

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

**Financial Statements**

**December 31, 2009**

**Boston Building Materials  
Co-op Charitable and Educational Fund  
Financial Statements  
December 31, 2009**

**Contents**

Independent Auditors' Report .....	1
Financial Statements:	
Statement of Financial Position.....	2
Statement of Activity .....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6

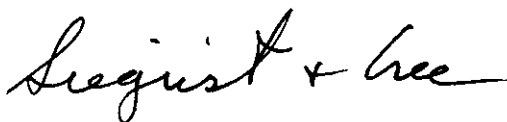
## Independent Auditors' Report

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, 2009 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 2008 financial statements and, in our report dated June 15, 2009, 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, 2009, 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, CPA's, P.C.  
June 10, 2009

**Boston Building Materials Co-op Charitable and Educational Fund  
Statement of Financial Position**

**December 31, 2009**

**(With Comparative Totals for December 31, 2008)**

	<b>Assets</b>	
	<b>2009</b>	<b>2008</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 238,503	\$ 218,493
Accounts receivable, net of \$0 allowance	179	374
Contributions receivable, net of \$0 allowance	9,730	3,186
Investments	3,064	4,510
Prepaid expenses	12,890	12,466
Inventory	69,919	75,249
<b>Total current assets</b>	<b>334,285</b>	<b>314,278</b>
<b>Property plant and equipment</b>		
Land	2,000	2,000
Building	287,990	285,750
Furniture and equipment	92,191	83,631
	382,181	371,381
Less: accumulated depreciation	(108,094)	(86,420)
<b>Net property, plant, and equipment</b>	<b>274,087</b>	<b>284,961</b>
<b>Other assets</b>		
Deposits	-	50
<b>Total other assets</b>	<b>-</b>	<b>50</b>
<b>Total assets</b>	<b>\$ 608,372</b>	<b>\$ 599,289</b>
	<b>Liabilities and Net Assets</b>	
<b>Current liabilities</b>		
Loan payable- current	\$ -	\$ 1,475
Accounts payable	13,047	7,697
Accrued expenses	20,475	20,646
Customer deposits	110	449
<b>Total current liabilities</b>	<b>33,632</b>	<b>30,267</b>
<b>Net assets</b>		
Unrestricted	548,210	527,433
Temporarily restricted	26,530	41,589
<b>Total net assets</b>	<b>574,740</b>	<b>569,022</b>
<b>Total liabilities and net assets</b>	<b>\$ 608,372</b>	<b>\$ 599,289</b>

The accompanying 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, 2009**  
**(With Comparative Totals for December 31, 2008)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
<b>Revenue and support</b>				
Non-cash contributions	\$ 432,413	\$ -	\$ 432,413	\$ 359,256
Sales	428,045	-	428,045	429,619
Grants and contributions	94,275	-	94,275	153,504
Donated goods and services	11,175	-	11,175	17,590
Interest and dividends	694	-	694	1,942
Other income	782	-	782	5,000
<b>Net assets released from restriction</b>				
Satisfaction of program restriction	<u>15,059</u>	<u>(15,059)</u>	<u>-</u>	<u>-</u>
<b>Total revenue and support</b>	<u>982,443</u>	<u>(15,059)</u>	<u>967,384</u>	<u>966,911</u>
<b>Expenses</b>				
Program services	857,361	-	857,361	840,622
Management and general	89,471	-	89,471	86,306
Fundraising	<u>14,834</u>	<u>-</u>	<u>14,834</u>	<u>21,703</u>
<b>Total expenses</b>	<u>961,666</u>	<u>-</u>	<u>961,666</u>	<u>948,631</u>
<b>Change in net assets</b>	20,777	(15,059)	5,718	18,280
<b>Net assets, beginning of year</b>	<u>527,433</u>	<u>41,589</u>	<u>569,022</u>	<u>550,742</u>
<b>Net assets, end of year</b>	<u>\$ 548,210</u>	<u>\$ 26,530</u>	<u>\$ 574,740</u>	<u>\$ 569,022</u>

