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

Consolidated Financial Statements

December 31, 2022

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December 31, 2022

NASH
CPAS AND ADVISORS

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, 2022, 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, 2022, 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.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boston Project Ministries, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boston Project Ministries, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

/s/ *Nash CPAs LLC*

Nash CPAs LLC
Norwood, MA

November 14, 2023

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

Consolidated Statement of Financial Position

As of December 31, 2022

ASSETS

Current Assets		
Cash and cash equivalents	$	525,664
Grants receivable		106,250
Employee Loans		2,850
Promises to give		2,792
Prepaid expenses		6,388
Operating lease right-of-use asset		22,345
Total current assets		666,289
Fixed Assets		
Land		68,101
Equipment		5,199
Improvement		34,427
Garage		56,099
Total fixed assets		163,826
Less: accumulated depreciation		(66,782)
Total fixed assets, net		97,044
Total Assets	$	763,333

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	$	8,908
Accrued expenses		22,754
Operating lease liabilities		22,345
Total current liabilities		54,007
Total liabilities		54,007
Net Assets		
Net assets without donor restrictions		525,408
Net assets with donor restrictions		183,918
Total net assets		709,326
Total Liabilities and Net Assets	$	763,333

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, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Support			
Contributions	$ 91,913	$ -	$ 91,913
Grants	455,404	300,396	755,800
Other Income	16,039	-	16,039
Net assets released from restriction	116,478	(116,478)	-
Total revenue and support	679,834	183,918	863,752
Expenses			
Program services	602,389	-	602,389
Administration	74,431	-	74,431
Fundraising	53,245	-	53,245
Total expenses	730,065	-	730,065
Change in net assets	(50,231)	183,918	133,687
Total Change in Net Assets	(50,231)	183,918	133,687
Net Assets at Beginning of Year	575,639	-	575,639
Net Assets at End of Year	$ 525,408	$ 183,918	$ 709,326

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

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

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2022

Cash Flows from Operating Activities		
Change in net assets	$	133,687
Depreciation		6,061
Decrease (increase) in assets		
Pledges receivable		(111,892)
Prepaid expenses		6,233
Right of use asset		(22,345)
Increase (decrease) in liabilities		
Accounts payable		8,485
Accrued expenses		629
Lease liability		22,345
Net Cash Provided by Operating Activities		43,203
Cash Flows from Investing Activities		
Purchase of fixed assets		(4,529)
Net Cash Used in Investing Activities		(4,529)
Net Increase in Cash and Cash Equivalents		38,674
Cash and Cash Equivalents - Beginning		486,990
Cash and Cash Equivalents - Ending	$	525,664

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

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2022

	Program Services	General and Administration	Fundraising	Total
Functional Expenses				
Communications	1,675	773	773	3,222
Computer expense	7,366	1,556	1,452	10,374
Depreciation	-	6,061	-	6,061
Employee benefits	41,334	12,271	10,979	64,584
Fiscal sponsor expense	33,873	-	-	33,873
Insurance	4,906	1,380	1,380	7,665
Occupancy	752	119	119	990
Office	2,210	1,005	804	4,019
Payroll taxes and fees	25,791	8,718	1,816	36,325
Postage	-	824	92	916
Professional fees	23,561	5,890	-	29,451
Program Supplies	68,025	3,057	5,350	76,433
Salaries	367,052	29,533	25,314	421,899
Taxes and fees	-	452	2,375	2,827
Travel	3,517	-	-	3,517
Utilities	22,327	2,791	2,791	27,909
Total Functional Expenses	$ 602,389	$ 74,431	$ 53,245	$ 730,065

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, 2022.

(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 14% for the year ended December 31, 2022. 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

Donations other than cash, donated services, are recorded at their estimated fair market value at the date of the gift. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Donated services are recognized in the financial statements if the services received require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Certain services donated to the Organization by community volunteers do not meet the above criteria and, therefore, are not recognized in the financial statements.

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, 2022, management has determined any allowance would be immaterial. All pledges are expected to be received within two years as of December 31, 2022.

n) Operating Lease

The Organization leases certain office space. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in our statements of financial position.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since the Organization's lease does not provide an implicit rate, to determine the present value of lease payments, management uses the Organization's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

The Organization leases office space under a noncancelable operating lease. The remaining lease is for twelve months and has no option to renew. Rent expense under the office lease was $22,200 for the year ended December 31, 2022. There were no lease payments payable to the lessor as of December 31, 2022.

(1) Summary of Significant Accounting Policies – continued

o) Recent Accounting Standards

In September 2020, FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets (Topic 958), which requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts in-kind. ASU No. 2020-07 was effective for Boston Project Ministries, Inc. and for its year ended December 31, 2022. This guidance is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhanced presentation and disclosure requirements.

This ASU requires that nonfinancial assets are presented as a separate line item in the statement of activities and disclosures include a disaggregation of the amount contributed by category, a description of donor restrictions, and valuation techniques for the nonfinancial assets received. No reclassifications were required on the Statements of Activities for Boston Project Ministries, Inc. and Boston Project Ministries, Inc. has historically presented nonfinancial assets as a separate line item. Boston Project Ministries, Inc. and did enhance its disclosures to adhere to the new standard.

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 Organization has implemented the provisions of ASU 2016-02 has been applied retrospectively to all periods presented.

(2) 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.

(3) Operating Lease

During the year ended December 31, 2022, the Organization entered into a new lease agreement with a property for office space. The new lease commenced on January 1, 2023, and terminates on December 31, 2023. The new lease is $1,900 a month payable in advance by the 1st of the month.

The Organization is responsible for the electric bill for the 1st floor unit and public meter for basement use (dryers, freezers), natural gas for 1st floor unit, and a percentage of the water and sewer bill (currently 25%).

The Organization is required to obtain public liability insurance in the amount of $1,000,000 as well as fire and hazard insurance in the amount of $1,000,000 for the premises.

Rent expense for the year ended December 31, 2022 was $22,200.

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

	2022
Weighted Average Remaining Lease Term	
Operating leases	1 year
Weighted Average Discount Rate	
Operating leases	4.42%

The maturities of lease liabilities as of December 31, 2022 were as follows:

Year Ending December 31:		Operating
2023	$	$22,800
Total lease payments		22,800
Less: interest		(455)
Present value of lease liabilities		$ 22,345

(4) 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, 2022, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for a specified time and purpose:		
West of Wahington Coalition	$	44,446
City of Boston Success Link		13,081
Covid Civic Groups		20,141
Imago Dei Fund		100,000
Boston Baptist Social Union		6,250
Total net assets with donor restriction	$	183,918

Net assets released from restrictions during the year ended December 31, 2022 were $116,478.

(5) Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of December 31, 2022, within one year from the statement of financial position date:

Financial assets at December 31, 2022:		
Cash and cash equivalents	$	525,664
Promises to give	$	109,042
Total		634,706
Less amounts unavailable for general expenditures within one year, due to:		
Time and purpose restrictions	$	(183,918)
Financial assets available to meet cash needs for general expenditures within one year:	$	450,788

The organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. 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 November 14, 2023, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since December 31, 2022 that required recognition or disclosure in these financial statements.