



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR  
THOMAS M. MENINO

August 2, 2010

To The City Council:

Dear Councillors;

In response to the 17F request filed by your Honorable Body on 6/16/10 re: Boston Neighborhood Network TV, please find the attached response.

Sincerely,

Thomas M. Menino  
Mayor of Boston

**CITY OF BOSTON  
IN CITY COUNCIL**

**ORDER OF COUNCILLOR  
Chuck Turner**

January 16, 2010

**ORDERED:** That, under the provisions of Section 17F of Chapter 376 the Acts of 1951, as amended, and under any other applicable provision of law, His Honor, the Mayor, be, and hereby is, requested to obtain and deliver to the City Council, within one week of the receipt hereof, the following information:

17F Regarding BNN/TV -- Boston Neighborhood Network TV

- 1) What is the number of full time staff members?  
What is the job description for each position?  
What is the salary for each position?  
Which positions are considered senior management?  
Which positions are considered administrative?  
Which positions are considered IT support?  
What is the level of administrative support for staff?
- 2) What is the number of part time staff?  
What is the job description for each position?  
Which positions are considered administrative?  
What positions are considered IT support?  
What is the salary for each part time position?
- 3) How many full/part time staff have resigned or been fired in the last 2 years?  
In the last 6 months?  
Did any of those fired ask for a review?  
Is so, what was the outcome of the review?  
Is it BNN policy to conduct an exit interview with all full and part time staff that leave the organization?
- 4) What is BNN staff evaluation policy for full/part time employees?  
How many evaluations have occurred in the past five years with senior staff?  
With full time staff?  
With part time staff?
- 5) What is the BNN grievance policy?  
How many grievances were filed in 2010, 2009, and 2008?  
How many of those grievances were upheld?
- 6) During the last three years have there been any periods when the organization has not had a HR director?  
In the absence of the HR Director, who implements the grievance policy?

- 7) What is the BNN residency policy?  
How many of the full time/part time staff live in Boston?  
How many of the senior staff live in Boston?
- 8) Does BNN have a merit pay or bonus pay for good performance policy?  
If so, how many existing or past staff members have received such raises during the last 5 years?
- 9) Does BNN have a policy of cost of living increases?  
If so how many existing or past staff members have received such increases during the last 5 years?
- 10) What is BNN's written policy on compensation?
- 11) Given BNN's role as a teaching organization as well as a production company:
  - a) Does BNN hire teachers for the classes?
  - b) Do production personnel have teaching responsibilities?
  - c) If so, are those responsibilities detailed in the job descriptions?
  - d) If the responsibilities are not detailed in the job descriptions, is production staff paid separately for the time spent teaching?
- 12) During the past five years, have expenses exceeded income in any year?  
Which year(s)?  
How what was the level of the budget deficit in that year?  
What corrective measures were taken?
- 13) What were the itemized expenses of the 25 Anniversary program?  
Was the affair over budget?
- 14) Given that BNN is structured as a membership organization
  - a) How many members does BNN have?
  - b) Has the membership risen or fallen over the last five years?
  - c) How many members have participated in each annual meeting during the last five years?
  - d) What role do BNN members play in shaping policy?
  - e) What role does the BNN membership play in electing the Board?
- 15) How is the BNN board elected?  
In what ways is the BNN BOARD accountable to those who elect it?
- 16) Who performs the performance review of the general manager?
- 17) When was the last performance review of the general manager?

In City Council June 16, 2010. Passed

Attest:

  
Rosaria Salerno  
City Clerk



**Thomas M. Menino, Mayor**  
**Mike Lynch, Director**

Mayor's Office of Cable Communications  
Office of Telecommunication/Dept of Innovation & Technology  
City Channel/Boston Kids & Family TV  
City of Boston  
43 Hawkins Street, Boston, Massachusetts 02114  
Telephone: 617/635-3112  
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E-mail: mike.lynch@ci.boston.ma.us

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**TO:** Molly Dunsford, City Council Liaison  
Office of Mayor Thomas M Menino  
**Cc:** Curtis Henderson, General Manager, BNN-TV  
Glenn Williams, President, BNN-TV Board  
**FR:** Mike Lynch  
Mayor's Cable Office, Boston Dept. of Innovation & Technology  
**RE:** 17F inquiry regarding BNN-TV  
**DA:** June 28, 2010

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Dear Ms Dunsford,

I've received today a request from the City Clerk under Section 17F to comply with an inquiry from the City Council regarding Boston Neighborhood Network Television, BNN-TV. The attached order was dated Jan 16 from Councilor Turner and passed by the Council June 16, 2010.

