<i>Changes in Unrestricted Net Assets</i>		
Support and revenue:		
Grant revenue	\$ 331,301	\$ 242,833
Contributions	742,156	226,461
Interest income - revolving loans	99,110	127,190
Interest income - other	719	719
Miscellaneous income	51,304	25,954
Net assets released from restrictions	<u>23,697</u>	<u>67,348</u>
Total unrestricted support and revenue	<u>1,248,287</u>	<u>690,505</u>
Program expenses		
Revolving loans	201,132	209,372
Read Boston	100,230	83,472
Write Boston	6,013	86,867
Earned Income Tax Credit (EITC)	230,988	170,829
Financial Opportunity Center	536,500	-
Home Preservation	6,660	-
HeatWorks	<u>-</u>	<u>29,102</u>
Total program expenses	1,081,523	579,642
Administrative expenses	<u>57,553</u>	<u>68,848</u>
Total expenses	<u>1,139,076</u>	<u>648,490</u>
Change in unrestricted net assets	<u>109,211</u>	<u>42,015</u>
<i>Changes in Temporarily Restricted Net Assets</i>		
Contributions	17,037	42,037
Net assets released from restrictions	<u>(23,697)</u>	<u>(67,348)</u>
Change in temporarily restricted net assets	<u>(6,660)</u>	<u>(25,311)</u>
Change in net assets	102,551	16,704
Net assets - beginning of year	<u>5,732,558</u>	<u>5,715,854</u>
Net assets - end of year	<u><u>\$5,835,109</u></u>	<u><u>\$5,732,558</u></u>

*See accompanying notes to financial statements.*

**Boston Local Development Corporation**  
Statement of Functional Expenses  
For the Year Ended June 30, 2016

	<i>Program Services</i>								
	<i>Revolving</i>	<i>Read</i>	<i>Write</i>	<i>Financial</i>			<i>Admin-</i>	<i>Total</i>	
	<i>Loans</i>	<i>Boston</i>	<i>Boston</i>	<i>EITC</i>	<i>Opportunity</i>	<i>Home</i>	<i>Total</i>	<i>istrative</i>	<i>Expenses</i>
					<i>Center</i>	<i>Preservation</i>			
Salaries	\$142,797	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,797	\$ -	\$ 142,797
Fringe benefits	55,335	-	-	-	-	-	55,335	-	55,335
EDIC overhead	-	-	-	-	-	-	-	14,459	14,459
Professional fees	-	-	-	-	-	-	-	31,130	31,130
Grants/contributions	3,000	100,230	6,013	230,988	536,500	6,660	883,391	-	883,391
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,964</u>	<u>11,964</u>
Total	<u>\$201,132</u>	<u>\$100,230</u>	<u>\$6,013</u>	<u>\$230,988</u>	<u>\$536,500</u>	<u>\$ 6,660</u>	<u>\$1,081,523</u>	<u>\$ 57,553</u>	<u>\$1,139,076</u>

*See accompanying notes to financial statements.*

**Boston Local Development Corporation**  
Statement of Functional Expenses - *continued*  
For the Year Ended June 30, 2015

	<i>Program Services</i>					<i>Admin- istrative</i>	<i>Total Expenses</i>
	<i>Revolving Loans</i>	<i>Read Boston</i>	<i>Write Boston</i>	<i>EITC</i>	<i>Total</i>		
Salaries	\$138,175	\$ -	\$ -	\$ -	\$138,175	\$ -	\$138,175
Fringe benefits	53,197	-	-	-	53,197	-	53,197
EDIC overhead	-	-	-	-	-	13,351	13,351
Professional fees	-	-	-	-	-	38,940	38,940
Grants/contributions	18,000	83,472	86,867	170,829	359,168	-	359,168
Miscellaneous	-	-	-	-	29,102	16,557	45,659
Total	<u>\$209,372</u>	<u>\$83,472</u>	<u>\$ 86,867</u>	<u>\$ 170,829</u>	<u>\$579,642</u>	<u>\$ 68,848</u>	<u>\$648,490</u>

