



FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

BOSTON PUBLIC MARKET ASSOCIATION

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December 31, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors of
Boston Public Market Association:

Report on the Financial Statements

We have audited the accompanying financial statements of Boston Public Market Association (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

Auditor's Responsibility

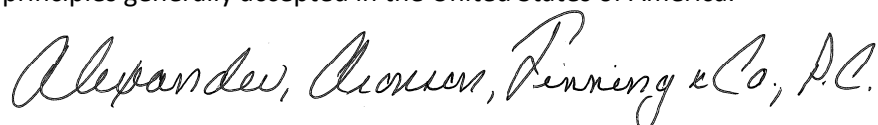
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 auditor's 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 Public Market Association as of December 31, 2015 and 2014, 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.



Boston, Massachusetts
March 24, 2016

BOSTON PUBLIC MARKET ASSOCIATION

Statements of Financial Position
December 31, 2015 and 2014

Assets	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Current Assets:						
Cash	\$ 1,999,165	\$ -	\$ 1,999,165	\$ 385,907	\$ 4,445,254	\$ 4,831,161
Cash - Tenant security deposits	105,163	-	105,163	-	-	-
Current portion of pledges and grants receivable	382,214	328,950	711,164	771,165	1,431,783	2,202,948
Accounts receivable	21,045	-	21,045	1,667	-	1,667
Inventory	4,287	-	4,287	-	-	-
Prepaid expenses	23,297	-	23,297	5,361	-	5,361
Total current assets	2,535,171	328,950	2,864,121	1,164,100	5,877,037	7,041,137
Cash - Tenant security deposits, net of current portion	31,000	-	31,000	-	-	-
Pledges and Grants Receivable, net of current portion	-	250,000	250,000	-	500,000	500,000
Property and Equipment, net	13,059,545	-	13,059,545	2,105,643	-	2,105,643
Total assets	\$ 15,625,716	\$ 578,950	\$ 16,204,666	\$ 3,269,743	\$ 6,377,037	\$ 9,646,780
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 1,170,207	\$ -	\$ 1,170,207	\$ 537,918	\$ -	\$ 537,918
Tenant security deposits	105,163	-	105,163	-	-	-
Total current liabilities	1,275,370	-	1,275,370	537,918	-	537,918
Tenant security deposits, net of current portion	31,000	-	31,000	-	-	-
Note Payable	1,000,000	-	1,000,000	500,000	-	500,000
Total liabilities	2,306,370	-	2,306,370	1,037,918	-	1,037,918
Net Assets:						
Unrestricted:						
Operating	481,170	-	481,170	110,607	-	110,607
Property and equipment	12,838,176	-	12,838,176	2,121,218	-	2,121,218
Total unrestricted	13,319,346	-	13,319,346	2,231,825	-	2,231,825
Temporarily restricted	-	578,950	578,950	-	6,377,037	6,377,037
Total net assets	13,319,346	578,950	13,898,296	2,231,825	6,377,037	8,608,862
Total liabilities and net assets	\$ 15,625,716	\$ 578,950	\$ 16,204,666	\$ 3,269,743	\$ 6,377,037	\$ 9,646,780

The accompanying notes are an integral part of these statements.

BOSTON PUBLIC MARKET ASSOCIATION

 Statements of Activities and Changes in Net Assets
 For the Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating Revenue:						
Market rental	\$ 508,235	\$ -	\$ 508,235	\$ 54,521	\$ -	\$ 54,521
Donated services	473,000	-	473,000	358,000	-	358,000
Grants and contributions	108,297	-	108,297	105,682	687,000	792,682
Other income	23,442	-	23,442	3,650	-	3,650
Net assets released from restrictions	577,060	(577,060)	-	369,183	(369,183)	-
Total operating revenue	1,690,034	(577,060)	1,112,974	891,036	317,817	1,208,853
Operating Expenses:						
Program services	1,510,087	-	1,510,087	643,021	-	643,021
Fundraising	113,413	-	113,413	129,174	-	129,174
General and administrative	160,824	-	160,824	102,113	-	102,113
Total operating expenses	1,784,324	-	1,784,324	874,308	-	874,308
Changes in net assets from operations	(94,290)	(577,060)	(671,350)	16,728	317,817	334,545
Non-Operating Revenue:						
Government grants - capital	5,788,784	-	5,788,784	792,086	-	792,086
Campaign grants	-	100,000	100,000	-	4,833,000	4,833,000
Donated services - capital	72,000	-	72,000	20,000	-	20,000
Net assets released from campaign restrictions	5,321,027	(5,321,027)	-	1,022,191	(1,022,191)	-
Changes in net assets	11,087,521	(5,798,087)	5,289,434	1,851,005	4,128,626	5,979,631
Net Assets:						
Beginning of year	2,231,825	6,377,037	8,608,862	380,820	2,248,411	2,629,231
End of year	\$ 13,319,346	\$ 578,950	\$ 13,898,296	\$ 2,231,825	\$ 6,377,037	\$ 8,608,862