The order includes 17 questions, predominantly focused on personnel, payroll, and employment policies. I've been asked to provide answers to these questions, though I have no information regarding personnel issues at BNN-TV. As such, I am copying to Curtis Henderson and Glenn Williams, GM and board president respectively, regarding this inquiry. BNN-TV is an independent non-profit agency under section 501(c)(3) of the Internal Revenue Code, operating exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private shareholder or individual.

Boston has a long history of commitment to, and continued funding for the Boston Community Access and Programming Foundation (also known as Boston Neighborhood Network or BNN). Pursuant to Massachusetts law, Mass. General Laws c. 166A, s 1, the Mayor is the cable licensing Issuing Authority in Boston. The Mayor's Office of Cable Communications has been delegated authority to implement the Issuing Authority decisions in these matters, including representing the Mayor in his capacity as Issuing Authority in license contract negotiations.

The history of the City of Boston's continuous and firm commitment to the funding of BNN precedes my tenure but guides our current decision-making. In 1982, the City of Boston granted a 15-year cable television franchise to Cablevision Systems of Woodbury, NY. The City's legal authority to secure annual funding from cable operators was confirmed by the Massachusetts Legislature's enactment of a Special Act to codify the City of Boston's right to require a percentage of a cable operator's gross annual revenues for municipal fees, known as franchise fees. Further confirmation of legal authority was set forth by Congress in the 1984 Cable Act, which expressly authorized municipal franchising authorities (also called "Issuing Authorities") to require up to 5% of gross annual cable operator revenues for franchise fees. The Cable Act defines support for public, educational and governmental access as included within franchise fees, 47 U.S.C. 542.

The 1982 Boston/Cablevision franchise required annual payments to the City to be used for PEG Access purposes, and the 1982 franchise called for a non-profit public access corporation to carry out Boston's public access operations. Boston Community Access and Programming Foundation, Inc. (now known more popularly as BNN-TV) was designated the City's Access Corporation in Articles of Organization duly filed with the Secretary of the Commonwealth.

To date, BNN continues as the City's sole access corporation to operate television studios and portable production equipment for use by the citizens of Boston to foster public access programming. The City has committed itself to BNN as the agent for community access programming through all of our long-term cable franchises, including:

- the 1982 Cablevision Franchise (15 years),
- the 1998 Cablevision Renewal Franchise (10 years),
- the subsequent Amendment and Transfer to AT&T Broadband in 2002,
- the 1997 RCN Open Video System (OVS) certification (a new type of video license defined in the 1996 Telecommunications Act),
- the RCN 1999 Cable Franchise (10 years), and,
- the subsequent RCN 2002 OVS certificate

The current rate of funding includes a quarterly base payment for community access television in the amount of \$329,421.28 as operating support. This payment is in accordance with the City's cable franchises, and BCAPF contract and includes an annual July CPI adjustment. The existing agreement with BNN also provides for additional operating funding upon request.

A copy of BNN's FY'08 – FY'09 audited financials are attached, which I previously provided to Councilor Turner on April 30, 2010, at his request.

Capital support is also provided for BNN through this instrument as defined in federal law. BNN has received approximately \$740,000 in capital support during years 1999-2001, and approximately \$700,000 two years ago as a commitment to the Egleston Sq. project with Urban Edge.

All payments in the last ten years have been contingent upon a base level of financial and operational efficiency which has been achieved and maintained by BNN. The City effectively guarantees payments to BNN. Our last renewal assumed continued operation of access television by BNN and only provided a contingency for alternative operation if BNN failed to exist. Funding was presumed to continue.

