



Boston Project Ministries, Inc.

Financial Statements

December 31, 2016



Kevin P. Martin & Associates, P.C.

BOSTON PROJECT MINISTRIES, INC.

Index

December 31, 2016

Independent Accountants' Review Report

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Independent Accountants' Review Report

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

We have reviewed the accompanying statement of financial position of Boston Project Ministries, Inc. (a nonprofit organization) (the Organization) as of December 31, 2016 and the related statements of activities, cash flows and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements for the year ended December 31, 2015, were previously reviewed by us and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated August 2, 2016. The prior year summarized comparative information has been derived from the Organization's 2015 financial statements. The prior year comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

Nevin P. Martini & Associates, P.C.

November 13, 2017

BOSTON PROJECT MINISTRIES, INC.

Statements of Financial Position

As of December 31, 2016

With Comparative Totals as of December 31, 2015

Current Assets	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 114,630	\$ 121,587
Pledges receivable	19,237	3,339
Prepaid expenses	9,583	128
Other current assets	<u>-</u>	<u>337</u>
Total current assets	<u>143,450</u>	<u>125,391</u>
 Property and Equipment		
Land	43,601	43,601
Garage	56,099	56,099
Leasehold improvements	29,898	19,092
Office equipment	<u>5,199</u>	<u>5,199</u>
Subtotal	134,797	123,991
Less: accumulated depreciation	<u>(37,929)</u>	<u>(34,499)</u>
Property and equipment, net	<u>96,868</u>	<u>89,492</u>
 Total Assets	 <u>\$ 240,318</u>	 <u>\$ 214,883</u>
 Current Liabilities		
Account payable and accrued expenses	\$ 4,548	\$ 26,588
Accrued vacation	7,108	5,160
Deferred revenue	<u>-</u>	<u>20,000</u>
Total current liabilities	<u>11,656</u>	<u>51,748</u>
 Net Assets		
Unrestricted	206,458	155,019
Temporarily restricted	<u>22,204</u>	<u>8,116</u>
Total net assets	<u>228,662</u>	<u>163,135</u>
 Total Liabilities and Net Assets	 <u>\$ 240,318</u>	 <u>\$ 214,883</u>

See accompanying notes and independent accountants' review report.

BOSTON PROJECT MINISTRIES, INC.

Statements of Activities

For the Year Ended December 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Support and Revenue				
Contributions:				
Individuals	\$ 273,676	\$ 38,237	\$ 311,913	\$ 271,337
Grants	4,058	113,867	117,925	85,155
Released from restriction	138,016	(138,016)	-	-
Program revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,189</u>
Total Support and Revenue	<u>415,750</u>	<u>14,088</u>	<u>429,838</u>	<u>417,681</u>
Expenses				
Program services	230,270	-	230,270	352,359
General and administrative	49,647	-	49,647	50,002
Fundraising	<u>84,394</u>	<u>-</u>	<u>84,394</u>	<u>30,661</u>
Total Expenses	<u>364,311</u>	<u>-</u>	<u>364,311</u>	<u>433,022</u>
Change in Net Assets	51,439	14,088	65,527	(15,341)
Net Assets - Beginning of Year	<u>155,019</u>	<u>8,116</u>	<u>163,135</u>	<u>178,476</u>
Net Assets - End of Year	<u>\$ 206,458</u>	<u>\$ 22,204</u>	<u>\$ 228,662</u>	<u>\$ 163,135</u>

See accompanying notes and independent accountants' review report.

BOSTON PROJECT MINISTRIES, INC.

Statements of Cash Flows

For the Year Ended December 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

Cash Flows from Operating Activities	<u>2016</u>	<u>2015</u>
Change in Net Assets	\$ 65,527	\$ (15,341)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,430	3,118
Decrease (increase) in assets		
Pledges receivable	(15,898)	(379)
Prepaid expenses	(9,455)	10,829
Other assets	337	28
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(22,040)	4,349
Accrued vacation	1,948	(4,257)
Deferred revenue	(20,000)	20,000
Net Cash Provided by Operating Activities	<u>3,849</u>	<u>18,347</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	<u>(10,806)</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(10,806)</u>	<u>-</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(6,957)	18,347
Cash and Cash Equivalents - Beginning	<u>121,587</u>	<u>103,240</u>
Cash and Cash Equivalents - Ending	<u>\$ 114,630</u>	<u>\$ 121,587</u>

See accompanying notes and independent accountants' review report.

BOSTON PROJECT MINISTRIES, INC.

