

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

**Financial Statements**

**December 31, 2008**

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**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 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, 2008 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 2007 financial statements and, in our report dated July 30, 2008, 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, 2008, 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, PC  
June 15, 2009

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

**December 31, 2008**

**(With Comparative Totals for December 31, 2007)**

	<b>Assets</b>	
	<u>2008</u>	<u>2007</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 218,493	\$ 241,149
Accounts receivable, net of \$0 allowance	374	-
Contributions receivable, net of \$0 allowance	3,186	4,992
Investments	4,510	1,000
Prepaid expenses	12,466	6,742
Inventory	75,249	81,481
<b>Total current assets</b>	<u>314,278</u>	<u>335,364</u>
<b>Property plant and equipment</b>		
Land	2,000	2,000
Building	285,750	280,014
Furniture and equipment	83,631	69,362
	<u>371,381</u>	<u>351,376</u>
Less: accumulated depreciation	(86,420)	(106,047)
<b>Net property, plant, and equipment</b>	<u>284,961</u>	<u>245,329</u>
<b>Other assets</b>		
Deposits	50	50
<b>Total other assets</b>	<u>50</u>	<u>50</u>
<b>Total assets</b>	<u>\$ 599,289</u>	<u>\$ 580,743</u>
	<b>Liabilities and Net Assets</b>	
<b>Current liabilities</b>		
Loan payable- current	\$ 1,475	\$ -
Accounts payable	7,697	9,675
Accrued expenses	20,646	19,825
Customer deposits	449	501
<b>Total current liabilities</b>	<u>30,267</u>	<u>30,001</u>
<b>Net assets</b>		
Unrestricted	527,433	467,569
Temporarily restricted	41,589	83,173
<b>Total net assets</b>	<u>569,022</u>	<u>550,742</u>
<b>Total liabilities and net assets</b>	<u>\$ 599,289</u>	<u>\$ 580,743</u>

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, 2008**  
**(With Comparative Totals for December 31, 2007)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Total</u>	<u>2007 Total</u>
<b>Revenue and support</b>				
Sales	\$ 429,619	\$ -	\$ 429,619	\$ 419,644
Non-cash contributions	359,256	-	359,256	264,274
Grants and contributions	92,504	61,000	153,504	204,309
Donated goods and services	17,590	-	17,590	15,380
Interest and dividends	1,942	-	1,942	2,634
Other income	5,000	-	5,000	411
<b>Net assets released from restriction</b>				
Satisfaction of program restriction	<u>102,584</u>	<u>(102,584)</u>	<u>-</u>	<u>-</u>
<b>Total revenue and support</b>	<u>1,008,495</u>	<u>(41,584)</u>	<u>966,911</u>	<u>906,652</u>
<b>Expenses</b>				
Program services	840,622	-	840,622	697,832
Management and general	86,306	-	86,306	81,560
Fundraising	<u>21,703</u>	<u>-</u>	<u>21,703</u>	<u>34,996</u>
<b>Total expenses</b>	<u>948,631</u>	<u>-</u>	<u>948,631</u>	<u>814,388</u>
<b>Change in net assets</b>	59,864	(41,584)	18,280	92,264
<b>Net assets, beginning of year</b>	<u>467,569</u>	<u>83,173</u>	<u>550,742</u>	<u>458,478</u>
<b>Net assets, end of year</b>	<u>\$ 527,433</u>	<u>\$ 41,589</u>	<u>\$ 569,022</u>	<u>\$ 550,742</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, 2008**  
**(With Comparative Totals for December 31, 2007)**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2008 Total</u>	<u>2007 Total</u>
Cost of goods sold	\$ 369,240	\$ -	\$ -	\$ 369,240	\$ 259,018
Salaries	261,985	32,353	6,621	300,959	305,182
Professional fees	44,338	23,386	-	67,724	36,859
Fringe benefits	37,244	4,599	941	42,784	36,374
Payroll taxes	24,032	2,968	607	27,607	30,523
Marketing and advertising	8,218	-	8,140	16,358	15,875
Insurance	13,101	1,456	-	14,557	15,116
Auto expense	13,886	-	-	13,886	13,928
Workers compensation	12,005	1,483	303	13,791	16,339
Depreciation	12,100	1,344	-	13,444	7,865
Printing	9,347	-	2,604	11,951	11,513
Utilities	9,180	809	-	9,989	7,407
Rent	8,822	778	-	9,600	9,600
Office	34	6,168	724	6,926	9,159
Postage	1,052	3,784	1,474	6,310	7,624
Bank and credit card fees	4,253	1,109	-	5,362	5,690
Repair and maintenance	4,960	-	-	4,960	4,072
Miscellaneous	-	2,806	-	2,806	992
Telephone	2,196	271	55	2,522	2,879
Real estate taxes	2,297	202	-	2,499	2,675
Meeting expense	687	1,316	195	2,198	4,499
Payroll service	1,548	191	39	1,778	1,952
Professional development	-	1,203	-	1,203	155
Donated services	500	-	-	500	8,500
Dues and subscriptions	-	125	-	125	592
Unrealized gain(loss) on investments	(403)	(45)	-	(448)	-
	<u>\$ 840,622</u>	<u>\$ 86,306</u>	<u>\$ 21,703</u>	<u>\$ 948,631</u>	<u>\$ 814,388</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, 2008**  
**(With Comparative Totals for December 31, 2007)**