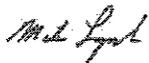
It has been the practice and history of the City of Boston, and other cities and towns in Massachusetts, to renew existing access corporation contracts upon license renewal. The long term duration of the license renewal is matched with a long term commitment for community access television operation. There is a 25-year history of strong City of Boston commitment to confirming and securing long-term financial security for BNN. The Cable Office and City view BNN as an entity carrying out important cable license functions. The City itself appoints three Directors to the BNN Board.

In some smaller communities across the country, local government will sometimes attempt to re-direct funding, specifically provided for access television to some other purpose. Case law reveals that those decisions are inevitably over-turned.

The special relation and sense of partnership between the City and BNN have been shown time and time again, and the City has gone above and beyond license commitments in its provision of additional resources to BNN to not only provide, but expand community television service. This commitment is based on BNN having earned the City's trust as a highly effective community television producer and programmer. BNN's track record of providing 7/24 availability of two channels of Boston programming has been excellent for the last ten years. It is a vital medium to our neighborhood residents and an important partner to the City in community affairs.

Please do not hesitate to contact me should you have questions.

Regards,



Michael J. Lynch  
Director

Att

Boston Community Access & Programming Foundation (BNN-TV) annual financial reports, FY'08-FY'09.

**BOSTON COMMUNITY ACCESS AND PROGRAMMING FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

**AND**

**INDEPENDENT AUDITORS' REPORT**

# SHAHEEN, PALLONE & ASSOCIATES

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

861 TURNPIKE STREET, NORTH ANDOVER, MA 01845  
(978) 686-7200 FAX (978) 686-4314

## INDEPENDENT AUDITORS' REPORT

*To the Board of Directors of  
Boston Community Access and Programming Foundation, Inc.  
Roxbury, Massachusetts*

We have audited the accompanying statements of financial position of Boston Community Access and Programming Foundation, Inc. (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Boston Community Access and Programming Foundation, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of Boston Community Access and Programming Foundation, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Shaheen, Pallone & Associates, P.C.*

October 27, 2009

**BOSTON COMMUNITY ACCESS AND PROGRAMMING FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2009 AND 2008**

**ASSETS**

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 966,876	\$ 496,159
Accounts receivable, net of allowance for doubtful accounts	65,774	15,181
Prepaid expenses	38,201	33,334
Property and equipment, net of accumulated depreciation	398,875	204,351
Investment in limited liability companies (Note 1, 4)	<u>-0-</u>	<u>300,000</u>
<b>Total Assets</b>	<b><u>\$1,469,726</u></b>	<b><u>\$1,049,025</u></b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 143,023	\$ 150,109
Advance on contract services	<u>421,742</u>	<u>313,269</u>
<b>Total Liabilities</b>	<b><u>564,765</u></b>	<b><u>463,378</u></b>
<b>Net Assets</b>		
Unrestricted	446,566	560,647
Temporarily restricted	<u>458,395</u>	<u>25,000</u>
<b>Total Net Assets</b>	<b><u>904,961</u></b>	<b><u>585,647</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$1,469,726</u></b>	<b><u>\$1,049,025</u></b>

