

BOSTON PROJECT MINISTRIES, INC.

**Financial Statements
December 31, 2014
(With Comparative Totals for 2013)**



SANDBERG & CREEDEN, P.C.
Certified Public Accountants

*331 Page Street
Stoughton, MA 02072*

BOSTON PROJECT MINISTRIES, INC., INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2014

	<u>PAGE</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11



331 Page Street • Stoughton, MA 02072

Telephone: (781) 344-0850

Fax: (781) 344-6960

www.sandbergandcreeden.com

To the Board of Directors of
Boston Project Ministries, Inc.,
Dorchester, Massachusetts

Independent Auditor's Report

We have audited the accompanying financial statements of Boston Project Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expense, and cash flows for the year 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 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 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 representation 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 Project Ministries, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Boston Project Ministries, Inc.'s 2013 financial statements, and our report dated March 18, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.


SANDBERG & CREEDON, P.C.
Certified Public Accountants

Stoughton, Massachusetts
February 20, 2014



BOSTON PROJECT MINISTRIES, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014
(With Comparative Totals for 2013)

ASSETS

	<u>2014</u>	<u>2013</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$ 103,240	\$ 148,645
Pledges receivable	2,960	14,662
Prepaid expenses	10,957	2,318
Other current assets	<u>365</u>	<u>550</u>
Total current assets	117,522	166,175
<u>Property and Equipment</u>		
Land	43,601	43,601
Garage	56,099	56,099
Leasehold improvements	19,092	19,092
Office equipment	<u>5,199</u>	<u>5,199</u>
	123,991	123,991
Less accumulated depreciation	<u>31,381</u>	<u>28,107</u>
Total property and equipment	<u>92,610</u>	<u>95,884</u>
<u>Total Assets</u>	<u>\$ 210,132</u>	<u>\$ 262,059</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accrued expenses	\$ 22,239	\$ 10,368
Accrued vacation	<u>9,417</u>	<u>3,432</u>
Total current liabilities	31,656	13,800
<u>Net Assets</u>		
Unrestricted	168,016	226,097
Restricted	<u>10,460</u>	<u>22,162</u>
Total net assets	<u>178,476</u>	<u>248,259</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 210,132</u>	<u>\$ 262,059</u>

See accompanying notes and Independent Auditors' Report.



BOSTON PROJECT MINISTRIES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Totals for 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
<u>Support and Revenue</u>				
Contributions and grants				
Individual	\$ 307,991	\$ 24,360	\$ 332,351	\$ 359,777
Grants	66,246	46,630	112,876	160,500
Bargain purchase				39,894
In-kind	450		450	1,285
Released from restriction	82,692	(82,692)		
Program revenue	<u>78,475</u>	<u> </u>	<u>78,475</u>	<u>103,225</u>
<u>Total Support and Revenue</u>	535,854	(11,702)	524,152	664,681
<u>Expenses</u>				
Program Services	477,008		477,008	478,315
Management and general	74,582		74,582	41,317
Fundraising	<u>42,345</u>	<u> </u>	<u>42,345</u>	<u>24,675</u>
<u>Total Expenses</u>	<u>593,935</u>	<u> </u>	<u>593,935</u>	<u>544,307</u>
<u>Change in Net Assets</u>	(58,081)	(11,702)	(69,783)	120,374
<u>Net Assets - Beginning of Year</u>	<u>226,097</u>	<u>22,162</u>	<u>248,259</u>	<u>127,885</u>
<u>Net Assets - End of Year</u>	<u>\$ 168,016</u>	<u>\$ 10,460</u>	<u>\$ 178,476</u>	<u>\$ 248,259</u>

See accompanying notes and Independent Auditors' Report.