*See accompanying notes to financial statements.*

**Boston Local Development Corporation**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2016 and 2015

	2016	2015
<i>Operating Activities</i>		
Change in net assets	\$ 102,551	\$ 16,704
Adjustments to reconcile change in net assets to net cash provided by /(used in) operating activities:		
Loans issued	(230,000)	(80,000)
Principal payments on loans receivable	451,298	583,245
Reduction of allowance for uncollectible loans	(40,000)	-
Changes in operating assets and liabilities:		
Decrease/(increase) in advance on contracts	23,538	(23,538)
Decrease in accounts receivable	3,550	53,266
(Increase)/decrease in prepaid expenses	(1,087)	140
Increase/(decrease) in accounts payable	79,225	(5,885)
(Decrease)/increase in deferred income	<u>(117,169)</u>	<u>23,538</u>
Net cash provided by operating activities	<u>271,906</u>	<u>567,470</u>
Net increase in cash	271,906	567,470
Cash - beginning of year	<u>3,494,418</u>	<u>2,926,948</u>
Cash - end of year	<u><u>\$3,766,324</u></u>	<u><u>\$3,494,418</u></u>

*See accompanying notes to financial statements.*

## **Boston Local Development Corporation**

### Notes to Financial Statements

June 30, 2016 and 2015

#### 1. ***Operations***

Boston Local Development Corporation (BLDC) is a nonprofit corporation, established to benefit the community by fostering increased employment opportunities and expansion of business and industry for the citizens of the City of Boston. BLDC accomplishes this by providing long-term financing to firms and companies located in the City of Boston, Massachusetts. BLDC's other programs, funded primarily through contributions; include the Read and Write Boston Programs, which help children within the City of Boston learn to read and write, the Earned Income Tax Credit (EITC) program, which helps low-income City of Boston residents take advantage of the Federal EITC, and the Financial Opportunity Center (FOC) program, which provides financial services to low to moderate income residents. BLDC also has three grant programs that help City of Boston residents purchase their homes (Note 5).

#### 2. ***Summary of Significant Accounting Policies***

*Basis of Accounting* - BLDC prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

*Revenue and Expense Recognition* - BLDC recognizes interest income from revolving loans and bank accounts when earned, and from fees charged to private firms and companies when the fees are earned. Grant funds received from exchange transactions are recorded as deferred income on the statement of financial position until earned. Grant revenue is recognized on the statement of activities as loans are initially issued from these funds and when program expenses are incurred. Expenses are recognized when goods or services are received.

BLDC classifies its net assets, revenues and expenses into two classes of net assets - temporarily restricted and unrestricted, based on the existence or absence of donor-imposed restrictions on contributions received. Contributions are recognized as revenue in the period received or unconditionally pledged. Temporarily restricted contributions received where related restrictions are met in the same reporting period are classified as unrestricted revenue on the statement of activities. All other restricted contributions received are classified as such on the statement of activities. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

*Contributed Services* - BLDC recognizes the fair value of contributed services received if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. BLDC receives services from a large number of volunteers who give significant amounts of their time to BLDC's programs and fund-raising campaigns, which do not meet the criteria for financial statement recognition.

*Functional Allocation of Expenses* - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Boston Local Development Corporation**  
Notes to Financial Statements - *Continued*  
June 30, 2016 and 2015

2. *Summary of Significant Accounting Policies - Continued*

*Accounts Receivable* - Accounts receivable are presented net of allowance for uncollectible accounts. BLDC's evaluation of the adequacy of the reserve is based on past due or delinquent receivables. Accounts receivable are charged off when deemed uncollectible.

*Loans Receivable* - Loans receivable are recorded at unpaid principal balance less an allowance for uncollectible loans. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. Potential loan losses are reserved when management determines that a borrower is in an extremely negative financial position, and is unlikely to repay the loan. Loans are written off against this reserve when the borrower enters bankruptcy and/or BLDC has no collateral, or the collateral is deemed worthless. Recoveries of loans that were written off in previous years are recorded as income in the year received.

Loans are placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established for this accrual. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

*Income Taxes* - BLDC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the fiscal years ended June 30, 2016 and 2015, would be subject to Federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

BLDC evaluates the tax positions taken or expected to be taken in their tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold, along with accrued interest and penalties thereon, would be recorded as an expense in the current year financial statements. BLDC has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its fiscal year 2016 returns and believe they are more-likely-than-not of being sustained if examined by Federal or state tax authorities. BLDC's fiscal years 2013 through 2015 tax years remain subject to examination by Federal and state tax authorities.