	<b>2008</b>	<b>2007</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 18,280	\$ 92,264
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	13,444	7,865
Donated marketable securities	(3,062)	4,805
Unrealized losses on investments	(448)	-
(Increase) decrease in:		
Accounts receivable	(374)	2,739
Contributions receivable	1,806	114
Prepaid expenses	(5,724)	(1,149)
Inventory	6,232	(8,156)
Increase (decrease) in:		
Note payable- current	1,475	-
Accounts payable	(1,978)	3,469
Accrued expenses	821	6,005
Customer deposits	(52)	501
<b>Net cash provided / (used) by operating activities</b>	<b>30,420</b>	<b>108,457</b>
<b>Cash flows from investing activities</b>		
Acquisition of motor vehicle and equipment	(53,076)	(64,041)
<b>Net cash used by investing activities</b>	<b>(53,076)</b>	<b>(64,041)</b>
<b>Net increase / (decrease) in cash</b>	<b>(22,656)</b>	<b>44,416</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>241,149</b>	<b>196,733</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 218,493</b>	<b>\$ 241,149</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, 2008**

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, 2007 in the accompanying financial statements is included to provide basis for comparison with the year ended December 31, 2008 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 Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, 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, 2008 of \$41,589.

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, 2008

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 SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS 116, contributions 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 restriction expires 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 a 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 \$359,256 of donated goods, which were distributed to qualifying individuals and organizations or recorded in ending inventory at December 31, 2008.

If the organization were selling these donated building materials to the general public in an arms 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 2008:

Teaching services	\$	6,375
Rent		8,800
Other services		1,915
Professional services		500
		500
	\$	17,590

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, 2008**

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 recognized bad debts expense of \$100 for the year ended December 31, 2008.

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 2008 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 \$8,140 in advertising costs for the year ended December 31, 2008.

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, 2008**

Note 3 – Contributions Receivable

At December 31, 2008, there were no conditional or restricted promises to give outstanding.

Note 4 - Investments

Investments at December 31, 2008 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 - 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, 2008, the retirement expense amounted to \$4,962.

Note 6 - Temporarily Restricted Net Assets

The Organization had temporarily restricted net assets at December 31, 2008 available for the following purposes:

Expansion project	\$ 7,486
Advertising and E-Commerce study	2,507
Deconstruction feasibility study	23,718
Carpet Recovery Program	4,423
Material handling equipment	<u>3,455</u>
	<u>\$ 41,589</u>

The Organization has capital improvements funds for the expansion of the mezzanine and the warehouse and for the improvement of the Organization's technology systems. 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. The Organization also has funds that

**Boston Building Materials Co-op Charitable and Educational Fund**  
**Notes to Financial Statements**  
**December 31, 2008**

Note 6 - Temporarily Restricted Net Assets (Continued)

were specifically restricted for the purchase of material handling equipment. Grants have been received for the feasibility study of a deconstruction program and for an E-Commerce and advertising study.

Note 7 - 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 2008 amounted to \$800. Donated rent by the Coop amounted to \$8,800 for 2008.

Note 8 - Concentration of Credit Risk

The Organization's cash balances in financial institutions at times may exceed federally insured limits. At December 31, 2008 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.