*The accompanying notes are an integral part of these financial statements.*

**BOSTON COMMUNITY ACCESS AND PROGRAMMING FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Operating revenue, gains, and other support:</b>						
Public support:						
Donated services, facilities and rental equipment	\$ 341,810		\$ 341,810	\$ 280,815		\$ 280,815
Grants and contracts	245,999	\$ 805,000	1,050,999	109,999	\$ 60,931	170,930
Contributions	17,798		17,798			
Memberships	21,043		21,043	17,346		17,346
Revenue:						
Franchise fees	1,434,577		1,434,577	1,339,197		1,339,197
Production and workshop fees	93,369		93,369	85,718		85,718
Developer fees				165,000		165,000
Interest	3,754		3,754	25,153		25,153
Other	20		20	3,560		3,560
Net assets released from restrictions:						
Satisfaction of program restrictions	371,605	(371,605)	-	35,931	(35,931)	-
Total operating revenue, gains, and other support	<u>2,529,975</u>	<u>433,395</u>	<u>2,963,370</u>	<u>2,062,719</u>	<u>25,000</u>	<u>2,087,719</u>
<b>Operating expenses:</b>						
Program services:						
Access	696,445		696,445	501,523		501,523
Cable casting	86,415		86,415	76,392		76,392
News	572,647		572,647	662,009		662,009
Total program services	1,355,507		1,355,507	1,239,924		1,239,924
Supporting services:						
Management and general	630,507		630,507	623,969		623,969
Development	338,759		338,759	340,996		340,996
Total operating expenses	<u>2,324,773</u>	<u>-</u>	<u>2,324,773</u>	<u>2,204,889</u>	<u>-</u>	<u>2,204,889</u>
<b>Total increase (decrease) in net assets from operating activities</b>	<u>205,202</u>	<u>433,395</u>	<u>638,597</u>	<u>(142,170)</u>	<u>25,000</u>	<u>(117,170)</u>
<b>Non-operating gains (losses):</b>						
Gain from sale of historic tax credits	1,149,780		1,149,780			
Egleston Power Station building campaign		1,100	1,100		675,695	675,695
Unrealized loss on investment in limited liability companies	(426,163)		(426,163)	(504,144)		(504,144)
Unrealized loss on related party note receivable	(1,044,000)		(1,044,000)			
Net assets released from restrictions:						
Satisfaction of program restrictions	1,100	(1,100)	-	675,695	(675,695)	-
<b>Net non-operating gains (losses)</b>	<u>(319,283)</u>	<u>-</u>	<u>(319,283)</u>	<u>171,551</u>	<u>-</u>	<u>171,551</u>
<b>Changes in net assets</b>	<u>(114,081)</u>	<u>433,395</u>	<u>319,314</u>	<u>29,381</u>	<u>25,000</u>	<u>54,381</u>
<b>Net assets at beginning of year</b>	<u>560,647</u>	<u>25,000</u>	<u>585,647</u>	<u>531,266</u>	<u>-</u>	<u>531,266</u>
<b>Net assets at end of year</b>	<u>\$ 446,566</u>	<u>\$ 458,395</u>	<u>\$ 904,961</u>	<u>\$ 560,647</u>	<u>\$ 25,000</u>	<u>\$ 585,647</u>

*The accompanying notes are an integral part of these financial statements.*

**BOSTON COMMUNITY ACCESS AND PROGRAMMING FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities:</b>		
Cash received from:		
Public support	\$ 230,940	\$ 741,809
PEG Access	1,653,070	1,548,011
City of Boston	750,000	-0-
Production and workshops	91,981	75,918
Other operating activities	-0-	168,560
Interest	3,754	25,153
Cash paid for:		
Salaries and related expenses -- operations	(956,299)	(1,013,370)
Other operating expenses	(1,016,375)	(876,239)
Net cash provided by operating activities	<u>757,071</u>	<u>669,842</u>
 <b>Cash flows from investing activities:</b>		
Investment in limited liability companies	(126,163)	(510,798)
Gain from sale of historic tax credits	1,149,780	-0-
Note receivable from related party	(1,044,000)	-0-
Acquisition of property and equipment	(265,970)	(197,299)
Net cash used by investing activities	<u>(286,353)</u>	<u>(708,097)</u>
 <b>Cash flows from financing activities:</b>		
Principal payments on note payable	-0-	(195,000)
Net cash used by financing activities	<u>-0-</u>	<u>(195,000)</u>
 <b>Net increase (decrease) in cash and cash equivalents</b>	<b>470,718</b>	<b>(233,255)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>496,159</b></u>	<u><b>729,414</b></u>
 <b>Cash and cash equivalents, end of year</b>	<u><b>\$ 966,877</b></u>	<u><b>\$ 496,159</b></u>
 <b>Reconciliation of change in net assets to net cash provided by operating activities:</b>		
Change in net assets	\$ 319,314	\$ 54,381
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	77,578	35,645
(Gain) Loss on disposal of equipment	(6,131)	11,420
Gain from sale of historic tax credits	(1,149,780)	-0-
Unrealized loss on investment in limited liability companies	426,163	504,144
Unrealized loss on related party note receivable	1,044,000	-0-
Increase in accounts receivable	(50,593)	(9,800)
Increase in prepaid expenses	(4,867)	(15,441)
Decrease in deposits	-0-	10,315
Decrease in accounts payable and accrued expenses	(7,086)	(19,636)
Increase in advance on contract services	108,473	98,814
Net cash provided by operating activities	<u><b>\$ 757,071</b></u>	<u><b>\$ 669,842</b></u>

