BOSTON PROJECT MINISTRIES, INC. AND BOSTON PROJECT PROPERTIES, INC.

Combined Financial Statements

December 31, 2018

Kevin P. Martin & Associates, P.C

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Kevin P. Martin & Associates, P.C.
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Independent Accountants' Review Report

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

We have reviewed the accompanying combined statement of financial position of Boston Project Ministries, Inc. and Boston Project Properties, Inc. (nonprofit organizations) (collectively, the Organizations) as of December 31, 2018 and the related combined 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 Organizations' management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the combined 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 combined 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 combined 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 combined 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.

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Accountants' Conclusion

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

Braintree, Massachusetts
June 27, 2019

BOSTON PROJECT MINISTRIES, INC. AND BOSTON PROJECT PROPERTIES, INC.

Combined Statement of Financial Position

As of December 31, 2018

Current Assets		
Cash and cash equivalents	$	40,817
Pledges receivable		22,686
Prepaid expenses		5,228
Total current assets		68,731
Fixed Assets		
Land		43,601
Garage		56,099
Leasehold improvements		29,898
Office equipment		5,199
Total fixed assets		134,797
Less: accumulated depreciation		(45,122)
Total fixed assets, net		89,675
Total Assets	$	158,406
Current Liabilities		
Account payable and accrued expenses	$	15,328
Accrued payroll		16,925
Total current liabilities		32,253
Total liabilities		32,253
Net Assets		
Net assets without donor restrictions		103,467
Net assets with donor restrictions		22,686
Total net assets		126,153
Total Liabilities and Net Assets	$	158,406

See accompanying notes and independent accountants' review report.

BOSTON PROJECT MINISTRIES, INC. AND BOSTON PROJECT PROPERTIES, INC.

Combined Statement of Activities

For the Year Ended December 31, 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Contributions:			
Individuals	$ 265,099	$ 22,686	$ 287,785
Grants	115,475	-	115,475
Released from restriction	7,719	(7,719)	-
Program revenue	16,500	-	16,500
Total Support and Revenue	404,793	14,967	419,760
Expenses			
Program services	326,523	-	326,523
General and administrative	60,575	-	60,575
Fundraising	51,713	-	51,713
Total Expenses	438,811	-	438,811
Change in Net Assets	(34,018)	14,967	(19,051)
Net Assets - Beginning of Year	137,485	7,719	145,204
Net Assets - End of Year	$ 103,467	$ 22,686	$ 126,153

See accompanying notes and independent accountants' review report.

BOSTON PROJECT MINISTRIES, INC. AND BOSTON PROJECT PROPERTIES, INC.

Combined Statement of Cash Flows

For the Year Ended December 31, 2018

Cash Flows from Operating Activities	
Change in Net Assets	$ (19,051)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,450
Decrease (increase) in assets:	
Pledges receivable	(16,070)
Accounts receivable - other	190
Prepaid expenses	400
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	8,496
Accrued vacation	(979)
Net Cash Used in Operating Activities	(23,564)
Net Decrease in Cash and Cash Equivalents	(23,564)
Cash and Cash Equivalents - Beginning	64,381
Cash and Cash Equivalents - Ending	$ 40,817

See accompanying notes and independent accountants' review report.

BOSTON PROJECT MINISTRIES, INC. AND BOSTON PROJECT PROPERTIES, INC.

Combined Statement of Functional Expenses

For the Year Ended December 31, 2018

	Program Services	General and Administrative	Fundraising	Total
Salaries	$ 198,461	$ 16,320	$ 32,547	$ 247,328
Payroll taxes	15,418	792	1,766	17,976
Benefits	28,984	8,357	6,232	43,573
Total salary and related expenses	242,863	25,469	40,545	308,877
Bank charges	-	83	-	83
Consultants	3,013	249	-	3,262
Depreciation	-	3,450	-	3,450
Dues and fees	1,244	901	4,271	6,416
Insurance	5,207	356	289	5,852
Meals and hospitality	7,494	520	90	8,104
Office expenses	2,249	3,075	1,132	6,456
Payroll processing fees	2,752	451	437	3,640
Postage	-	472	420	892
Program housing	2,000	-	-	2,000
Program supplies	22,678	-	-	22,678
Printing	143	-	519	662
Professional fees	500	22,161	700	23,361
Real estate taxes	1,317	-	-	1,317
Rent	14,000	1,750	1,750	17,500
Repairs and maintenance	6,840	-	-	6,840
Staff development	290	-	-	290
Stipends	7,602	-	-	7,602
Telephone and internet	2,522	1,144	1,144	4,810
Travel	551	87	9	647
Utilities	3,258	407	407	4,072
	$ 326,523	$ 60,575	$ 51,713	$ 438,811

See accompanying notes and independent accountants' review report.

(1) Summary of Significant Accounting Policies

The combined 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. and Boston Project Properties, Inc. (collectively, the Organizations) are described below to enhance the usefulness of the combined financial statements to the reader.