The accompanying 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, 2009**  
**(With Comparative Totals for December 31, 2008)**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2009 Total</u>	<u>2008 Total</u>
Cost of goods sold	\$ 446,145	\$ -	\$ -	\$ 446,145	\$ 369,240
Salaries	248,213	30,652	6,273	285,138	300,959
Fringe benefits	39,958	4,935	1,010	45,903	67,724
Professional fees	9,002	29,232	-	38,234	42,784
Payroll taxes	21,835	2,696	552	25,083	27,607
Depreciation	19,506	2,167	-	21,673	16,358
Insurance	12,226	1,359	-	13,585	14,557
Workers compensation	9,717	1,200	246	11,163	13,886
Rent	8,822	778	-	9,600	13,791
Office	1,250	7,593	469	9,312	13,444
Auto expense	8,867	-	-	8,867	11,951
Printing	4,158	499	4,178	8,835	9,989
Utilities	6,290	554	-	6,844	9,600
Donated services	5,175	500	-	5,675	6,926
Bank and credit card fees	4,556	136	-	4,692	6,310
Repair and maintenance	4,427	-	-	4,427	5,362
Postage	1,275	1,550	1,510	4,335	4,960
Real estate taxes	2,284	201	-	2,485	2,806
Meeting expense	-	1,998	89	2,087	2,522
Professional development	-	1,800	-	1,800	2,499
Telephone	1,542	190	39	1,771	2,198
Payroll service	1,524	188	39	1,751	1,778
Miscellaneous	-	1,030	-	1,030	1,203
Marketing and advertising	561	-	429	990	500
Dues and subscriptions	-	210	-	210	125
Unrealized gain(loss) on investments	28	3	-	31	(448)
	<u>\$ 857,361</u>	<u>\$ 89,471</u>	<u>\$ 14,834</u>	<u>\$ 961,666</u>	<u>\$ 948,631</u>

The accompanying 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, 2009**  
**(With Comparative Totals for December 31, 2008)**

	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 5,718	\$ 18,280
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	21,673	13,444
Donated marketable securities	-	(3,062)
Unrealized losses on investments	-	(448)
(Increase) decrease in:		
Accounts receivable	195	(374)
Contributions receivable	(6,544)	1,806
Prepaid expenses	(424)	(5,724)
Inventory	5,330	6,232
Deposit	50	-
Increase (decrease) in:		
Note payable- current	(1,475)	1,475
Accounts payable	5,350	(1,978)
Accrued expenses	(171)	821
Customer deposits	(338)	(52)
	<b>29,364</b>	<b>30,420</b>
<b>Cash flows from investing activities</b>		
Sale of investments	1,446	-
Acquisition of motor vehicle and equipment	(10,800)	(53,076)
	<b>(9,354)</b>	<b>(53,076)</b>
<b>Net cash used by investing activities</b>		
	<b>20,010</b>	<b>(22,656)</b>
<b>Net increase / (decrease) in cash</b>		
	<b>218,493</b>	<b>241,149</b>
<b>Cash and cash equivalents, beginning of year</b>		
	<b>\$ 238,503</b>	<b>\$ 218,493</b>

**Supplemental Disclosures of Cash Flow Information**

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

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

**Boston Building Materials Co-op Charitable and Educational Fund**  
**Notes to Financial Statements**  
December 31, 2009

**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, 2008 in the accompanying financial statements is included to provide basis for comparison with the year ended December 31, 2009 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, 2009 of \$26,530.

**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, 2009

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

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 \$432,413 of donated goods, which were distributed to qualifying individuals and organizations or recorded in ending inventory at December 31, 2009.

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	\$ 5,675
Rent	4,800
Other services	200
Professional services	500
	<hr/>
	\$ 11,175
	<hr/> <hr/>

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, 2009**

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, 2009.

Promises to Give

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 2009 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 \$990 in advertising costs for the year ended December 31, 2009.

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, 2009

Note 3 – Contributions Receivable

At December 31, 2009, there were no conditional or restricted promises to give outstanding.

Note 4 - Investments

Investments at December 31, 2009 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.

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, 2009 (as defined above):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 2,064	\$ -	\$ -	\$ 2,064
UST Realty Trust, Inc	-	-	1,000	\$ 1,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 3,064</u>

**Boston Building Materials Co-op Charitable and Educational Fund**  
**Notes to Financial Statements**  
**December 31, 2009**

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, 2009, the retirement expense amounted to \$5,013.

Note 7 - Temporarily Restricted Net Assets

The Organization had temporarily restricted net assets at December 31, 2009 available for the following purposes:

Deconstruction feasibility study	\$ 18,692
Carpet Recovery Program	4,422
Wheelchair ramp	2,500
Expansion project	<u>916</u>
	<u>\$ 26,530</u>

The Carpet Recovery Program is a project that is designed to develop more donations of carpet to the Organization and to install carpet racks in the warehouse. 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 2009 amounted to \$4,800. Donated rent by the Coop amounted to \$4,800 for 2009.

Note 9 - Concentration of Credit Risk

The Organization's cash balances in financial institutions at times may exceed federally insured limits. At December 31, 2009 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.