

Single Audit Reporting Package

**Interseminarian - Project Place, Inc.  
and Subsidiary**

June 30, 2014

# Interseminarian - Project Place, Inc. and Subsidiary

---

## Single Audit Reporting Package

June 30, 2014

INDEPENDENT AUDITORS' REPORT	1
AUDITED FINANCIAL STATEMENTS	
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	5
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	7
CONSOLIDATING STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	11
INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	21
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	22
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	23
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	24
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	28
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	29



**GT REILLY  
& COMPANY**

CPAs and Advisors

424 Adams Street, Milton, MA 02186-4358

T. 617.696.8900 / F. 617.698.1803

[www.gtreilly.com](http://www.gtreilly.com)

## **Independent Auditors' Report**

Board of Directors

Interseminarian - Project Place, Inc. and Subsidiary

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Interseminarian - Project Place, Inc. and Subsidiary, which comprise the consolidating statements of financial position as of June 30, 2014 and 2013, and the related consolidating statements of activities and changes in net assets, consolidated statements of functional expenses, and consolidating statements cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

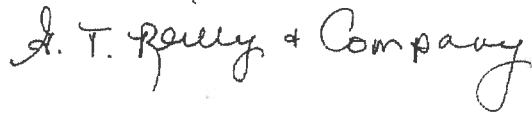
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interseminarian - Project Place, Inc. and Subsidiary as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2015, on our consideration of Interseminarian - Project Place, Inc. and Subsidiary's internal control over financial reporting and on our tests of the Corporation's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Interseminarian - Project Place, Inc. and Subsidiary's internal control over financial reporting and compliance.



G.T. Reilly & Company

Milton, Massachusetts  
January 5, 2015

# Interseminarian - Project Place, Inc. and Subsidiary

## Consolidating Statements of Financial Position

June 30, 2014

	Project Place	Gatehouse	Intercompany Eliminations	Consolidated
<b>Assets</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 314,910	\$ 40,355	\$ -	\$ 355,265
Cash - Security deposits	-	2,843	-	2,843
Investments	163,954	-	-	163,954
Accounts receivable - program and other services, less allowance for doubtful account of \$9,500	247,642	-	-	247,642
Accounts receivable - residents	-	1,301	-	1,301
Accounts receivable - commercial services	117,357	-	-	117,357
Contributions receivable	89,240	-	-	89,240
Inventory	6,463	-	-	6,463
Prepaid expenses	15,002	4,325	-	19,327
Intercompany loan	183,998	-	(183,998)	-
<b>TOTAL CURRENT ASSETS</b>	<b>1,138,566</b>	<b>48,824</b>	<b>(183,998)</b>	<b>1,003,392</b>
<b>PROPERTY AND EQUIPMENT</b>				
	429,028	11,127,608	(250,000)	11,306,636
Less accumulated provisions for depreciation	292,338	2,450,519	-	2,742,857
	136,690	8,677,089	(250,000)	8,563,779
<b>OTHER ASSETS</b>				
Restricted deposits and funded reserves	-	318,940	-	318,940
Notes receivable - MHIC	5,575,325	-	-	5,575,325
Investment in Gatehouse	120,000	-	(120,000)	-
	5,695,325	318,940	(120,000)	5,894,265
	<b>\$ 6,970,581</b>	<b>\$ 9,044,853</b>	<b>\$ (553,998)</b>	<b>\$ 15,461,436</b>
<b>Liabilities and Stockholders' Equity</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 97,372	\$ 29,587	\$ -	\$ 126,959
Accrued expenses	89,263	13,878	-	103,141
Deferred revenue	80,490	4,712	-	85,202
Security deposits	-	5,140	-	5,140
Intercompany loan	-	183,998	(183,998)	-
Current maturities of long-term debt	-	700,000	-	700,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>267,125</b>	<b>937,315</b>	<b>(183,998)</b>	<b>1,020,442</b>
<b>LONG-TERM DEBT, due after one year</b>	<b>-</b>	<b>10,403,039</b>	<b>-</b>	<b>10,403,039</b>
<b>NET ASSETS (DEFICIENCY)</b>				
Unrestricted	6,564,216	(2,295,501)	(370,000)	3,898,715
Temporarily restricted	139,240	-	-	139,240
	6,703,456	(2,295,501)	(370,000)	4,037,955
	<b>\$ 6,970,581</b>	<b>\$ 9,044,853</b>	<b>\$ (553,998)</b>	<b>\$ 15,461,436</b>