*Estimates and Assumptions* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Boston Local Development Corporation**  
Notes to Financial Statements - *Continued*  
June 30, 2016 and 2015

3. ***Loans Receivable***

Outstanding balances of loans receivable are as follows (the interest rate is noted in parentheses):

<i>Borrower (Rate)</i>	<i>2016</i>	<i>2015</i>
303 Café, Inc. (6.50%)	\$ -	\$ 42,765
760 Adams Street Realty Trust (6.50%)	37,140	42,043
A B Seafood, LLC (6.50%)	83,472	104,044
Allied BAP, LLC (5.90%)	48,803	48,803
Artaic, LLC (9.00%)	799	9,929
Blow Hair Salon (6.50%)	87,522	87,522
Boston Common Coffee Company (7.00%)	2,992	20,233
Brewer's Fork (6.50%)	76,957	80,000
Children's Museum (1.00%)	900,000	900,000
City Feed & Supply (6.00%)	22,392	26,600
Cogito Health, Inc. (6.50%)	128,596	150,532
Color Media Group (6.50%)	15,654	18,974
Crazy Dough's Inc. (6.50%)	177,183	177,183
Dorchester Brewing (6.50%)	100,000	-
Dorchester Brewing (6.50%)	50,000	-
Ecco Pizzerias (6.50%)	39,102	84,000
Ecco Pizzerias (6.50%)	50,000	-
E. R. Enterprises (6.5%)	87,694	91,386
Family Discount Laundry (8.25%)	148,716	148,716
Geekhouse Bike Company (6.50%)	76,430	76,430
HDM System Corporation (5.00%)	-	218,307
Imported Foods Resource Group, Inc. (6.50%)	130,326	152,119
Ketta's Hair Salon (6.50%)	44,360	44,361
Lope's Memorial Services, Inc. (6.50%)	33,569	40,938
Marathon Food LLC (9.00%)	24,000	27,000
MyStryde, LLC (6.50%)	30,000	-
Parker's Auto Service (6.50%)	33,008	39,540
SMH Fine Foods (1.00%)	43,933	43,933
Velo - City Back Bay (6.5%)	<u>115,442</u>	<u>134,030</u>
Total loans receivable	2,588,090	2,809,388
Less: current portion	<u>(692,262)</u>	<u>(995,019)</u>
Total long-term loans receivable	<u>\$ 1,895,828</u>	<u>\$ 1,814,369</u>

**Boston Local Development Corporation**  
Notes to Financial Statements - *Continued*  
June 30, 2016 and 2015

4. ***Investments***

Investments at June 30, 2016 consist of a \$25,000 certificate of deposit at One United Bank. This certificate has a 0.9% interest rate at June 30, 2016 and will mature in March 2017. Investments at June 30, 2015 consist of a \$25,000 certificate of deposit at One United Bank. This certificate has a 0.9% interest rate at June 30, 2015 and matured in March 2016.

5. ***Program Activity***

Revolving loan programs include the following:

- Grant proceeds received through the Economic Development and Industrial Corporation (EDIC)/Boston (Note 7) under a revolving loan fund contract with the Economic Development Administration (EDA).

The purpose of this contract is to establish a revolving loan fund to encourage public and private investment in Boston's industrial and commercial enterprises through long-term low interest loans.

- Grant proceeds totaling approximately \$1 million under a contract with the City of Boston's Department of Neighborhood Development (DND).

The purpose of this contract is to establish a revolving loan fund for Boston based small businesses. Loan funds issued under this program are restricted to eligible economic development activities under the U.S. Department of Housing and Urban Development (HUD) Title I Program.

- Grant proceeds from DND totaling \$200,000 under BLDC's Create Boston Program.

This loan fund is geared specifically toward providing financial assistance to creative businesses and individuals and will be used in conjunction with existing Boston Redevelopment Authority programs.

- Grant proceeds from DND totaling \$500,000 under BLDC's Life Tech Finance Program.

This finance program is focused on helping Boston's biotech and life science sectors. The program is designed to attract, retain, support and strengthen biotechnology, pharmaceutical, medical devices and other related industries. This program also awards grants to BLDC loan recipients to be used to pay interest within the first two years of the loans.

**Boston Local Development Corporation**  
Notes to Financial Statements - *Continued*  
June 30, 2016 and 2015

5. ***Program Activity - Continued***

- Grant proceeds from DND totaling \$500,000 under BLDC's New Boston Jobs Creation Program.

