

**Boston Building Materials
Co-op Charitable and
Educational Fund**

Financial Statements

December 31, 2010

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Independent Auditor's Report

To the Board of Directors of
Boston Building Materials Co-op
Charitable and Educational Fund

We have audited the accompanying statement of financial position of Boston Building Materials Co-op Charitable and Educational Fund (a nonprofit organization) as of December 31, 2010 and the related statements of activity, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated June 10, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Building Materials Co-op Charitable and Educational Fund as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Siegrist & Cree, CPAs, P.C.
July 14, 2011

Boston Building Materials Co-op Charitable and Educational Fund
Statement of Financial Position
December 31, 2010

(With Comparative Totals for December 31, 2009)

	Assets	
	2010	2009
Current Assets		
Cash and cash equivalents	\$ 211,537	\$ 238,503
Accounts receivable, net of \$0 allowance	1,775	179
Contributions receivable, net of \$0 allowance	8,544	9,730
Investments	1,000	3,064
Prepaid expenses	8,098	12,890
Inventory	94,793	69,919
Total current assets	325,747	334,285
Property plant and equipment		
Land	2,000	2,000
Building	304,488	287,990
Vehicle	55,715	55,715
Furniture and equipment	40,256	36,476
	402,459	382,181
Less: accumulated depreciation	(128,529)	(108,094)
Net property, plant, and equipment	273,930	274,087
Total assets	\$ 599,677	\$ 608,372
	Liabilities and Net Assets	
Current liabilities		
Accounts payable	\$ 7,891	\$ 13,047
Accrued expenses	21,571	20,475
Customer deposits	8	110
Total current liabilities	29,470	33,632
Net assets		
Unrestricted	549,392	548,210
Temporarily restricted	20,815	26,530
Total net assets	570,207	574,740
Total liabilities and net assets	\$ 599,677	\$ 608,372

The accompanying Independent Auditor's Report and notes are an integral part of these financial statements.

Boston Building Materials Co-op Charitable and Educational Fund
Statement of Activity
Year Ended December 31, 2010
(With Comparative Totals for December 31, 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
Revenue and support				
Donated re-sale materials	\$ 433,923	\$ -	\$ 433,923	\$ 432,413
Sales	413,960	-	413,960	428,045
Grants and contributions	114,587	3,000	117,587	94,275
Donated goods and services	12,325	-	12,325	11,175
Interest and dividends	481	-	481	694
Other income	499	-	499	782
Net assets released from restriction				
Satisfaction of program restriction	8,715	(8,715)	-	-
Total revenue and support	<u>984,490</u>	<u>(5,715)</u>	<u>978,775</u>	<u>967,384</u>
Expenses				
Program services	855,074	-	855,074	857,361
Management and general	112,528	-	112,528	89,471
Fundraising	15,706	-	15,706	14,834
Total expenses	<u>983,308</u>	<u>-</u>	<u>983,308</u>	<u>961,666</u>
Change in net assets	1,182	(5,715)	(4,533)	5,718
Net assets, beginning of year	<u>548,210</u>	<u>26,530</u>	<u>574,740</u>	<u>569,022</u>
Net assets, end of year	<u>\$ 549,392</u>	<u>\$ 20,815</u>	<u>\$ 570,207</u>	<u>\$ 574,740</u>

The accompanying Independent Auditor's Report and notes are an integral part of these financial statements.

Boston Building Materials Co-op Charitable and Educational Fund
Statement of Functional Expenses
Year Ended December 31, 2010
(With Comparative Totals for December 31, 2009)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2010 Total</u>	<u>2009 Total</u>
Cost of goods sold	\$ 414,467	\$ -	\$ -	\$ 414,467	\$ 446,145
Salaries	267,892	33,083	6,770	307,745	285,138
Professional fees	13,865	51,591	978	66,434	45,903
Fringe benefits	36,261	4,478	916	41,655	38,234
Payroll taxes	24,345	3,006	615	27,966	25,083
Depreciation	18,391	2,044	-	20,435	21,673
Workers compensation	12,627	1,559	319	14,505	13,585
Insurance	13,026	1,447	-	14,473	11,163
Utilities	9,223	813	-	10,036	9,600
Printing	5,512	-	4,204	9,716	9,312
Rent	8,822	778	-	9,600	8,867
Repair and maintenance	9,119	-	-	9,119	8,835
Office	-	7,128	-	7,128	6,844
Auto expense	5,821	-	-	5,821	5,675
Bank and credit card fees	5,414	134	-	5,548	4,692
Postage	1,300	835	1,334	3,469	4,427
Real estate taxes	2,875	253	-	3,128	4,335
Meeting expense	1,064	1,560	121	2,745	2,485
Miscellaneous	-	2,340	-	2,340	2,328
Telephone	2,019	249	51	2,319	1,800
Payroll service	1,899	235	48	2,182	1,771
Marketing and advertising	672	-	350	1,022	1,751
Dues and subscriptions	-	995	-	995	1,030
Professional development	460	-	-	460	990
	<u>\$ 855,074</u>	<u>\$ 112,528</u>	<u>\$ 15,706</u>	<u>\$ 983,308</u>	<u>\$ 961,666</u>

The accompanying Independent Auditor's Report and notes are an integral part of these financial statements.

