Boston Project Ministries, Inc.

Financial Statements

December 31, 2015

Boston Project Ministries, Inc.

Index

December 31, 2015

Independent Accountants' Review Report

Financial Statements:

Statements of Financial Position as of December 31, 2015 with Comparative Totals as of December 31, 2014	1
Statements of Activities for the Year Ended December 31, 2015 with Comparative Totals for the Year Ended December 31, 2014	2
Statements of Cash Flows for the Year Ended December 31, 2015 with Comparative Totals for the Year Ended December 31, 2014	3
Statements of Functional Expenses for the Year Ended December 31, 2015 with Comparative Totals for the Year Ended December 31, 2014	4
Notes to Financial Statements	5-10

Kevin P. Martin & Associates, P.C.
ASSURANCE | TAX | RISK MANAGEMENT | IT ADVISORY

Independent Accountants' Review Report

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

We have reviewed the accompanying statement of financial position of Boston Project Ministries, Inc. (a nonprofit organization) (the Organization) as of December 31, 2015 and the related statements of activities, cash flows and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

Accountants' Conclusion

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

10 Forbes Road, Braintree, Massachusetts 02184
781-380-3520 | info@kpm-us.com | www.kpm-us.com

Report on Summarized Comparative Information

The financial statements of the Organization as of December 31, 2014, were audited by other accountants whose report dated February 20, 2014, expressed an unmodified opinion on those statements. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

August 2, 2016

Boston Project Ministries, Inc.

Statements of Financial Position

As of December 31, 2015
With Comparative Totals as of December 31, 2014

Assets

	Review 2015	Audit 2014
Current Assets		
Cash and cash equivalents	$ 121,587	$ 103,240
Pledges receivable	3,339	2,960
Prepaid expenses	128	10,957
Other current assets	337	365
Total current assets	125,391	117,522
Property and Equipment		
Land	43,601	43,601
Garage	56,099	56,099
Leasehold improvements	19,092	19,092
Office equipment	5,199	5,199
Subtotal	123,991	123,991
Less: accumulated depreciation	(34,499)	(31,381)
Property and equipment, net	89,492	92,610
Total Assets	$ 214,883	$ 210,132

Liabilities and Net Assets

	Review 2015	Audit 2014
Current Liabilities		
Accrued expenses	$ 26,588	$ 22,239
Accrued vacation	5,160	9,417
Deferred revenue	20,000	-
Total current liabilities	51,748	31,656
Net Assets		
Unrestricted	155,019	168,016
Temporarily restricted	8,116	10,460
Total net assets	163,135	178,476
Total Liabilities and Net Assets	$ 214,883	$ 210,132

See accompanying notes and independent accountants' review report.

Boston Project Ministries, Inc.

Statements of Activities

For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Review			Audit
	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
Support and Revenue				
Contributions:				
Individuals	$ 241,298	$ 30,039	$ 271,337	$ 332,351
Grants	19,096	66,059	85,155	112,876
Released from restriction	98,442	(98,442)	-	450
Program revenue	61,189	-	61,189	78,475
Total Support and Revenue	420,025	(2,344)	417,681	524,152
Expenses				
Program services	352,359	-	352,359	477,008
General and administrative	50,002	-	50,002	74,582
Fundraising	30,661	-	30,661	42,345
Total Expenses	433,022	-	433,022	593,935
Change in Net Assets	(12,997)	(2,344)	(15,341)	(69,783)
Net Assets - Beginning of Year	168,016	10,460	178,476	248,259
Net Assets - End of Year	$ 155,019	$ 8,116	$ 163,135	$ 178,476

Boston Project Ministries, Inc.

Statements of Cash Flows

For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Review 2015	Audit 2014
Cash Flows from Operating Activities		
Change in Net Assets	$ (15,341)	$ (69,783)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	3,118	3,274
Decrease (increase) in assets		
Accounts receivable	(379)	11,702
Prepaid expenses	10,829	(8,639)
Other assets	28	185
Increase (decrease) in liabilities		
Accrued expenses	4,349	11,871
Accrued vacation	(4,257)	5,985
Deferred revenue	20,000	-
Net Cash Provided by (Used in) Operating Activities	18,347	(45,405)
Net Increase (Decrease) in Cash and Cash Equivalents	18,347	(45,405)
Cash and Cash Equivalents - Beginning	103,240	148,645
Cash and Cash Equivalents - Ending	$ 121,587	$ 103,240

See accompanying notes and independent accountants' review report.

Boston Project Ministries, Inc.

Statements of Functional Expenses

For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Review				Audit
	Program Services	General and Administrative	Fundraising	2015 Total	2014 Total
Salaries	$ 176,135	$ 24,067	$ 17,491	$ 217,693	$ 306,384
Payroll taxes	12,962	1,771	1,287	16,020	22,089
Benefits	28,736	3,926	2,854	35,516	62,206
Total salary and related expenses	217,833	29,764	21,632	269,229	390,679
Advertising and marketing	-	-	-	-	48
Bank charges	-	53	18	71	177
Board expenses	-	760	-	760	181
Consultants	24,778	6,338	3,110	34,226	38,428
Depreciation	2,523	345	251	3,119	3,273
Dues and fees	5,509	1,107	470	7,086	5,452
Grant expense	-	-	-	-	1,598
Insurance	8,606	268	387	9,261	9,941
Meals and hospitality	6,197	160	-	6,357	13,009
Miscellaneous	89	-	-	89	104
Office expenses	2,472	3,335	400	6,207	11,077
Payroll processing fees	2,095	641	342	3,078	3,360
Postage	239	561	489	1,289	3,205
Program housing	9,769	-	-	9,769	6,941
Program supplies	23,859	137	-	23,996	40,447
Printing	50	-	763	813	836
Professional fees	420	4,300	1,293	6,013	7,295
Real estate taxes	2,611	-	-	2,611	425
Rent	20,440	1,080	1,080	22,600	26,900
Repairs and maintenance	3,027	51	-	3,078	4,380
Staff development	2,243	-	-	2,243	4,825
Stipends	7,558	-	-	7,558	10,772
Telephone and internet	3,294	480	158	3,932	3,723
Travel	5,567	113	79	5,759	2,021
Utilities	3,180	509	189	3,878	4,838
Total Functional Expenses	$ 352,359	$ 50,002	$ 30,661	$ 433,022	$ 593,935

Boston Project Ministries, Inc.