The purpose of this fund is to provide loans to small businesses in Boston that have either a history of and/or a demonstrable potential for job creation. The intent of the program is to create new opportunities for small businesses in Boston as well as unemployed Boston residents. Qualified borrowers will receive the loan and pay interest only for a period of two years. During that period, the borrower will receive upon each new Boston resident hire completing one year of employment, a grant of \$2,000. An additional \$2,000 will be converted to a grant once the employee has completed two years of continuous service. The grant(s) amount will be deducted from the outstanding principal on an annual basis on the employee's anniversary date of hire. The maximum allowable write down is \$4,000 per new Boston resident employee. If upon the second anniversary of the loan the business has not created a target job, the loan will convert from an interest only loan to amortization debt with a five year payout. Deferred revenue for this program at June 30, 2016 and 2015 totaled \$0 and \$93,631, respectively.

An agreement between BLDC and DND allows BLDC to utilize twenty percent of each of the above programs' original amount of funding, plus up to twenty percent of each programs' annual program income to support the direct costs of maintaining the respective loan portfolios.

BLDC has three non-loan programs administered by DND under the *Boston Home Certificate Initiative*:

- The Boston Home Ownership Preservation Fund is a pool of resources provided by partner organizations and institutions that complement City of Boston resources dedicated exclusively to support various technical financial services to help Boston homeowners avoid losing their homes to foreclosure. The City of Boston provided BLDC a grant funding this program startup. This program is also supported by private contributions (Note 7).
- The Three Decker Plus Pilot Initiative Program (Triple-Deck) was implemented to provide financial assistance to eligible first-time homebuyers of three-unit residential properties located in Boston that do not require significant rehabilitation.
- The CreditSmart Boston Initiative is a program focused on helping Boston's low to moderate income consumers build and maintain good credit that will help them become qualified homebuyers. Deferred revenue for this program at June 30, 2016 and 2015 totaled \$30,000.

**Boston Local Development Corporation**  
Notes to Financial Statements - *Continued*  
June 30, 2016 and 2015

6. ***Temporarily Restricted Net Assets***

Temporarily restricted net assets at June 30, 2016 and 2015, and related revenue and expense activity under these programs for the years then ended are as follows:

<b><i>Year Ended June 30, 2016</i></b>				
	<i>Beginning</i>	<i>Contributions</i>	<i>Expenses</i>	<i>Ending</i>
	<i>Net Assets</i>			<i>Net Assets</i>
Read Boston	\$ 17,037	\$ 100,230	\$ (100,230)	\$ 17,037
Write Boston	-	6,013	(6,013)	-
Don't Borrow Trouble	85,512	-	-	85,512
Earned Income Tax Credit	-	116,450	(116,450)	-
Boston Small Business				
Exposition	10,421	-	-	10,421
Main Streets	333	-	-	333
New Boston Housing	10,429	-	-	10,429
Boston Home Ownership				
Preservation Fund	227,434	-	(6,660)	220,774
Financial Opp. Center	-	536,500	(536,500)	-
HeatWorks	<u>15,479</u>	<u>-</u>	<u>-</u>	<u>15,479</u>
<b>Total</b>	<b><u>\$ 366,645</u></b>	<b><u>\$ 759,193</u></b>	<b><u>\$ (765,853)</u></b>	<b><u>\$ 359,985</u></b>
<b><i>Year Ended June 30, 2015</i></b>				
	<i>Beginning</i>	<i>Contributions</i>	<i>Expenses</i>	<i>Ending</i>
	<i>Net Assets</i>			<i>Net Assets</i>
Read Boston	\$ 17,037	\$ 83,472	\$ (83,472)	\$ 17,037
Write Boston	21,209	65,658	(86,867)	-
Don't Borrow Trouble	85,512	-	-	85,512
Earned Income Tax Credit	-	119,367	(119,367)	-
Boston Small Business				
Exposition	10,421	-	-	10,421
Main Streets	333	-	-	333
New Boston Housing	10,429	-	-	10,429
Boston Home Ownership				
Preservation Fund	227,434	-	-	227,434
HeatWorks	<u>44,581</u>	<u>-</u>	<u>(29,102)</u>	<u>15,479</u>
<b>Total</b>	<b><u>\$ 416,956</u></b>	<b><u>\$ 268,497</u></b>	<b><u>\$ (318,808)</u></b>	<b><u>\$ 366,645</u></b>

**Boston Local Development Corporation**  
Notes to Financial Statements - *Continued*  
June 30, 2016 and 2015

7. ***Concentration of Credit Risk***

*Deposits*

BLDC's bank accounts are held at a financial institution that is FDIC insured up to the maximum amount of \$250,000 per institution. Balances held in these accounts may, at times, exceed this limit. BLDC has not experienced any losses in these accounts, and believes it is not exposed to any significant credit risk on such deposits.