Boston Building Materials Co-op Charitable and Educational Fund
Statement of Cash Flows
Year Ended December 31, 2010
(With Comparative Totals for December 31, 2009)

	2010	2009
Cash flows from operating activities		
Change in net assets	\$ (4,533)	\$ 5,718
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	20,435	21,673
(Increase) decrease in:		
Accounts receivable	(1,596)	195
Contributions receivable	1,186	(6,544)
Prepaid expenses	4,792	(424)
Inventory	(24,874)	5,330
Deposit	-	50
Increase (decrease) in:		
Note payable- current	-	(1,475)
Accounts payable	(5,156)	5,350
Accrued expenses	1,096	(171)
Customer deposits	(102)	(338)
Net cash provided by operating activities	(8,752)	29,364
Cash flows from investing activities		
Sale of investments	2,064	1,446
Acquisition of motor vehicle and equipment	(20,278)	(10,800)
Net cash used by investing activities	(18,214)	(9,354)
Net increase / (decrease) in cash	(26,966)	20,010
Cash and cash equivalents, beginning of year	238,503	218,493
Cash and cash equivalents, end of year	\$ 211,537	\$ 238,503

Supplemental Disclosures of Cash Flow Information

No cash was paid for interest or income taxes during the year.

The accompanying Independent Auditor's Report and notes are an integral part of these financial statements.

Boston Building Materials Co-op Charitable and Educational Fund
Notes to Financial Statements
December 31, 2010

Note 1 - The Organization

Boston Building Materials Co-op Charitable and Educational Fund (The Organization) is a public charity exempt from tax under Section 501(c)(3) of the Internal Revenue Code. The mission of the Organization is to rebuild Boston's inner city neighborhoods by equipping their residents and institutions with the skills, materials, and support they need to repair, maintain and improve their homes and buildings and also to be a leader in protecting the environment through its building materials reuse project.

The major program of the Organization is the disbursement of good, quality used and surplus building materials, for a small handling fee, to low and moderate income homeowners, nonprofit agencies and inner-city schools and churches in the Greater Boston area. The Organization is primarily funded by donations and sales of such items from homeowners and companies. The Organization also provides technical assistance to qualifying homeowners and maintenance workshops.

Note 2 - Significant Accounting Policies

Basis of Accounting

These financial statements are prepared on the accrual basis of accounting. Under this method, revenue is recognized when earned and expenses are recognized when incurred.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Financial Information

The financial information shown for the year ended December 31, 2009 in the accompanying financial statements is included to provide basis for comparison with the year ended December 31, 2010 and presents summarized totals only.

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Financial Statement Presentation

The financial statement presentation follows the recommendations of the "Not-for-Profit Entities, Presentation of Financial Statements" topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. Under this topic, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had temporarily restricted net assets at December 31, 2010 of \$20,815.

Revenue Recognition

Sales revenues are recognized when products are sold.

Boston Building Materials Co-op Charitable and Educational Fund
Notes to Financial Statements
December 31, 2010

Note 2 - Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with original maturity of three months or less to be cash equivalents.

Contributions

The Organization accounts for its contributions under the "Not-for-Profit Entities, Revenue Recognition" topic in the FASB Accounting Standards Codification. In accordance with this topic, contributions pledged or received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions

Non-Cash Contributions

Re-sale Material

The Organization records donated good quality used and surplus building materials at their estimated realizable fair market value based on member prices on the date of donation.

During the year, the Organization recognized a total of \$433,923 of donated goods, which were distributed to qualifying individuals and organizations or recorded in ending inventory at December 31, 2010.

If the organization were selling these donated building materials to the general public in an arm's length transaction, the fair market value would exceed the net realized value assigned to the merchandise. Because the building materials are sold to qualified low to moderate income individuals for a handling fee, the realizable fair values reflected in the financial statements are significantly reduced.

Donated Goods and Services

The Organization received the following donated goods and services during 2009:

Teaching services	\$	4,450
Rent		4,800
Other services		2,575
Professional services		500
		500
	\$	12,325

Only those amounts, which clearly enhance an asset, require specialized skills, and would have to be purchased if they were not donated, have been reflected in the financial statements. The amounts reflected in the accompanying financial statements as donated support are offset by like amounts included in expenses.

