



BOSTON PROJECT MINISTRIES, INC.

Financial Statements

December 31, 2017



Kevin P. Martin & Associates, P.C.

BOSTON PROJECT MINISTRIES, INC.

Index

December 31, 2017

Independent Accountants' Review Report

Financial Statements:

Statement of Financial Position as of December 31, 2017 with Comparative Totals as of December 31, 2016	1
Statement of Activities for the Year Ended December 31, 2017 with Comparative Totals for the Year Ended December 31, 2016	2
Statement of Cash Flows for the Year Ended December 31, 2017 with Comparative Totals for the Year Ended December 31, 2016	3
Statement of Functional Expenses for the Year Ended December 31, 2017 with Comparative Totals for the Year Ended December 31, 2016	4
Notes to Financial Statements	5-10



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, 2017 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 conclusion.

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, 2016, 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 November 13, 2017. The prior year summarized comparative information has been derived from the Organization's 2016 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.

Nuniv P. Martini & Associates, P.C.

September 20, 2018

BOSTON PROJECT MINISTRIES, INC.

Statement of Financial Position

As of December 31, 2017

With Comparative Totals as of December 31, 2016

Current Assets	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 64,381	\$ 114,630
Pledges receivable	6,616	19,237
Accounts receivable - other	190	-
Prepaid expenses	<u>5,628</u>	<u>9,583</u>
 Total current assets	 <u>76,815</u>	 <u>143,450</u>
 Fixed Assets		
 Land	43,601	43,601
Garage	56,099	56,099
Leasehold improvements	29,898	29,898
Office equipment	<u>5,199</u>	<u>5,199</u>
Total fixed assets	134,797	134,797
Less: accumulated depreciation	<u>(41,672)</u>	<u>(37,929)</u>
 Total fixed assets, net	 <u>93,125</u>	 <u>96,868</u>
 Total Assets	 <u>\$ 169,940</u>	 <u>\$ 240,318</u>
 Current Liabilities		
 Account payable and accrued expenses	\$ 6,832	\$ 4,548
Accrued payroll	<u>17,904</u>	<u>7,108</u>
 Total current liabilities	 <u>24,736</u>	 <u>11,656</u>
 Total liabilities	 <u>24,736</u>	 <u>11,656</u>
 Net Assets		
 Unrestricted	137,485	206,458
Temporarily restricted	<u>7,719</u>	<u>22,204</u>
 Total net assets	 <u>145,204</u>	 <u>228,662</u>
 Total Liabilities and Net Assets	 <u>\$ 169,940</u>	 <u>\$ 240,318</u>

See accompanying notes and independent accountants' review report.

BOSTON PROJECT MINISTRIES, INC.

Statement of Activities

For the Year Ended December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Support and Revenue				
Contributions:				
Individuals	\$ 247,707	\$ 6,616	\$ 254,323	\$ 311,913
Grants	21,793	55,850	77,643	117,925
Released from restriction	76,951	(76,951)	-	-
Program revenue	<u>35,325</u>	<u>-</u>	<u>35,325</u>	<u>-</u>
Total Support and Revenue	<u>381,776</u>	<u>(14,485)</u>	<u>367,291</u>	<u>429,838</u>
Expenses				
Program services	341,752	-	341,752	230,270
General and administrative	59,754	-	59,754	49,647
Fundraising	<u>49,243</u>	<u>-</u>	<u>49,243</u>	<u>84,394</u>
Total Expenses	<u>450,749</u>	<u>-</u>	<u>450,749</u>	<u>364,311</u>
Change in Net Assets	(68,973)	(14,485)	(83,458)	65,527
Net Assets - Beginning of Year	<u>206,458</u>	<u>22,204</u>	<u>228,662</u>	<u>163,135</u>
Net Assets - End of Year	<u>\$ 137,485</u>	<u>\$ 7,719</u>	<u>\$ 145,204</u>	<u>\$ 228,662</u>

See accompanying notes and independent accountants' review report.

BOSTON PROJECT MINISTRIES, INC.