# Interseminarian - Project Place, Inc. and Subsidiary

## Consolidating Statements of Financial Position

June 30, 2013

	Project Place	Gatehouse	Intercompany Eliminations	Consolidated
<b><u>Assets</u></b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 279,264	\$ 73,801	\$ -	\$ 353,065
Cash - Security deposits	-	2,796	-	2,796
Investments	151,311	-	-	151,311
Accounts receivable - program services, less allowance for doubtful account of \$9,500	82,610	-	-	82,610
Accounts receivable - residents	-	2,577	-	2,577
Accounts receivable - commercial services	54,975	6,547	-	61,522
Contributions receivable	50,000	-	-	50,000
Inventory	7,233	-	-	7,233
Prepaid expenses	7,190	10,300	-	17,490
Intercompany loan	163,651	-	(163,651)	-
<b>TOTAL CURRENT ASSETS</b>	<b>796,234</b>	<b>96,021</b>	<b>(163,651)</b>	<b>728,604</b>
<b>PROPERTY AND EQUIPMENT</b>				
	407,005	11,121,465	(250,000)	11,278,470
Less accumulated provisions for depreciation	237,589	2,126,666	-	2,364,255
	169,416	8,994,799	(250,000)	8,914,215
<b>OTHER ASSETS</b>				
Restricted deposits and funded reserves	-	296,170	-	296,170
Notes receivable - MHIC	5,575,325	-	-	5,575,325
Investment in Gatehouse	120,000	-	(120,000)	-
	5,695,325	296,170	(120,000)	5,871,495
	<u>\$ 6,660,975</u>	<u>\$ 9,386,990</u>	<u>\$ (533,651)</u>	<u>\$ 15,514,314</u>
<b><u>Liabilities and Stockholders' Equity</u></b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 46,537	\$ 27,112	\$ -	\$ 73,649
Accrued expenses	87,356	11,850	-	99,206
Deferred revenue	44,935	3,294	-	48,229
Security deposits	-	5,219	-	5,219
Intercompany loan	-	163,651	(163,651)	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>178,828</b>	<b>211,126</b>	<b>(163,651)</b>	<b>226,303</b>
<b>LONG-TERM DEBT, due after one year</b>	<b>-</b>	<b>11,103,039</b>	<b>-</b>	<b>11,103,039</b>
<b>NET ASSETS (DEFICIENCY)</b>				
Unrestricted	6,307,148	(1,927,175)	(370,000)	4,009,973
Temporarily restricted	174,999	-	-	174,999
	6,482,147	(1,927,175)	(370,000)	4,184,972
	<u>\$ 6,660,975</u>	<u>\$ 9,386,990</u>	<u>\$ (533,651)</u>	<u>\$ 15,514,314</u>

# Interseminarian - Project Place, Inc. and Subsidiary

## Consolidating Statement of Activities and Changes in Net Assets

Year Ended June 30, 2014

	Project Place		Gatehouse		
	Unrestricted	Temporarily Restricted	Unrestricted	Intercompany Eliminations	Total
<b>SUPPORT AND REVENUE</b>					
Gifts and contributions	\$ 397,371	\$ 139,240	\$ 21,598	\$ -	\$ 558,209
Contributed services and facilities	179,129	-	-	(178,080)	1,049
Government grants and contracts	1,271,796	-	-	-	1,271,796
Commercial products and services	513,879	-	-	(31,200)	482,679
Special events	209,069	-	-	-	209,069
Investment income	6,233	-	497	-	6,730
Unrealized investment gains	6,457	-	-	-	6,457
Rental income	-	-	234,724	-	234,724
Net assets released from restrictions	174,999	(174,999)	-	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,758,933</b>	<b>(35,759)</b>	<b>256,819</b>	<b>(209,280)</b>	<b>2,770,713</b>
<b>EXPENSES</b>					
Program services	2,028,278	-	625,145	(172,596)	2,480,827
Property management	31,056	-	-	-	31,056
General and administrative	165,816	-	-	(16,294)	149,522
Fundraising	276,715	-	-	(20,390)	256,325
<b>TOTAL EXPENSES</b>	<b>2,501,865</b>	<b>-</b>	<b>625,145</b>	<b>(209,280)</b>	<b>2,917,730</b>
<b>CHANGE IN NET ASSETS</b>	<b>257,068</b>	<b>(35,759)</b>	<b>(368,326)</b>	<b>-</b>	<b>(147,017)</b>
<b>NET ASSETS (DEFICIENCY) AT BEGINNING OF YEAR</b>	<b>6,307,148</b>	<b>174,999</b>	<b>(1,927,175)</b>	<b>(370,000)</b>	<b>4,184,972</b>
<b>NET ASSETS (DEFICIENCY) AT END OF YEAR</b>	<b>\$ 6,564,216</b>	<b>\$ 139,240</b>	<b>\$ (2,295,501)</b>	<b>\$ (370,000)</b>	<b>\$ 4,037,955</b>