The accompanying notes are an integral part of these statements.

BOSTON PUBLIC MARKET ASSOCIATION

Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flow from Operating Activities:		
Changes in net assets	\$ 5,289,434	\$ 5,979,631
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Campaign grants	(100,000)	(4,833,000)
Government grants - capital	(5,788,784)	(792,086)
Donated services - capital	(72,000)	(20,000)
Depreciation	238,246	2,309
Changes in operating assets and liabilities:		
Pledges and grants receivable	68,833	(97,783)
Accounts receivable	(19,378)	2,231
Inventory	(4,287)	-
Prepaid expenses	(17,936)	(3,249)
Accounts payable and accrued expenses	(15,760)	53,021
Net cash provided by (used in) operating activities	<u>(421,632)</u>	<u>291,074</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	<u>(10,472,099)</u>	<u>(1,335,948)</u>
Cash Flows from Financing Activities:		
Campaign grants	1,384,750	3,597,216
Government grants - capital	6,176,985	21,671
Proceeds from note payable	<u>500,000</u>	<u>500,000</u>
Net cash provided by financing activities	<u>8,061,735</u>	<u>4,118,887</u>
Net Change in Cash	(2,831,996)	3,074,013
Cash:		
Beginning of year	<u>4,831,161</u>	<u>1,757,148</u>
End of year	<u>\$ 1,999,165</u>	<u>\$ 4,831,161</u>
Supplemental Disclosure of Cash Flow Information:		
Property and equipment funded through accounts payable	<u>\$ 1,110,803</u>	<u>\$ 462,754</u>

BOSTON PUBLIC MARKET ASSOCIATION

 Statements of Functional Expenses
 For the Years Ended December 31, 2015 and 2014

	2015				2014			
	Program Services	Fundraising	General and Administrative	Total Expenses	Program Services	Fundraising	General and Administrative	Total Expenses
Payroll and Related:								
Salaries	\$ 273,040	\$ 63,982	\$ 48,355	\$ 385,377	\$ 177,490	\$ 97,899	\$ 40,197	\$ 315,586
Payroll taxes	24,824	5,907	4,414	35,145	19,008	8,851	3,634	31,493
Fringe benefits	24,800	5,901	4,410	35,111	11,036	6,087	2,500	19,623
Total payroll and related	322,664	75,790	57,179	455,633	207,534	112,837	46,331	366,702
Other:								
Donated professional services	473,000	-	-	473,000	358,000	-	-	358,000
Depreciation	235,334	1,456	1,456	238,246	1,813	248	248	2,309
Professional services	109,180	-	45,522	154,702	44,127	-	33,848	77,975
Advertising	148,837	-	-	148,837	6,892	-	-	6,892
Repair and maintenance	133,011	-	3,496	136,507	77	-	-	77
Occupancy	41,774	10,298	8,563	60,635	11,384	11,383	11,383	34,150
Interest	-	-	24,850	24,850	-	-	-	-
Office expenses	8,689	6,725	6,725	22,139	4,407	2,381	2,381	9,169
Insurance	10,790	-	9,594	20,384	-	-	4,590	4,590
Market expenses	19,741	-	-	19,741	1,307	-	-	1,307
Events	-	18,576	-	18,576	-	-	-	-
Conferences and travel	5,127	-	-	5,127	6,412	-	1,483	7,895
Miscellaneous	1,344	-	3,439	4,783	40	-	1,849	1,889
Supplies	596	568	-	1,164	1,028	2,325	-	3,353
Total operating expenses	<u>\$ 1,510,087</u>	<u>\$ 113,413</u>	<u>\$ 160,824</u>	<u>\$ 1,784,324</u>	<u>\$ 643,021</u>	<u>\$ 129,174</u>	<u>\$ 102,113</u>	<u>\$ 874,308</u>