Statements of Functional Expenses

For the Year Ended December 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2016 Total</u>	<u>2015 Total</u>
Salaries	\$ 101,705	\$ 23,034	\$ 33,232	\$ 157,971	\$ 217,693
Payroll taxes	7,381	1,672	2,412	11,465	16,020
Benefits	14,355	3,250	4,690	22,295	35,516
Total salary and related expenses	<u>123,441</u>	<u>27,956</u>	<u>40,334</u>	<u>191,731</u>	<u>269,229</u>
Bank charges	-	222	-	222	71
Board expenses	-	817	-	817	760
Consultants	39,780	55	655	40,490	34,226
Depreciation	2,208	500	722	3,430	3,119
Dues and fees	8,989	962	753	10,704	7,086
Insurance	3,990	-	136	4,126	9,261
Meals and hospitality	4,920	191	94	5,205	6,357
Miscellaneous	370	29	-	399	89
Office expenses	66	1,150	1,952	3,168	6,207
Payroll processing fees	-	2,866	-	2,866	3,078
Postage	-	763	383	1,146	1,289
Program housing	175	-	-	175	9,769
Program supplies	9,860	103	503	10,466	23,996
Printing	78	-	1,853	1,931	813
Professional fees	1,200	9,955	300	11,455	6,013
Real estate taxes	855	-	-	855	2,611
Rent	16,800	2,100	2,100	21,000	22,600
Repairs and maintenance	4,606	276	-	4,882	3,078
Special event	-	-	32,969	32,969	-
Staff development	53	23	-	76	2,243
Stipends	7,238	-	-	7,238	7,558
Telephone and internet	2,520	1,260	1,260	5,040	3,932
Travel	497	91	52	640	5,759
Utilities	2,624	328	328	3,280	3,878
	<u>\$ 230,270</u>	<u>\$ 49,647</u>	<u>\$ 84,394</u>	<u>\$ 364,311</u>	<u>\$ 433,022</u>

See accompanying notes and independent accountants' review report.

BOSTON PROJECT MINISTRIES, INC.

Notes to Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed by Boston Project Ministries, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Organization 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) charitable status in May 1998. The Organization engages neighbors and volunteers to build and nurture strong communities characterized by God's shalom. The Organization 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.ccda.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 Organization serves as a sponsor for a number of projects that are in alignment with their mission. The Organization's Board of Directors approves all fiscal sponsor relationships.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in unrestricted net assets from operating and non-operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts.

(c) Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents three classes of net assets (unrestricted, temporarily restricted and permanently restricted) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

BOSTON PROJECT MINISTRIES, INC.

Notes to Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

Unrestricted - Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors.

Temporarily Restricted - Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or 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.

(d) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances at a financial institution located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2016.

(e) Pledges Receivable

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Unconditional pledges are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual pledges. As of December 31, 2016, management has determined any allowance would be immaterial.

BOSTON PROJECT MINISTRIES, INC.

Notes to Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies - continued

(f) Property and Equipment

Property and equipment are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Garage	27.5 years
Leasehold improvements	5-10 years
Office equipment	3 years

(g) Revenue Recognition

The Organization earns revenue as follows:

Grants and Contributions - Grants and contributions are recorded upon receipt or pledge as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Program - Program revenue is earned and recognized by the Organization when services are provided. The Organization took a one year hiatus from their summer program during 2016 to revamp the program. Operation of the summer program is expected to resume in 2017.

All revenue is recorded at the estimated net realizable amounts.

(h) Contributed Services and Gifts in Kind

Donated materials are reported as contributions in the financial statements at their estimated fair values at the time of receipt. Donated services are similarly reported when services are performed which would otherwise have been purchased or performed by Organization personnel.

BOSTON PROJECT MINISTRIES, INC.

Notes to Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies - continued

(i) Fundraising

Fundraising relates to the activities of raising general and specific contributions for the Organization and promoting special events. Special events revenue is recognized when earned and included in grants and contributions on the accompanying statement of activities. Special events are incidental to the Organization's operations and the related direct expenses have been reported with fundraising expense in the accompanying statement of activities.

(j) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration 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.

Payroll and associated costs are allocated to functions based upon actual time charges. Occupancy costs are allocated based upon square footage.

(k) Use of Estimates

In preparing the Organization's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure 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.

(l) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1).

BOSTON PROJECT MINISTRIES, INC.

Notes to Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies - continued

(m) Summarized Financial Information for 2015

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

(n) Reclassifications

In addition to the reclassifications described in the above disclosure, certain amounts in the prior year have been reclassified to conform to the current year presentation.

(2) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of December 31, 2016, temporarily restricted net assets are restricted for the following purposes:

Development and funding of employee retirement plan	\$ 2,967
Time restricted	<u>19,237</u>
Total	\$ <u>22,204</u>

(3) Operating Lease Commitments

The Organization leases office and program space under a tenant-at-will basis from the Executive Director. Rent expense amounted to \$1,750 a month during the year ended December 31, 2016. The Organization is also liable for certain real estate tax increases and operating cost adjustments under the office lease terms. Rent expense incurred to the Executive Director for the year ended December 31, 2016 totaled \$21,000.

BOSTON PROJECT MINISTRIES, INC.

Notes to Financial Statements

December 31, 2016

(4) 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 3 for details.

(5) Subsequent Events

The Organization has performed an evaluation of subsequent events through November 13, 2017, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since December 31, 2016 that required recognition or disclosure in these financial statements