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

Consolidated Financial Statements

December 31, 2020

Kevin P. Martin & Associates, P.C.

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

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December 31, 2020

Independent Accountants' Review Report

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

We have reviewed the accompanying consolidated statement of financial position of Boston Project Ministries, Inc. and Boston Project Properties, Inc. (nonprofit organizations) (collectively, the Organizations) as of December 31, 2020 and the related consolidated 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 consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 consolidated 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.

Emphasis of Matter

As discussed in Note 1(n) to the financial statements, the Organizations have adopted ASU No. 2014-09, *Revenue from Contracts with Customers*.

Accountants' Conclusion

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

Nunin P. Martin & Amato P.C.

Braintree, Massachusetts
October 15, 2021

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

Consolidated Statement of Financial Position

As of December 31, 2020

Current Assets		
Cash and cash equivalents	$	223,262
Pledges receivable		6,500
Prepaid expenses		4,638
Total current assets		234,400
Fixed Assets		
Land and land improvements		68,101
Garage		56,099
Leasehold improvements		29,898
Office equipment		5,199
Total fixed assets		159,297
Less: accumulated depreciation		(55,113)
Total fixed assets, net		104,184
Total Assets	$	338,584
Current Liabilities		
Account payable and accrued expenses	$	14,314
Note payabale - paycheck protection program		56,902
Total current liabilities		71,216
Net Assets		
Net assets without donor restrictions		260,868
Net assets with donor restrictions		6,500
Total net assets		267,368
Total Liabilities and Net Assets	$	338,584

See accompanying notes and independent accountants' review report.

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

Consolidated Statement of Activities

For the Year Ended December 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Contributions:			
Individuals	$ 322,836	$ 6,500	$ 329,336
Grants	143,205	-	143,205
Released from restriction	13,805	(13,805)	-
Total Support and Revenue	479,846	(7,305)	472,541
Expenses			
Program services	271,604	-	271,604
General and administrative	60,934	-	60,934
Fundraising	42,557	-	42,557
Total Expenses	375,095	-	375,095
Change in Net Assets	104,751	(7,305)	97,446
Net Assets - Beginning of Year	156,117	13,805	169,922
Net Assets - End of Year	$ 260,868	$ 6,500	$ 267,368

See accompanying notes and independent accountants' review report.

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

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2020

Cash Flows from Operating Activities	
Change in Net Assets	$ 97,446
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,608
Decrease (increase) in assets:	
Pledges receivable	7,305
Prepaid expenses	11,000
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(11,659)
Net Cash Provided by Operating Activities	109,700
Cash Flows from Financing Activities	
Proceeds from note payable - paycheck protection program	56,902
Net Cash Provided by Financing Activities	56,902
Net Increase in Cash and Cash Equivalents	166,602
Cash and Cash Equivalents - Beginning	56,660
Cash and Cash Equivalents - Ending	$ 223,262

See accompanying notes and independent accountants' review report.

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

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2020

	Program Services	General and Administrative	Fundraising	Total
Salaries	$ 154,225	$ 23,692	$ 19,975	$ 197,892
Payroll taxes	9,917	1,322	1,355	12,594
Benefits	17,921	5,508	9,664	33,093
Total salary and related expenses	182,063	30,522	30,994	243,579
Bank charges	-	161	-	161
Consultants	10,444	-	-	10,444
Depreciation	-	5,608	-	5,608
Dues and fees	10,931	1,100	5,450	17,481
Insurance	3,642	1,214	1,214	6,070
Meals and hospitality	1,909	-	-	1,909
Office expenses	3,480	1,506	1,393	6,379
Payroll processing fees	-	3,859	-	3,859
Postage	-	46	537	583
Program housing	99	-	-	99
Program supplies	16,040	-	-	16,040
Professional fees	5,784	13,802	17	19,603
Rent	16,800	2,100	2,100	21,000
Repairs and maintenance	7,371	-	-	7,371
Staff development	1,688	164	-	1,852
Stipends	4,500	-	-	4,500
Telephone and internet	4,229	529	529	5,287
Travel	42	-	-	42
Utilities	2,582	323	323	3,228
	$ 271,604	$ 60,934	$ 42,557	$ 375,095

See accompanying notes and independent accountants' review report.

(1) Summary of Significant Accounting Policies

The consolidated 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 consolidated 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 consolidated 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 Consolidation

BPM and BPP share common Board of Directors, management, facilities and personnel. Shared staffing and expenses are estimated and reviewed annually. All significant intercompany transactions have been eliminated in consolidation.

(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 consolidated statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the consolidated 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 consolidated statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

(e) Cash and Cash Equivalents

The Organizations consider all highly liquid investments purchased with an original maturity of three months or less, which are neither held nor restricted by donors for long-term purposes, 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, 2020.