The accompanying notes are an integral part of these statements.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2015 and 2014

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

Founded in 2001, the Boston Public Market Association (the Association) is a Massachusetts not-for-profit corporation that aims to bring healthy, affordable, locally sourced foods to the Boston area creating a healthier, stronger community. The Association's mission is to operate a permanent year-round market in Boston that provides fresh, healthy food to consumers of all income levels and nourishes our community. The Association also educates the public about food sources, nutrition and preparation, provides small business support to market vendors, and contributes an additional free, public, civic space to the City of Boston.

In 2012, the Association was designated by the Commonwealth of Massachusetts as the developer and operator of the Boston Public Market: a 28,000 square-foot indoor retail location in the Haymarket T station building along Boston's Greenway. Currently, the Boston Public Market (the Market) is the only year-round, indoor, locally sourced market of its kind in the United States—most of what is sold either originates or is produced in New England. The Market integrates education about healthy eating, local production and sustainability into the market experience through experiential learning, the demonstration kitchen and classroom. The Market opened to the public in July 2015.

In addition to working to open the year-round Market in 2015, and managing its ongoing operation, the Association runs two seasonal farmers markets in downtown Boston—offering fresh food, free educational events, and information on the Boston Public Market to a diverse customer base. Since 2010, the Association's markets have participated in the Boston Bounty Bucks Program—an incentive-based program that allows customers with SNAP (food stamps) to use their Electronic Benefit Transfer (EBT) cards at farmers markets and provides a dollar-for-dollar match on market products. Through the Bounty Bucks Program, the Association helps create healthy, sustainable food alternatives for those in underserved communities.

NONPROFIT STATUS

The Association is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Association is also exempt from state income taxes. Donors may deduct contributions made to the Association within IRC requirements.

SIGNIFICANT ACCOUNTING POLICIES

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

Pledges and Grants Receivable and Allowance for Doubtful Accounts

Pledges and grants receivable are recorded at their net present value when unconditionally committed. An allowance for uncollectible pledges and grants receivable is recorded based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible. No allowance was deemed necessary as of December 31, 2015 and 2014.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2015 and 2014

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges and Grants Receivable and Allowance for Doubtful Accounts (Continued)

Pledges and grants receivable are expected to be collected as follows at December 31:

<u>Amounts due within:</u>	<u>2015</u>	<u>2014</u>
One year	\$ 711,164	\$ 2,202,948
Two years	250,000	250,000
Three years	-	250,000
	<u>961,164</u>	<u>2,702,948</u>
Less - current portion	<u>711,164</u>	<u>2,202,948</u>
Long-term pledges and grants receivable	<u>\$ 250,000</u>	<u>\$ 500,000</u>

No discount was recorded at December 31, 2015 and 2014, as it is immaterial to the accompanying financial statements.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on experience and other circumstances which may affect the ability of the Association to collect the receivables. No allowance was deemed necessary as of December 31, 2015 and 2014. All accounts receivable are expected to be collected within the next fiscal year.

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>	<u>2015</u>	<u>2014</u>
Year round market building improvements	25 years	\$ 12,098,758	\$ -
Market equipment and furniture	5-7 years	1,179,048	-
Market tents	10 years	18,005	18,005
Computers and office equipment	5-7 years	17,778	7,441
Construction in progress	-	-	2,095,995
		<u>13,313,589</u>	<u>2,121,441</u>
Less - accumulated depreciation		<u>254,044</u>	<u>15,798</u>
		<u>\$ 13,059,545</u>	<u>\$ 2,105,643</u>

Depreciation expense was \$238,246 and \$2,309 for the years ended December 31, 2015 and 2014, respectively.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2015 and 2014

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation (Continued)

Construction in progress consisted of predevelopment, architectural, engineering and construction costs associated with the new year-round market (see Notes 2 and 3). Construction of the year-round market was completed in 2015. Construction in progress of \$2,095,995 as of December 31, 2014 was transferred to property and equipment during 2015.