**Supplemental schedule of non-cash investing and financing activities:**  
Boston Community Access and Programming Foundation, Inc. was the recipient of donated services, facilities and rental equipment amounting to \$341,810 and \$280,815 for 2009 and 2008, respectively.

*The accompanying notes are an integral part of these financial statements*

**BOSTON COMMUNITY ACCESS AND PROGRAMMING FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 1**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities:**

The Boston Community Access and Programming Foundation, Inc. ("BNN") was organized as a charitable corporation to develop public access to a cable television system constructed in the City of Boston and to carry on programs and activities that would confer benefit upon the general public in the city.

**Basis of Presentation:**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of BNN and changes therein are classified and reported as follows:

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of BNN and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by BNN. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

**Cash Equivalents:**

BNN considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude restricted cash and cash equivalents.

**Allowance for Doubtful Accounts:**

BNN carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs, collections and current credit conditions. As of June 30, 2009 and 2008, there was an allowance for doubtful accounts of \$9,000.

**Support and Revenue:**

BNN receives its support primarily from Comcast through its contract with the City of Boston. Contributions and grants are recorded as income upon the award or receipt of pledges, cash or other property subject to compliance with specified terms. Contributions in the form of property and services are recorded at fair market value on the date property is received or service is provided.

**BOSTON COMMUNITY ACCESS AND PROGRAMMING FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Property and Equipment:**

Equipment and furniture are recorded at cost if acquired by purchase and at fair market value if acquired by gift. The cost or carrying value of these assets is depreciated using the straight-line method over their estimated useful lives, which are from three to seven years.

The costs of improvements to leased facilities are amortized on a straight-line basis over the shorter of the estimated useful lives of the related assets or the life of the lease, not to exceed ten years.

**Investment in Limited Liability Companies:**

BNN accounts for its investment in limited liability companies using the cost method of accounting as BNN does not have significant influence over, or control of, the major operating and financial policies of the limited liability companies. Under the cost method, the investment is recorded at cost, and is increased or decreased by contributions or distributions. BNN reviews the carrying value of this investment annually to determine whether impairment may exist. If it is determined that the carrying value exceeds the estimated fair value of the investment an impairment loss is recognized in an amount equal to that excess.

BNN is a member in two limited liability companies as follows:

<u>Entity</u>	<u>Interest</u>	<u>Role</u>
Egleston Station Manager LLC	45.00 %	Nonmanaging member
Egleston Station LLC	0.01 %	Special limited member

**Advance on Contract Services:**

BNN was advanced funds from the City of Boston during the years ended June 30, 2009 and 2008. These funds are designated for contractual and capital expenditures to support the activities of the Boston City TV, Boston Kids & Family TV, and the Boston Network through the Office of Cable & Web Services, Department of Information Technology.

**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.

**Use of Estimates:**

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

**BOSTON COMMUNITY ACCESS AND PROGRAMMING FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 1**      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Income Taxes:

BNN is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for 2009 or 2008.

**NOTE 2**      ECONOMIC DEPENDENCY

Pursuant to a license under which Comcast operates a cable television system in the City of Boston, the city entered into an agreement with BNN which provides that BNN shall be entitled to the following minimum funding:

July 1, 1998 to May 11, 2008 - Base of \$239,850 per quarter, as adjusted by the increase in the CPI, as of July 1, 1998.

The City's contract with Comcast expired May 11, 2008, however, the City, Comcast and BNN have agreed to operate under the terms of the old license agreement while terms for a new agreement are being negotiated.

BNN periodically receives additional negotiated funding from the City of Boston, and is dependent upon it for a substantial portion of its revenue.