*Loans/Accounts Receivable*

Financial instruments that potentially subject BLDC to credit risk are primarily loans and accounts receivable. Amounts are past due when not paid by the end of the following month. Loans and accounts receivable past due ninety days or more and still accruing finance charges totaled \$714,641 and \$478,296, respectively, at June 30, 2016 and 2015.

The following tables present informative data on loans and related accounts receivables regarding their age status at June 30, 2016 and 2015:

	<i>June 30,</i>	
	<i>2016</i>	<i>2015</i>
Current	\$ 2,464,257	\$ 2,628,744
Past due:		
30-59 days	3,830	\$ 7,110
60-89 days	4,361	6,259
Over 90 days	266,218	321,401
Total past due	274,409	334,770
Total receivables	\$ 2,738,666	\$ 2,963,514

As of June 30, 2016 and 2015, BLDC's outstanding loan to the Children's Museum makes up approximately 35% and 32%, respectively, of BLDC's total loans receivable portfolio.

8. ***Subsequent Events***

BLDC has performed an evaluation of subsequent events through March 6, 2017, which is the date BLDC's financial statements were issued. No material subsequent events have occurred since June 30, 2016 that required recognition or disclosure in the financial statements.

**Boston Local Development Corporation**  
Notes to Financial Statements - *Continued*  
June 30, 2016 and 2015

9. ***Retirement Plan***

All BLDC contracted employees are eligible to participate in EDIC's Thrift Savings Plan (the Plan) after three months of service. The Plan is a defined contribution plan and an eligible tax-deferred plan under Internal Revenue Service (IRS) Code Sections 457 and 401(a). The Plan is serviced by The Great-West Life Assurance Company. Participants can contribute one percent (1%) to twenty-five percent (25%) of their taxable compensation on a pre-tax basis, subject to the maximum deferral limits as set by the Internal Revenue Service. BLDC will match the first six percent (6%) of compensation that is contributed by the participant. Participants can also contribute one percent (1%) to fifteen (15%) of their total compensation on an after-tax basis, also subject to a maximum deferral limit, which is inclusive of BLDC's match amount. Retirement plan expense for the years ending June 30, 2016 and 2015 was approximately \$4,800 and \$4,900, respectively.

10. ***Related Party Transactions***

BLDC contracted employees are paid through EDIC's payroll system and are covered under EDIC's fringe benefit policies. These costs, together with administration overhead are billed to BLDC. For the years ended June 30, 2016 and 2015, EDIC provided grants to BLDC totaling \$123,132 and \$191,372, respectively, to cover operating costs, which are recorded as grant revenue in the statement activities. As of June 30, 2016, BLDC has a payable to EDIC totaling \$79,768 for salaries, fringe benefits, and administration overhead, which is included in accounts payable on the balance sheet.

BLDC receives contributions from corporations that support the Earned Income Tax Credit, Read Boston, and Financial Opportunity Center Programs operated by EDIC, the Boston Small Business Exposition operated by the Boston Empowerment Center, and the Main Streets, New Boston Housing, Boston Home Ownership Preservation Fund, HeatWorks, and Don't Borrow Trouble Programs operated by the City of Boston. Solicitation efforts and related fundraising is provided by these respective agencies.

**SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENSES OF  
LOAN AND NON-LOAN PROGRAMS**

**Boston Local Development Corporation**  
Supplementary Schedule of Revenue and Expenses of  
Loan and Non-Loan Programs  
June 30, 2016

	<i>Revolving Loan Program</i>	<i>Non-Loan Programs</i>	<i>Total</i>
<i>Revenue</i>			
Grant revenue	\$ 216,763	\$ 114,538	\$ 331,301
Contributions	-	759,193	759,193
Interest income - revolving loans	99,110	-	99,110
Interest income - other	719	-	719
Miscellaneous income	<u>51,304</u>	<u>-</u>	<u>51,304</u>
Total revenues	<u>367,896</u>	<u>873,731</u>	<u>1,241,627</u>
<i>Operating Expenses</i>			
Salaries	142,797	-	142,797
Fringe benefits	55,335	-	55,335
EDIC overhead	14,459	-	14,459
Professional fees	31,130	-	31,130
Grants/contributions	3,000	880,391	883,391
Miscellaneous	<u>11,964</u>	<u>-</u>	<u>11,964</u>
Total operating expenses	<u>258,685</u>	<u>880,391</u>	<u>1,139,076</u>
Change in net assets	<u>\$ 109,211</u>	<u>\$ (6,660)</u>	<u>\$ 102,551</u>