Inventory

Inventory consists of reusable shopping bags and other market memorabilia sold at the year-round market and is accounted for at the lower of cost (as determined by the first-in, first-out (FIFO) method) or market. Sale of inventory is included in other income and is reflected net of cost of goods sold of approximately \$18,000.

Tenant Security Deposits

Tenant security deposits include refundable cash payments collected from vendors renting space in the year-round market according to each vendor lease agreement (see Note 3).

Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Association. The Association has grouped its unrestricted net assets into the following categories:

- **Operating net assets** represent funds available to carry on the operations of the Association.
- **Property and equipment net assets** reflect the net book value and account for the activities relating to the Association's property and equipment.

Temporarily restricted net assets represent grants and contributions whose use has been limited by donors to a specific time period or for a specific purpose. Temporarily restricted net assets are restricted as follows at December 31:

	<u>2015</u>	<u>2014</u>
Capital restrictions	\$ 550,000	\$ 5,544,420
Time restrictions	28,950	812,617
Program restrictions	<u>-</u>	<u>20,000</u>
	<u>\$ 578,950</u>	<u>\$ 6,377,037</u>

Revenue Recognition

The Association rents space to local vendors in its seasonal and year-round markets. Rental fees are received and recorded as advanced rental payments until the month begins, at which time the fees are recognized as market rental income.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2015 and 2014

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Restricted grants and contributions are recorded as temporarily restricted revenues and net assets when received or unconditionally pledged. When a donor's stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Other income is recognized when earned.

Donated Services

During 2015 and 2014, the Association received donated legal and marketing services valued at \$545,000 and \$378,000, respectively. In 2015 and 2014, \$72,000 and \$20,000, respectively, of donated legal services was related to the construction of the year round market (see Note 3), and has been capitalized. These remaining amounts are included in donated services in the accompanying statements of activities and changes in net assets and donated professional services in the accompanying statements of functional expenses. Donated services are recorded based upon the estimated value assigned to them by the donors or by management.

Expense Allocations

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.

Advertising Costs

The Association expenses advertising costs as they are incurred. Advertising expense was \$148,837 and \$6,892 for the years ended December 31, 2015 and 2014, respectively.

Fair Value Measurements

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

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2015 and 2014

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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

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

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using level 1 inputs.

Income Taxes

The Association accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Association has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2015 and 2014. The Association's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

Subsequent Events

Subsequent events have been evaluated through March 24, 2016, which is the date the financial statements were available to be issued.

Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2015 and 2014

2. LEASES

Lessee

The Association leased office space in Boston under a lease agreement that expired on December 31, 2015. The Association continued to rent the space as a tenant-at-will under the same terms through March 2016. A five year lease through 2021 is in the process of being negotiated. The Association is also responsible for certain real estate taxes and operating costs in excess of the base amounts as defined in the agreement. Rent expense was \$42,800 and \$27,600 for the years ended December 31, 2015 and 2014, respectively, and is included in occupancy in the accompanying statements of functional expenses.

In July 2014, the Association entered into a lease agreement with the Massachusetts Department of Transportation (MDOT) for the operation of the year-round public food market. The initial term of the lease is five years, with sixteen consecutive five-year renewals, provided the Association meets certain compliance and performance criteria as outlined in the agreement. No base rent payments are due under this agreement until such time as the Association produces surplus revenue, as defined in the lease. Surplus revenue is calculated after a capital reserve and an operation reserve are funded on each anniversary date of the opening date of the year-round market, as defined in the lease. Once surplus revenue is achieved, a lump-sum of annual rent, as established by the lease, will be due upon submitting the annual financial statement audit to MDOT. The annual lump-sum rent is based upon percentage benchmarks of surplus revenue calculated from the audited financial statements. No base rent was due in 2015 or 2014.