(a) Nature of Activities

Boston Project Ministries, Inc. (BPM) began as a vision in February 1995 by a group of Gordon College students. BPM was incorporated in Massachusetts on June 20, 1997 and received their 501(c)(3) charitable status in May 1998. BPM engages neighbors and volunteers to build and nurture strong communities characterized by God's shalom. BPM 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. BPM has three primary programmatic areas including youth and family ministries, community organizing and volunteer engagement. BPM 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 BPM's core programs, BPM may serve as a sponsor for a number of projects that are in alignment with their mission. BPM's Board of Directors approves all fiscal sponsor relationships.

Boston Project Properties, Inc. (BPP) was incorporated in Massachusetts on March 6, 2006 and received their 501(c)(3) charitable status in February 2018. BPP aims, through charitable and educational activities, to serve young people and their families in the Boston community; to acquire, hold, maintain, and improve real estate to be used for the benefit of local citizens; and to engage the community in developing open spaces and for uses including community gardens, green spaces and parks.

(b) Basis of Presentation

The combined statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organizations' ongoing efforts.

(1) Summary of Significant Accounting Policies - continued

(c) Basis of Combination

BPM and BPP share common management, facilities and personnel. Consequently, the combination of the individual financial statements provides a more meaningful financial presentation. Shared staffing and expenses are estimated and reviewed annually. All significant intercompany transactions have been eliminated in combination.

(d) Standards of Accounting and Reporting

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

The combined statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the combined statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organizations are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organizations and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

(e) Cash and Cash Equivalents

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

The Organizations maintain their 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 Organizations have not experienced any losses with respect to their 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, 2018.

(1) Summary of Significant Accounting Policies – continued

(f) Pledges Receivable

Conditional pledges to give are not recognized in the combined financial statements until the conditions are substantially met. Unconditional pledges to give that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges 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 pledges are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, pledges 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, 2018, management has determined any allowance would be immaterial. All pledges are expected to be received within one year as of December 31, 2018.

(g) 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 combined statement of activities.

The Organizations compute 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.

(1) Summary of Significant Accounting Policies – continued

(h) Revenue Recognition

The Organizations earn revenue as follows:

Grants and Contributions - Grants and contributions are recorded upon receipt or pledge as net assets without donor restrictions or net assets with donor restrictions 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 Organizations when services are provided.

All revenue is recorded at the estimated net realizable amounts.

(i) Contributed Services and Gifts in Kind

Donated materials are reported as contributions in the combined 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 the Organizations' personnel.

(j) Fundraising

Fundraising relates to the activities of raising general and specific contributions for the Organizations 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 Organizations' operations and the related direct expenses have been reported with fundraising expense in the accompanying combined statement of activities.

(k) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the combined statement of activities and in the combined 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 Organizations.

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

(1) Summary of Significant Accounting Policies - continued

(l) Use of Estimates

In preparing the Organizations' combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(m) Income Taxes

The Organizations qualify as organizations formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and are generally not subject to income tax. However, income from certain activities not directly related to the Organizations' tax-exempt purposes are subject to taxation as unrelated business income. In addition, the Organizations are not private foundations under Section 509(a)(1).

Prior to obtaining 501(c)(3) status, in February 2018, BPP was a for-profit C Corporation. BPP accounted for income taxes using the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Valuation allowances are provided, if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

BPP was required to file and did file tax returns with the Internal Revenue Service (IRS) and other taxing authorities. Income tax returns filed by BPP are subject to examination by the IRS for a period of three years. BPP is not currently under examination by any taxing jurisdiction.

(n) Recent Accounting Standard Adopted

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities' (Topic 958)*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. As a result, the Organizations have adopted this ASU as of and for the year ended December 31, 2018. In addition, the Organizations changed their presentation of their net asset classes and expanded the footnote disclosures as required by the ASU, with no effect on previously reported change in net assets. Other than these reclassifications, the adoption of ASU 2016-14 did not have a material impact on the Organizations' combined financial position, results of activities or cash flows.

(2) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of December 31, 2018, net assets with donor restrictions were time restricted and amounted to $22,686.

(3) Operating Lease Commitments

The Organizations lease office and program space under a tenant-at-will basis from the Executive Director, in the amount of $1,750 per month. The Organizations are 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, 2018 totaled $17,500.

(4) Related Party Transactions

The Executive Director also serves as the Board President of the Organizations. Compensation is approved annually by the Board of Directors for his services as Executive Director. The Organizations also rents their office space from the Executive Director. See Note 3 for details.

(5) Liquidity and Availability of Resources

Financial assets available for general expenditures within one year of the combined statement of financial position date comprise the following:

Financial assets at year end	
Cash and cash equivalents	40,817
Pledge receivable	22,686
Total	63,503
Less amounts unavailable for general expenditures within one year:	-
Financial assets available to meet cash needs for general expenditures within one year	63,503

As part of the Organizations' liquidity management plan, they have a policy to structure their financial assets to be available as their general expenditures, liabilities and other obligations come due. Because a donors' restriction requires resources to be used in a particular manner or in a future period, the Organizations must maintain sufficient resources to meet those responsibilities to their donors. Thus, financial assets may not be available for general expenditure within one year.

(6) Subsequent Events

The Organizations have performed an evaluation of subsequent events through June 27, 2019, which is the date the Organizations' combined financial statements were available to be issued. No material subsequent events have occurred since December 31, 2018 that required recognition or disclosure in these combined financial statements.