BOSTON PROJECT MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Totals for 2013)

	2014			2013	
	Program Services	General and Administrative	Fundraising	Total	Total
Salary	\$ 246,214	\$ 39,846	\$ 20,324	\$ 306,384	291,232
Payroll taxes	17,583	3,022	1,484	22,089	22,781
Benefits	42,806	13,372	6,028	62,206	60,888
Total salary and related expenses	306,603	56,240	27,836	390,679	374,901
Advertising and marketing			48	48	18
Bank charges		177		177	180
Board expenses		181		181	66
Consultants	24,976	4,681	8,771	38,428	4,759
Depreciation	2,586	491	196	3,273	3,261
Dues and fees	3,388	1,894	170	5,452	6,912
Equipment rental & leasing					755
Grant expense	1,598			1,598	
Insurance	9,095	498	348	9,941	6,820
Interest					32
Meals and hospitality	12,983	6	20	13,009	16,358
Miscellaneous	104			104	517
Office expenses	9,147	578	1,352	11,077	6,769
Payroll processing fees	2,755	403	202	3,360	3,013
Postage	920	324	1,961	3,205	2,431
Program housing	6,941			6,941	12,098
Program supplies	40,447			40,447	27,587
Printing	39		797	836	1,820
Professional fees	1,000	6,295		7,295	6,475
Real estate taxes	425			425	2,344
Rent	24,500	1,920	480	26,900	25,500
Repairs and maintenance	4,380			4,380	9,416
Staff development	4,591	234		4,825	6,412
Stipends	10,772			10,772	9,555
Telephone & internet	3,382	273	68	3,723	3,873
Travel	2,021			2,021	3,442
Utilities	4,355	387	96	4,838	4,023
Youth stipends					4,970
	<u>\$ 477,008</u>	<u>\$ 74,582</u>	<u>\$ 42,345</u>	<u>\$ 593,935</u>	<u>\$ 544,307</u>

See accompanying notes and Independent Auditors' Report.



BOSTON PROJECT MINISTRIES, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Totals for 2013)

	<u>2014</u>	<u>2013</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (69,783)	\$ 120,374
Adjustment to reconcile change in net assets to cash provided by operating activities:		
Depreciation	3,274	3,261
Land at bargain purchases		(39,894)
(Increase) decrease in:		
Accounts receivable	11,702	5,648
Prepaid expenses	(8,639)	(1,081)
Other current assets	185	(307)
Increase (decrease) in:		
Accrued expenses	11,871	(5,050)
Accrued vacation	5,985	3,432
	<u>(45,405)</u>	<u>86,383</u>
<u>Net Cash Provided (Used) in Operating Activities</u>		
<u>Cash Flows From Investing Activities</u>		
Purchase of equipment		(2,921)
Purchase of land		(706)
		<u>(3,627)</u>
<u>Net Cash (Used) in Investing Activities</u>	<u>0</u>	<u>(3,627)</u>
<u>Cash Flows From Financing Activities</u>	<u>0</u>	<u>0</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	(45,405)	82,756
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>148,645</u>	<u>65,889</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 103,240</u>	<u>\$ 148,645</u>
<u>SUPPLEMENTAL INFORMATION:</u>		
Interest paid	<u>\$ 0</u>	<u>\$ 26</u>

See accompanying notes and Independent Auditors' Report.



BOSTON PROJECT MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

Note 1. Organization

The Boston Project Ministries (TBPM) began as a vision in February 1995 by a group of Gordon College students. The Organization was incorporated in Massachusetts on June 20, 1997 and received their 501(c)3 IRS charitable status in May 1998. The Boston Project Ministries [TBPM] engages neighbors and volunteers to build and nurture strong communities characterized by God's shalom. TBPM works to create a thriving community and fulfill their mission by: involving neighbors as leaders in community improvement projects, investing in local youth and families, and providing new resources (e.g. volunteers, technical assistance) within the Talbot-Norfolk Triangle neighborhood. The mission is anchored in a model of establishing Neighborhood Ministry Houses in under-resourced communities. Neighbors utilize these safe havens as gathering places, resource centers, and centralized locations for volunteer engagement and community organizing. The organization has three primary programmatic areas including Youth and Family Ministries, Community Organizing, and Volunteer Engagement. The Organization uses a principle-driven framework from the Christian Community Development Association (www.cdda.org) to guide their work in a neighborhood context. The 13-street neighborhood, the Talbot-Norfolk Triangle, is located on the south side of Boston in the Dorchester section of the city.