Lessor

The Association leases space in its year-round market to various local vendors requiring fixed rentals, reimbursement of operating costs (proportionate share of common area maintenance, utilities and real estate taxes), and a percentage of gross sales as defined in the agreements. The lease agreements expire at various times from July 30, 2016 through June 30, 2020, and include base rents ranging from \$326 to \$5,325 per month depending on the lease agreement. Market rental income under these tenant leases was approximately \$474,000 for the year ended December 31, 2015, and is included in market rental income in the accompanying statement of activities and changes in net assets. Future minimum lease payments under these agreements for the next five years, not including renewal options, common area maintenance or percentage of gross sales rental amounts, are as follows:

2016	\$ 501,485
2017	\$ 158,488
2018	\$ 114,515
2019	\$ 65,499
2020	\$ 9,188

3. YEAR-ROUND MARKET

By 2013, the Association launched a significant campaign to raise the funds necessary to construct and launch a permanent year round public market in downtown Boston, Massachusetts (see Note 2). As detailed on page 12, the funds raised, along with a revolving line of credit provided by the Conservation Fund, permitted construction of the Market to be substantially completed during 2015. The fundraising campaign continues in an effort to provide the Association with funds required for repayment of the line of credit, operations and programming activities related to the year-round market and the Association's public impact mission.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2015 and 2014

3. YEAR-ROUND MARKET (Continued)

The Association received approximately \$100,000 and \$4,833,000 of grants and contributions in connection with the campaign during the years ended December 31, 2015 and 2014, respectively. Construction on this year-round public market began during 2014, and was completed in 2015. The Association incurred costs of approximately \$11,182,000 and \$1,813,000 associated with this campaign during 2015 and 2014, respectively.

During 2014, the Association and the Commonwealth of Massachusetts executed a cost reimbursable contract for approximately \$6,500,000 toward the development and construction of the year-round public market. This contract funding is included in the goal for the \$17,000,000 campaign (see above). During 2015 and 2014, \$5,788,784 and \$792,086, respectively, was expended and recorded as government grants – capital in the accompanying statements of activities and changes in net assets as of December 31, 2015 and 2014, respectively.

4. CONCENTRATIONS AND CONTINGENCIES

Credit Risk

The Association maintains its cash balances in a Massachusetts bank. The bank is insured by the Federal Deposit Insurance Corporation (FDIC) for up to certain amounts. At certain times during the year, the balances exceeded the FDIC insured limits. The Association has not experienced any losses in such accounts. Management believes the Association is not exposed to any significant credit risk on its cash balances.

Pledges and Grants Receivable

Approximately 52% and 68% of the Association's pledges and grants receivable were due from one and three donors at December 31, 2015 and 2014, respectively (see Note 1). Approximately 41% and 29% of the Association's pledges and grants receivable were due from the Commonwealth of Massachusetts at December 31, 2015 and 2014.

Revenue

The Association receives significant funding under a government cost reimbursable contract (see Note 3). These reimbursements are subject to audit by the appropriate governmental agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Association as of December 31, 2015 and 2014, or on the changes in its net assets for the years then ended.

Approximately 11% and 56% of the Association's revenue for the years ended December 31, 2015 and 2014, was from one donor.

5. NOTE PAYABLE

In September 2014, the Association entered into a \$3,000,000 revolving line of credit agreement with a nonprofit corporation. Borrowings under the agreement are available for operations and temporary bridge financing in relation to the construction of the year-round market (see Note 3). This agreement is secured by an interest on the Association's lease with MDOT (see Note 2). Interest accrues annually at 3%. Interest is due annually in September. All outstanding borrowings and accrued interest under the agreement are due on September 3, 2017. There was an outstanding balance of \$1,000,000 and \$500,000 as of December 31, 2015 and 2014, respectively.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2015 and 2014

5. NOTE PAYABLE (Continued)

Interest accrued on the outstanding balance is \$33,563 and \$370 at December 31, 2015 and 2014, respectively, of which \$8,713 and \$370 has been capitalized and is included in property and equipment and accounts payable and accrued expenses in the accompanying statements of financial position. Interest incurred and expensed once the year-round market opened in July 2015 through December 31, 2015 is \$24,850.

6. RELATED PARTY TRANSACTIONS

A Board member of the Association is the Senior Vice President of an organization which the Association hired as a project management firm to work with for the duration of construction for the year-round market construction project. The construction project was completed during 2015. The Association paid this firm \$58,500 and \$97,500 for work performed in 2015 and 2014, respectively.

A Board member of the Association provided donated legal services to the Association with values of \$220,000 and \$240,000 for 2015 and 2014, respectively.

A Board member of the Association is the Chief Executive Officer of an organization that provided donated marketing services to the Association with values of \$325,000 and \$138,000 for 2015 and 2014, respectively.

7. RECLASSIFICATION

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.