Statement of Cash Flows

For the Year Ended December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

Cash Flows from Operating Activities	<u>2017</u>	<u>2016</u>
Change in Net Assets	\$ (83,458)	\$ 65,527
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	3,743	3,430
Decrease (increase) in assets:		
Pledges receivable	12,621	(15,898)
Accounts receivable - other	(190)	-
Prepaid expenses	3,955	(9,455)
Other assets	-	337
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	2,284	(22,040)
Accrued vacation	10,796	1,948
Deferred revenue	-	(20,000)
Net Cash (Used in) Provided by Operating Activities	<u>(50,249)</u>	<u>3,849</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	<u>-</u>	<u>(10,806)</u>
Net Cash Used in Investing Activities	<u>-</u>	<u>(10,806)</u>
Net Decrease in Cash and Cash Equivalents	(50,249)	(6,957)
Cash and Cash Equivalents - Beginning	<u>114,630</u>	<u>121,587</u>
Cash and Cash Equivalents - Ending	<u>\$ 64,381</u>	<u>\$ 114,630</u>

See accompanying notes and independent accountants' review report.

BOSTON PROJECT MINISTRIES, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2017 Total</u>	<u>2016 Total</u>
Salaries	\$ 166,062	\$ 17,423	\$ 31,237	\$ 214,722	\$ 157,971
Payroll taxes	12,086	1,421	1,919	15,426	11,465
Benefits	13,714	6,976	7,034	27,724	22,295
Total salary and related expenses	<u>191,862</u>	<u>25,820</u>	<u>40,190</u>	<u>257,872</u>	<u>191,731</u>
Bank charges	-	75	-	75	222
Board expenses	-	-	-	-	817
Consultants	59,417	-	-	59,417	40,490
Depreciation	-	3,743	-	3,743	3,430
Dues and fees	3,016	1,290	1,162	5,468	10,704
Insurance	4,457	147	164	4,768	4,126
Meals and hospitality	10,941	374	-	11,315	5,205
Miscellaneous	-	-	-	-	399
Office expenses	5,244	2,326	3,112	10,682	3,168
Payroll processing fees	-	3,183	-	3,183	2,866
Postage	-	27	710	737	1,146
Program housing	7,300	-	-	7,300	175
Program supplies	15,536	-	75	15,611	10,466
Printing	-	-	-	-	1,931
Professional fees	-	18,869	-	18,869	11,455
Real estate taxes	4,019	-	-	4,019	855
Rent	16,800	2,100	2,100	21,000	21,000
Repairs and maintenance	5,978	-	-	5,978	4,882
Special event	-	-	-	-	32,969
Staff development	1,861	70	-	1,931	76
Stipends	6,333	-	-	6,333	7,238
Telephone and internet	2,708	1,354	1,354	5,416	5,040
Travel	3,275	-	-	3,275	640
Utilities	3,005	376	376	3,757	3,280
	<u>\$ 341,752</u>	<u>\$ 59,754</u>	<u>\$ 49,243</u>	<u>\$ 450,749</u>	<u>\$ 364,311</u>

See accompanying notes and independent accountants' review report.

BOSTON PROJECT MINISTRIES, INC.

Notes to Financial Statements

December 31, 2017

(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 may serve 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 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, 2017

(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, 2017.

(e) *Promises to Give*

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, 2017, management has determined any allowance would be immaterial. All pledges are expected to be received within one year as of December 31, 2017.

BOSTON PROJECT MINISTRIES, INC.

Notes to Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies - continued

(f) Fixed Assets

Fixed assets 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

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator or possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

(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.

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, 2017

(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) of the IRC.

BOSTON PROJECT MINISTRIES, INC.

Notes to Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies - continued

(m) Summarized Financial Information for 2016

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, 2016, from which the summarized information was derived.

(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, 2017, temporarily restricted net assets are restricted for the following purposes:

Development and funding of employee retirement plan	\$ 1,103
Time restricted	<u>6,616</u>
Total	\$ <u>7,719</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 per month during the year ended December 31, 2017. 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, 2017 totaled \$21,000.

BOSTON PROJECT MINISTRIES, INC.

Notes to Financial Statements

December 31, 2017

(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 also rents its office space from the Executive Director. See Note 3 for details.

(5) Subsequent Events

The Organization has performed an evaluation of subsequent events through September 20, 2018, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since December 31, 2017 that required recognition or disclosure in these financial statements.