Boston Building Materials Co-op Charitable and Educational Fund
Notes to Financial Statements
December 31, 2010

Note 2 - Significant Accounting Policies (continued)

Inventory

Inventory consists of donated building materials which are intended for resale. The items are recorded at its estimated realizable fair value at date of donation as described above.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debts expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes that all amounts are currently collectible and no allowance is needed. The Organization did not have any bad debts expense for the year ended December 31, 2010.

Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are not recorded in the financial statements until the condition upon which they are given has been substantially met.

Investments

The Organization owns one non-voting, 10% preferred share of a UST Realty Trust, Inc. acquired through a donation and is valued at the share's redemption value since the share has no readily ascertainable market value.

The Organization reports investment income and gains and losses on investments as increases or decreases in unrestricted net assets, unless the donor temporarily restricts their use. Investment income in 2010 has been recorded as unrestricted revenue and was used to support the Organization's general activities.

Property and Equipment

All acquisitions of property and improvements in excess of \$1,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost or at the fair market value at the date of donation. The cost or fair market value of property and equipment is depreciated over their estimated useful lives utilizing the straight-line method.

Advertising

Advertising costs are expensed as incurred. The Organization recognized \$1,022 in advertising costs for the year ended December 31, 2010.

Allocation of Functional Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the Statement of Activities and in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Boston Building Materials Co-op Charitable and Educational Fund
Notes to Financial Statements
December 31, 2010

Note 2 - Significant Accounting Policies (continued)

Income Taxes

The Organization adopted, "Accounting for Uncertainty of Income Taxes", which prescribes comprehensive guidelines for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on tax returns. The Organization has no uncertain tax positions during the year ended December 31, 2010. In addition, tax returns for years ended December 31, 2007 through 2010 remain available for review by the Internal Revenue Service.

Subsequent Events

The management has reviewed subsequent events through July 14, 2011, the date at which the statements were approved and available for issuance.

Note 3 - Contributions Receivable

At December 31, 2010, there were no conditional or restricted promises to give outstanding.

Note 4 - Investments

Investments at December 31, 2010 consist of the following:

	<u>Value at date of donation</u>	<u>Market</u>	<u>Unrealized Loss</u>
UST Realty Trust, Inc	\$ 1,000	\$ 1,000	\$ -

Note 5 - Fair Value Measurements

The "Fair Value Measurements and Disclosures" topic in the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under this FASB Accounting Standards Codification topic and its applicability to the organization are described:

Level 1 - Pricing inputs are quoted prices available in active markets for identical investments as of the reporting date. As required by the FASB "Fair Value Measurements and Disclosures" topic, the organization does not adjust the quoted price for these investments, even in situations where the organization holds a large position and a sale could reasonably impact the quoted price.

Level 2 - Pricing inputs are quoted prices for similar investments, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to these investments.

Boston Building Materials Co-op Charitable and Educational Fund
Notes to Financial Statements
December 31, 2010

Note 5 – Fair Value Measurements (continued)

Level 3 – Pricing inputs are unobservable for the investment, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Level 3 includes investments that are supported by little or no market activity.

The following table presents the Organization's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2010 (as defined above):

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 58,529	\$ -	\$ -	\$ 58,529
UST Realty Trust, Inc	-	-	1,000	\$ 1,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 59,529</u>

Note 6 - Retirement plan

The Organization has a SIMPLE IRA 401K retirement plan, which allows employees to defer a portion of their salary annually, with matching contributions up to 3% of their annual salary made by the Organization. Contributions are invested in any or all of a variety of funds at the discretion of the employee. For the year ended December 31, 2010, the retirement expense amounted to \$3,969.

Note 7 - Temporarily Restricted Net Assets

The Organization had temporarily restricted net assets at December 31, 2010 available for the following purposes:

Deconstruction feasibility study	\$ 18,692
Reuse Alliance & BMRA Conference	<u>2,123</u>
	<u>\$ 20,815</u>

Grants have been received for the feasibility study of a deconstruction program and for an E-Commerce and advertising study.

Note 8 - Related Party Transactions

The Organization is related to Boston Building Materials Cooperative (the Coop). The Coop appoints board members to the Organization. Some board members have used services, such as repair workshops, which are provided by the Organization to the general public, but on the same terms as the general public.

The Organization rents space from the Coop at a fair market rent under an informal tenant-at-will basis for a monthly rent of \$800 per month. Rent paid for 2010 amounted to \$4,800. Donated rent by the Coop amounted to \$4,800 for 2010.

Boston Building Materials Co-op Charitable and Educational Fund
Notes to Financial Statements
December 31, 2010

Note 9 - Concentration of Credit Risk

The Organization's cash balances in financial institutions at times may exceed federally insured limits. At December 31, 2010 the Organization's uninsured cash balances did not exceed the insured limit and the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.