In addition to the organization's core programs, The Boston Project Ministries serves as a sponsor for a number of projects that are in alignment with their mission. TBPM's Board of Directors approves all fiscal sponsor relationships.

Note 2. Summary of Significant Accounting Policies

a. **Standards of Accounting and Reporting**

The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-For-Profit Organizations".

b. **Financial Statement Presentation**

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Accordingly, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.



BOSTON PROJECT MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

b. Financial Statement Presentation (Continued)

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted assets were received or held during 2014 and 2013 and accordingly, these financials do not reflect any activity related to this class of net assets for 2014 and 2013.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, Boston Project Ministries, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

d. Property and Equipment

These assets are recorded at cost, when purchased or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and betterments that materially prolong the useful lives of assets are capitalized.

e. Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a time or purpose restriction expires, restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction.

f. Donated Materials

The Organization receives donated gift cards to purchase supplies for their programs. Total gift cards received total:

	<u>2014</u>	<u>2013</u>
Donated gift cards	\$ 450	\$ 1,285

g. Depreciation

Provisions for depreciation are made in the accounts using the straight-line method over the estimated useful life of the asset. The estimated useful lives of the assets are as follows:

Equipment	3 years
Improvements	5 – 10 years
Buildings	27.5 years



BOSTON PROJECT MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

h. Use of Estimates

The presentation 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

i. Allocation of Expenses

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

j. Summarized Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Note 3. Tax Status

Boston Project Ministries, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Boston Project Properties, Inc. was created to hold title to real estate purchased by Boston Project Ministries, Inc. That corporation is in the process of applying for exemption from federal and state income tax under Section 501(c)(2) of the Internal Revenue Code and accordingly, no provision for income taxes is included in these financial statements. All costs to acquire, improve, or maintain such real estate is reported at Boston Project Ministries, Inc. activities.

Unrelated business income, of which the Organization had none for the year ending December 31, 2014, would be subject to Federal and State taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.



BOSTON PROJECT MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

(Continued)

Note 3. Tax Status (Continued)

Accounting principles generally accepted in the United States of America require the Organization management to evaluate tax positions taken by the Organization and recognize a tax liability (or assets) if it has taken an uncertain position that more likely would not be sustained upon examination by the Internal Revenue Service. The Organization applied for health care credits for the years 2011, 2012, and 2013 and, after recent communications with the IRS, is estimating a liability due to a change in the rate of the credits. The Organization has recorded a liability of \$15,000 as of December 31, 2014.

Note 4. Concentrations of Credit Risk

The Organization maintains cash balances in banks. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2014 cash balances were fully insured.

Credit risk with respect to receivables is considered low as the balances were collected as of the financial statement issue date.

Note 5. Pledges Receivable

Pledges receivable consist of contributions pledged through fiscal year 2014 that are expected to be collected as follows:

Due FY2015	\$	2,960
------------	----	-------

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2014 consist of the following:

Time restricted - 2015	\$	2,960
Development and funding of employee retirement Plan		<u>7,500</u>
	\$	<u>10,460</u>

Note 7. Rental Obligations

The Organization leases office and program space current at \$2,000 per month as a tenant-at-will basis from the Executive Director totaling \$24,000 for the years ending December 31, 2014 and 2013. Additional space is leased under a one year lease expiring August 31, 2015 at a monthly rate per month. Extension options are available by mutual consent. Rent expense for the year ended December 31, 2014 and 2013 totaled \$26,900 and \$25,500, respectively. Future minimum lease payments total:

2015	\$	4,700
------	----	-------



BOSTON PROJECT MINISTRIES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

(Continued)

Note 8. Bargain Purchase

In 2013, the Organization purchased land with an assessed value of \$40,600 from the City of Boston for \$706. A bargain purchase contribution totaling \$39,894 was recognized in 2013.

Note 9. Related Party Transactions

The Executive Director also serves as the Board President. Compensation is approved annually by the Board of Directors for his services as Executive Director. The Organization rents office space from the Executive Director. See note 7 for details.

Note 10. Subsequent Events

The Organization has evaluated subsequent events through February 26, 2015 the date the financial statements were available to be issued.

There were no subsequent events to be disclosed based on this evaluation.