**NOTE 3**      PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Equipment	\$ 621,410	\$ 362,530
Furniture	73,448	72,098
Leasehold improvements	<u>7,277</u>	<u>5,791</u>
	702,135	440,419
Less accumulated depreciation	<u>(303,260)</u>	<u>(236,068)</u>
Net Book Value	<u>\$ 398,875</u>	<u>\$ 204,351</u>

Depreciation expense for 2009 and 2008 was \$77,578 and \$35,645, respectively.

**BOSTON COMMUNITY ACCESS AND PROGRAMMING FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 4**      **FAIR VALUE MEASUREMENTS**

SFAS No. 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and Level 3 inputs have the lowest priority. BNN uses appropriate valuation techniques based on the available inputs to measure the fair value of its investment.

BNN's investment in limited liability companies is reported at the lower of cost or fair value in the accompanying statements of financial position.

	<u>Fair Value</u>	<u>Fair Value Measurement Using:</u>  <u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2009</u>		
Investment in limited liability companies	\$ -0-	\$ -0-
<u>June 30, 2008</u>		
Investment in limited liability companies	\$300,000	\$300,000

*Level 3 Fair Value Measurements*

Investment in limited liability companies are not actively traded and significant other observable inputs are not available. Thus, the investment is carried at the lower of cost or fair value. The fair value of this investment was estimated based on the most recent pertinent information, including financial condition and operating results of the investees. The following table provides further details of Level 3 fair value measurements.

**BOSTON COMMUNITY ACCESS AND PROGRAMMING FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 4**      **FAIR VALUE MEASUREMENTS (Cont'd)**

**Fair Value Measurements Using Significant Unobservable Inputs (Level 3)**

	<u>Investment in Limited Liability Companies</u>
 <u>June 30, 2009</u>	
Beginning balance	\$300,000
Purchases, sales, issuances, and settlements (net)	126,163
Net unrealized losses on investments carried at fair value	(426,163)
Ending balance	<u>\$ -0-</u>
 <u>June 30, 2008</u>	
Beginning balance	\$293,346
Purchases, sales, issuances, and settlements (net)	510,798
Net unrealized losses on investments carried at fair value	(504,144)
Ending balance	<u>\$300,000</u>

Unrealized losses are included in non-operating activities in the Statement of Activities

**NOTE 5**      **RELATED PARTY ACTIVITY**

In connection with the purchase and rehabilitation of its new consolidated offices in Roxbury, Massachusetts, BNN entered into a series of related party transactions:

During the fiscal year ended June 30, 2005, BNN and the Urban Edge Housing Corporation formed the Egleston Station LLC. The purpose of the Egleston Station LLC is to purchase, renovate and maintain the new consolidated offices of BNN. BNN has made capital contributions to the investment in Egleston Station LLC of \$126,163 and \$510,798 for the years ended June 30, 2009 and 2008, respectively.

**BOSTON COMMUNITY ACCESS AND PROGRAMMING FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 5**

**RELATED PARTY ACTIVITY (Cont'd)**

On December 8, 2006, BNN entered into a note receivable agreement with MHIC New Markets Fund III, LLC for \$2,740,000. As of June 30, 2008, \$1,696,000 had been advanced. The remaining \$1,044,000 was advanced during the fiscal year ended June 30, 2009 upon the sale of certain state historic tax credits obtained in connection with the rehabilitation of its new consolidated offices at 3025 Washington Street, Roxbury, Massachusetts. The note accrues interest at 1% per annum. The entire balance of principal and interest will be due and payable on December 31, 2036, however, it is anticipated that this note will be forgiven upon the exercise of BNN's purchase option for the real estate at 3025 Washington Street, Roxbury, Massachusetts. As of June 30, 2009 BNN has recorded a reserve for the full amount of the note receivable to reflect its approximate fair value of \$-0-. Fair value was based on expected cash flows and current market conditions, resulting in an unrealized loss, in fiscal year 2009 on note receivable of \$1,044,000.