(1) Summary of Significant Accounting Policies - continued

(f) Pledges Receivable

Conditional pledges receivable are not recognized in the consolidated financial statements until the conditions are substantially met. Unconditional pledges receivables that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivables 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, 2020, management has determined any allowance would be immaterial. All pledges are expected to be received within one year as of December 31, 2020.

(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 consolidated statement of activities.

The Organizations compute depreciation using the straight-line method over the following estimated lives:

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

Fixed assets 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:

The Organizations generally measure revenue based on the amounts of consideration it expects to be entitled for the transfers of goods and services to a customer, then recognizes its revenue as performance obligations are satisfied under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organizations evaluate their revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Contributions and Grants - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Organizations must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organizations should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

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 consolidated 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.

(1) Summary of Significant Accounting Policies - continued

(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 consolidated 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 consolidated 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 consolidated statement of activities and in the consolidated 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.

(l) Use of Estimates

In preparing the Organizations' consolidated 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 consolidated 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) of the IRC.

(1) Summary of Significant Accounting Policies - continued

(n) Recent Accounting Standard Adopted

On January 1, 2020, the Organizations adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606). ASC 606 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the Organizations expects to be entitled in exchange for those goods or services. On January 1, 2020, the Organizations adopted ASC 606 using the modified retrospective method applied to those contracts which were not competed as of January 1, 2020 (the practical expedient elected). Results for reporting periods beginning after January 1, 2020, are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Organizations' historic accounting under ASC 605.

There were no material changes in the timing of recognition of revenue and, therefore, there were no adjustments to the opening balance of net assets without donor restrictions. The Organizations do not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

(o) Recent Accounting Standards

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Organizations is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In July 2018, FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases* and *ASU 2018-11, Leases (Topic 842), Targeted Improvements*. In December 2018, FASB issued ASU 2018-20, *Leases (Topic 842), Narrow-Scope Improvements for Lessors*. Adoption of these ASUs will run concurrent with the Organizations' adoption of ASU 2016-02.

(1) Summary of Significant Accounting Policies - continued

(p) Paycheck Protection Program Loan

As described at Note 3, the Organizations received a Paycheck Protection Program (PPP) loan during the fiscal year ended December 31, 2020. The Organizations have elected to follow the guidance regarding Debt found in FASB ASC 470 - *Not-for Profit Entities - Debt* to account for its PPP Loan. As a result, during the year ended December 31, 2020, the Organizations recognized $56,902 of debt.

(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, 2020, net assets with donor restrictions were time restricted and amounted to $6,500. During the year ended December 31, 2020, all net assets released from restrictions were due to time restrictions.

(3) Note Payable - PPP

The Organizations received a PPP loan from the East Boston Savings Bank during the fiscal year ended December 31, 2020, in the original amount of $56,902 with a maturity date of April 27, 2022. The PPP loan bears interest at a rate of 1%, which is deferred for the first 6 months. The SBA has disclosed criteria for forgiveness which include but not limited to maintaining the full-time equivalent number of employees over certain time period and expending the funds on eligible expenses over the covered period. If the Organizations does not receive loan forgiveness, it will be required to pay monthly principal and interest payments once the deferral period ends. All remaining principal and accrued interest are due at the maturity date of the note. As of December 31, 2020, the outstanding principal balance for the PPP loan was $56,902, and was presented as a current liability on the consolidated statement of financial position in accordance with prevalent industry practice. The PPP loan was forgiven subsequent to year end, see Note 8.

(4) 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, 2020 totaled $21,000.

(5) 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 4 for details.

(6) Liquidity and Availability of Resources

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

Financial assets at year end		
Cash and cash equivalents	$	223,262
Pledge receivable		6,500
Total		229,762
Financial assets available to meet cash needs for general expenditures within one year	$	229,762

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.

(7) COVID-19 - *Risks and Uncertainties*

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. As described in Note 3, the Organizations received a PPP loan and an EIDL. The Organizations also received an EIDL grant in the amount of $7,000. Further, the Organizations' liquidity as of December 31, 2020 is documented at Note 4. The Organizations are not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Organizations' operations continue for an extended period of time the Organizations may have to seek alternative measures to finance its operations. The Organizations do not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

(8) Subsequent Events

The Organizations has performed an evaluation of subsequent events through October 15, 2021, which is the date the Organizations' financial statements were available to be issued. No material subsequent events have occurred, other than those disclosed below, since December 31, 2020 that required recognition or disclosure in these financial statements.

On August 31, 2021, the Organization received approval from the SBA for full forgiveness on the PPP loan.