Boston Project Ministries, Inc. and Boston Project Properties, Inc.

Consolidated Financial Statements

December 31, 2021

BOSTON
PROJECT

Boston Project Ministries, Inc. and Boston Project Properties, Inc.
Index
December 31, 2021

DE BIASI & NASH, LLC
TAX. ACCOUNTING. CONSULTING.

Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of Boston Project Ministries, Inc. and Boston Project Properties, Inc. (nonprofit organizations), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Project Ministries, Inc. and Boston Project Properties, Inc. as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boston Project Ministries, Inc. and Boston Project Properties, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boston Project Ministries, Inc. and Boston Project Properties, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

De Biasi & Nash, LLC

De Biasi & Nash, LLC

Norwood, MA
October 19, 2022

501 PROVIDENCE HWY
NORWOOD, MA 02062
(781) 286-1320

Boston Project Ministries, Inc. and Boston Project Properties, Inc.

Consolidated Statement of Financial Position

As of December 31, 2021

ASSETS

Current Assets		
Cash and cash equivalents	$	486,990
Prepaid expenses		12,621
Total current assets		499,611
Fixed Assets		
Land		68,101
Equipment		5,199
Improvement		29,898
Garage		56,099
Total fixed assets		159,297
Less: accumulated depreciation		(60,721)
Total fixed assets, net		98,576
Total Assets	$	598,187

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	$	423
Accrued expenses		30,219
Total current liabilities		30,642
Total liabilities		30,642
Net Assets		
Net assets without donor restrictions		567,545
Total net assets		567,545
Total Liabilities and Net Assets	$	598,187

The accompanying notes are an integral part of the financial statements.

Boston Project Ministries, Inc. and Boston Project Properties, Inc.

Consoldiated Statement of Activities

For the Year Ended December 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Support			
Contributions	$ 520,351	$ -	$ 520,351
Grants	207,756	-	207,756
Other Income	2,912	-	2,912
In-kind donations	150	-	150
Net assets released from restrictions	6,500	(6,500)	-
Total revenue and support	737,669	(6,500)	731,169
Expenses			
Program services	395,482	-	395,482
Administration	54,817	-	54,817
Fundraising	37,594	-	37,594
Total expenses	487,894	-	487,894
Change in net assets	249,775	(6,500)	243,275
Gain on extinguishment of debt	56,902	-	56,902
Total Change in Net Assets	306,677	(6,500)	300,177
Net Assets at Beginning of Year	260,868	6,500	267,368
Net Assets at End of Year	$ 567,545	$ -	$ 567,545

Boston Project Ministries, Inc. and Boston Project Properties, Inc.

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2021

Cash Flows from Operating Activities		
Change in net assets	$	300,177
Adjustments to reconcile change in net assets to net cash provided by		
Depreciation		5,608
Decrease (increase) in assets		
Pledges receivable		6,500
Prepaid expenses		(7,983)
Increase (decrease) in liabilities		
Accounts payable		(848)
Accrued expenses		17,176
Net Cash Provided by Operating Activities		320,630
Net Increase in Cash and Cash Equivalents		263,728
Cash and Cash Equivalents - Beginning		223,262
Cash and Cash Equivalents - Ending	$	486,990
Supplement Data for Noncash Investing and Financing Activities		
Gain on extinguishment of debt	$	(56,902)

The accompanying notes are an integral part of the financial statements.

Boston Project Ministries, Inc. and Boston Project Properties, Inc.

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2021

	Program Services	General and Administration	Fundraising	Total
Functional Expenses				
Communications	1,751	808	808	3,367
Computer expense	9,821	2,075	1,937	13,833
Depreciation	-	5,608	-	5,608
Employee benefits	25,532	7,580	6,782	39,893
Insurance	3,914	1,101	1,101	6,115
Program Supplies	54,827	2,464	4,312	61,603
Occupancy	15,960	2,520	2,520	21,000
Office	348	147	118	613
Payroll taxes and fees	16,307	5,512	1,148	22,967
Postage	-	455	51	506
Professional fees	26,890	6,723	-	33,613
Salaries	236,937	19,064	16,340	272,341
Taxes and fees	-	404	2,121	2,525
Travel	340	-	-	340
Utilities	2,856	357	357	3,570
Total Functional Expenses	$ 395,482	$ 54,817	$ 37,594	$ 487,894

The accompanying notes are an integral part of these financial statements.

(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 (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

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. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts.

(c) Basis of Consolidation

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

(1) Summary of Significant Accounting Policies – continued

(d) 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 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 Organization 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 Organization considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

The Organization maintains its cash balances at a one financial institution located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Organization. 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, 2021.

(f) Revenue Recognition

The Organization earns revenue as follows:

The organization generally measures 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 customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4)

(1) Summary of Significant Accounting Policies – continued

(f) Revenue Recognition - continued

Allocate the transaction price to separate performance obligations; and (5) Recognized revenue when (or as) each performance obligation is satisfied.

Contributions and Grants – In accordance with the ASC Sub Topic 958-605, *Revenue Recognition*, the organization 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 of 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-rate over the period covered by the grant or contributions 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

(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) Fundraising Expense

Fundraising expense relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 7% for the year ended December 31, 2021. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

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.

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 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).

(1) Summary of Significant Accounting Policies – continued

m) 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, 2021, management has determined any allowance would be immaterial. All pledges are expected to be received within one year as of December 31, 2021.

n) Recent Accounting Standards

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update address presentation and disclosure of contributed nonfinancial assets. The ASU is effective for annual periods beginning after June 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its financial statements.

(2) Extinguishment of Debt

The Organization received a Paycheck Protection Program note payable from East Boston Savings Bank during the fiscal year ended December 31, 2020 in the original amount of $56,902. The loan bore interest at a rate of 1%, which was deferred for the first six months. The Small Business Administration (SBA) disclosed criteria for forgiveness which include but is 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. On August 31, 2021 the loan was forgiven in full including interest. The note payable has been presented as a gain on extinguishment of debt on the statement of activity and as a noncash financing activity on the statement of cash flows in accordance with prevalent industry practice.

(3) Operating Lease Commitments

The organization leases office and program space from executive director Paul Malkemes. The organization signed a one year lease agreement for fiscal year 2021 in the amount of $1,750 per month. The organization is also liable for certain real estate tax increase and operating cost adjustments under the office lease terms. Rent expense incurred for the year ended December 31, 2021 totaled $21,000.

(4) Related Party Transactions

The Executive Director also serves as the Board President of the organization. Compensation is approved annually by the Board of Directors for his services as Executive Director. The organization also rents their office space from the Executive Director, see note 3 for details.

(5) Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of December 31, 2021, within one year from the statement of financial position date:

Financial assets at December 31, 2021:		
Cash and cash equivalents	$	486,990
Other		-
Total		486,990
Financial assets available to meet cash needs for general expenditures within one year:	$	486,990

As part of the organization's 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. In the event of donors restrictions, resources are required to be used in a particular manner or in a future period. The organization 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 Organization has performed an evaluation of subsequent events through October 19, 2022, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since December 31, 2021 that required recognition or disclosure in these financial statements.