On December 8, 2006, BNN entered into a development services agreement with a related party to rehabilitate the new consolidated offices of BNN located at 3025 Washington Street, Roxbury, Massachusetts. During the fiscal year ended June 30, 2008, BNN received \$165,000 under the agreement.

As described in Note 7, BNN entered into a lease with a related party with respect to its new consolidated offices in Roxbury, Massachusetts.

**NOTE 6**

**IN-KIND CONTRIBUTIONS**

BNN receives substantial financial assistance in the form of donated services, facilities and equipment from the City of Boston, Boston University and other public and private sector institutions. Those services, facilities and equipment which have an identifiable and calculable fair market value have been recorded as revenue items and correspondingly offset by an applicable expense category.

Revenue and expenses for 2009 and 2008 are as follows:

<u>Support Revenue Category</u>	<u>2009</u>	<u>2008</u>
Donated services, facilities and rental equipment	<u>\$341,810</u>	<u>\$280,815</u>
 <u>Expense Categories</u>		
Production facilities and rental equipment	\$325,640	\$258,440
Salaries	7,500	7,500
Telephone	4,500	4,500
Consulting services	4,170	10,375
	<u>\$341,810</u>	<u>\$280,815</u>

**BOSTON COMMUNITY ACCESS AND PROGRAMMING FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 7**      **LEASES**

BNN leases its studio and office space in Roxbury, Massachusetts from Egleston Station MT, LLC, a related party. The lease commenced in November 2007 and expires approximately twenty years from the commencement date. In addition, BNN leases three vehicles and office equipment under operating leases which expire through April 2011. Future minimum lease payments under noncancelable operating leases with initial or remaining terms of one year or more consist of the following at June 30, 2009:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2010	\$ 163,896
2011	163,896
2012	145,478
2013	145,478
2014	145,478
Thereafter	<u>3,117,521</u>
Total	<u>\$3,881,747</u>

Rental costs incurred for both facilities and equipment leases totaled \$191,826 and \$257,547 for the years ended June 30, 2009 and 2008, respectively.

**NOTE 8**      **RETIREMENT PLAN**

BNN has a defined contribution retirement plan that covers substantially all full-time employees. Contributions to the plan are made at the discretion of the Board of Directors. No contributions to the plan were made for the years ended June 30, 2009 and 2008.

**NOTE 9**      **TEMPORARILY RESTRICTED NET ASSETS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as specified by the donors. For the fiscal years ended June 30, 2009 and 2008, net assets released in the amount of \$1,100 and \$675,695, respectively were used in the construction and renovation BNN's Egleston Power Station Building. During the fiscal years ended June 30, 2009 and 2008, \$371,605 and \$35,931 was also released for the purchase of new equipment.

**BOSTON COMMUNITY ACCESS AND PROGRAMMING FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 9**     TEMPORARILY RESTRICTED NET ASSETS (Cont'd)

Temporarily restricted net assets at June 30, 2009 and 2008 are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Acquisition of Capital Assets	\$428,395	\$ -0-
Youth Programming	25,000	25,000
Summer Safety	<u>5,000</u>	<u>-0-</u>
Total	<u>\$458,395</u>	<u>\$25,000</u>

**NOTE 10**     CONTINGENCIES

BNN is a guarantor of first and fourth mortgage obligations of Egleston Station, LLC which had balances due at June 30, 2009 and 2008 in the amounts of \$1,150,000 and \$2,740,000, respectively. In addition, BNN has guaranteed full performance of Egleston Station, LLC's obligations, if any, with respect to hazardous materials or environmental remediation associated with the mortgaged property.

BNN has guaranteed payment and performance obligations of the managing member of Egleston Station, LLC with respect to (i) liquidated damages for unauthorized withdrawal and (ii) payment of any amounts paid by the managing member to Egleston Station, LLC that Egleston Station, LLC is required to disgorge as either preferential payments or fraudulent transfers under applicable bankruptcy laws. BNN's liability on account of liquidated damages for unauthorized withdrawal by the managing member is limited to \$125,000.

**NOTE 11**     FINANCIAL STATEMENT RECLASSIFICATIONS

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

**NOTE 12**     SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 27, 2009, the date on which the financial statements were available to be issued.