Notes to Financial Statements

December 31, 2015

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed by Boston Project Ministries, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Organization began as a vision in February 1995 by a group of Gordon College students. The Organization was incorporated in Massachusetts on June 20, 1997 and received their 501(c)(3) charitable status in May 1998. The Organization engages neighbors and volunteers to build and nurture strong communities characterized by God's shalom. The Organization works to create a thriving community and fulfill their mission by: involving neighbors as leaders in community improvement projects, investing in local youth and families and providing new resources (e.g. volunteers, technical assistance) within the Talbot-Norfolk Triangle neighborhood. The mission is anchored in a model of establishing Neighborhood Ministry Houses in under-resourced communities. Neighbors utilize these safe havens as gathering places, resource centers and centralized locations for volunteer engagement and community organizing. The organization has three primary programmatic areas including youth and family ministries, community organizing and volunteer engagement. The Organization uses a principle-driven framework from the Christian Community Development Association (www.ccda.org) to guide their work in a neighborhood context. The 13-street neighborhood, the Talbot-Norfolk Triangle, is located on the south side of Boston in the Dorchester section of the city.

In addition to the Organization's core programs, the Organization serves as a sponsor for a number of projects that are in alignment with their mission. The Organization's Board of Directors approves all fiscal sponsor relationships.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in unrestricted net assets from operating and non-operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts.

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting

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

The statement of financial position presents three classes of net assets (unrestricted, temporarily restricted and permanently restricted) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Unrestricted - Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors.

Temporarily Restricted - Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(d) Cash and Cash Equivalents

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

The Organization maintains its cash balances at a financial institution located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2015.

(e) Pledges Receivable

Unconditional pledges are recognized as revenue and as assets, net of allowances, in the period in which the promises are made. Conditional pledges are recognized only when the conditions on which they depend are substantially met and when the pledges become unconditional. Unconditional pledges are recorded, in the year received, at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-adjusted discount rate in the year the pledge is received.

(1) Summary of Significant Accounting Policies - continued

(e) Pledges Receivable - continued

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, 2015, management has determined any allowance would be immaterial.

(f) Property and Equipment

Property and equipment are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives:

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

(g) Revenue Recognition

The Organization earns revenue as follows:

<u>Grants</u> - Grants are recorded as revenue as costs related to the services provided are incurred.

<u>Contributions</u> - Contributions are recorded upon receipt or pledge as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

<u>Program</u> - Program revenue is earned and recognized by the Organization when services are provided.

During the year ended December 31, 2015, the Organization derived approximately 65% of its total revenue from contributions, 20% from grants and 15% from program revenue. All revenue is recorded at the estimated net realizable amounts.

(1) Summary of Significant Accounting Policies - continued

(h) Contributed Services and Gifts in Kind

Donated materials are reported as contributions in the financial statements at their estimated fair values at the time of receipt. Donated services are similarly reported when services are performed which would otherwise have been purchased or performed by Organization personnel.

(i) Fundraising

Fundraising relates to the activities of raising general and specific contributions for the Organization.

(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.

(k) Use of Estimates

In preparing the Organization's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and therefore is not subject to income tax. The Organization is not a private foundation under Section 509(a)(1). Certain unrelated business income, as defined in the IRC, is subject to federal income tax. For the year ended December 31, 2015, there was no liability for tax on unrelated business income.

(1) Summary of Significant Accounting Policies - continued

(l) Income Taxes - continued

U.S. GAAP prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended December 31, 2015, the Organization has determined that it has not taken any tax positions which would result in an uncertainty requiring recognition in the accompanying financial statements. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. There were no interest or penalties for the year ended December 31, 2015.

Generally, the Organization's information returns remain open for possible federal income tax examination for three years after the filing date. The Organization is not currently under examination by any taxing jurisdiction.

(m) Summarized Financial Information for 2014

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

(2) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of December 31, 2015, temporarily restricted net assets are restricted for the following purposes:

Development and funding of employee retirement plan	$ 4,777
Time restricted - 2016	3,339
Total	$ 8,116

Boston Project Ministries, Inc.

Notes to Financial Statements

December 31, 2015

(3) Operating Lease Commitments

The Organization leases office and program space under a tenant-at-will basis from the Executive Director. Rent expense was reduced from $2,000 to $1,750 a month during the year ended December 31, 2015 due to a reduction in space utilized. Rent expense incurred to the Executive Director for the year ended December 31, 2015 totaled $21,500.

Other program space was leased through February 2015. Total rent expense for the year ended December 31, 2015, including amounts incurred to the Executive Director above, totaled $22,600.

(4) Related Party Transactions

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

(5) Subsequent Events

The Organization has performed an evaluation of subsequent events through August 2, 2016, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since December 31, 2015 that required recognition or disclosure in these financial statements.