# Interseminarian - Project Place, Inc. and Subsidiary

## Consolidating Statement of Activities and Change in Net Assets

Year Ended June 30, 2013

	Project Place		Gatehouse		
	Unrestricted	Temporarily Restricted	Unrestricted	Intercompany Eliminations	Total
<b>SUPPORT AND REVENUE</b>					
Gifts and contributions	\$ 403,020	\$ 125,000	48,120	\$ -	\$ 576,140
Contributed services and facilities	229,760	-	-	(178,080)	51,680
Government grants and contracts	886,437	-	-	-	886,437
Commercial products and services	513,407	-	-	(31,200)	482,207
Special events	213,340	-	-	-	213,340
Investment income	3,499	-	573	-	4,072
Unrealized investment gains	1,908	-	-	-	1,908
Rental income	-	-	253,922	-	253,922
Other income (loss)	-	-	(7,993)	-	(7,993)
Net assets released from restrictions	101,088	(101,088)	-	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,352,459</b>	<b>23,912</b>	<b>294,622</b>	<b>(209,280)</b>	<b>2,461,713</b>
<b>EXPENSES</b>					
Program services	1,728,352	-	605,498	(172,596)	2,161,254
Property management	33,590	-	-	-	33,590
General and administrative	165,794	-	-	(16,294)	149,500
Fundraising	280,582	-	-	(20,390)	260,192
<b>TOTAL EXPENSES</b>	<b>2,208,318</b>	<b>-</b>	<b>605,498</b>	<b>(209,280)</b>	<b>2,604,536</b>
<b>CHANGE IN NET ASSETS</b>	<b>144,141</b>	<b>23,912</b>	<b>(310,876)</b>	<b>-</b>	<b>(142,823)</b>
<b>NET ASSETS (DEFICIENCY) AT BEGINNING OF YEAR</b>	<b>6,163,007</b>	<b>151,087</b>	<b>(1,616,299)</b>	<b>(370,000)</b>	<b>4,327,795</b>
<b>NET ASSETS (DEFICIENCY) AT END OF YEAR</b>	<b>\$ 6,307,148</b>	<b>\$ 174,999</b>	<b>\$ (1,927,175)</b>	<b>\$ (370,000)</b>	<b>\$ 4,184,972</b>



# Interseminarian - Project Place, Inc. and Subsidiary

## Consolidated Statement of Functional Expenses

Year Ended June 30, 2014

	Program Services				Supporting Services			
	Client Services	Education	Training & Employment	Housing	Gatehouse	Total Program	Fundraising	Property Mgmt.
							Admin. & General	Total Support
								Expenses
Personell Expenses								
Salaries	\$ 452,283	\$ 126,095	\$ 214,415	\$ 71,612	\$ -	\$ 864,405	\$ 93,317	\$ 157,794
Payroll taxes	55,597	15,499	27,729	8,924	-	107,749	15,285	23,917
Fringe	22,651	6,793	13,477	4,882	-	47,803	13,681	22,340
Total Personnel Expenses	530,531	148,387	255,621	85,418	-	1,019,957	122,283	204,051
Operating Expenses								
Occupancy	41,682	459	25,748	(5,651)	110,191	172,429	18,685	31,846
Depreciation	17,600	4,738	11,419	3,732	323,854	361,343	9,820	17,259
Program consultants	143,032	-	8,450	-	-	151,482	-	-
Stipends	-	-	250	-	-	250	140	140
Staff training	430	-	-	-	-	430	-	-
Staff travel	1,441	-	169	-	-	1,610	288	3,127
Meals	-	17,094	-	-	-	17,094	-	-
Client transportation	16,430	-	1,188	-	-	17,618	-	-
Client wages and payroll related	-	-	305,938	-	-	305,938	-	-
Program supplies	7,408	3,751	127,438	2,345	-	140,942	1,539	3,343
Fundraising fees	-	-	-	-	-	-	69,605	69,605
Legal fees	-	-	-	-	105	105	-	-
Audit fees	-	-	-	-	13,500	13,500	-	-
Professionnal fees	34,063	7,361	49,730	6,767	71,215	169,136	9,168	20,500
Directors/officers insurance	-	-	-	-	13,801	13,801	-	-
Program support	9,823	1,932	8,124	5,113	4,180	29,172	14,970	22,822
Interest expense	-	-	-	-	57,099	57,099	-	1,885
Other expenses	622	-	52	-	-	674	9,827	21,976
Non-reimbursable	2,824	-	5,423	-	-	8,247	-	8,247
Total Operating Expenses	275,355	35,335	543,929	12,306	593,945	1,460,870	134,042	232,852
Total Expenses	\$ 805,886	\$ 183,722	\$ 799,550	\$ 97,724	\$ 593,945	\$ 2,480,827	\$ 256,325	\$ 436,903
								\$ 1,693,722
								\$ 2,917,730

# Interseminarian - Project Place, Inc. and Subsidiary

## Consolidated Statement of Functional Expenses

Year Ended June 30, 2013

	Program Services				Supporting Services			
	Client Services	Education	Training & Employment	Housing	Gatehouse	Total Program	Fundraising	Property Mgmt.
							Admin. & General	Total Support
								Total Expenses
Personnel Expenses								
Salaries	\$ 337,306	\$ 125,109	\$ 182,202	\$ 86,435	\$ -	\$ 731,052	\$ 93,413	\$ 17,810
Payroll taxes	42,256	13,647	22,419	10,213	-	88,535	13,198	1,847
Fringe	23,835	1,150	10,268	4,179	-	39,432	12,296	-
Total Personnel Expenses	403,397	139,906	214,889	100,827	-	859,019	118,907	19,657
Operating Expenses								
Occupancy	21,380	7,415	11,388	5,344	90,803	136,330	30,330	7,360
Depreciation	11,264	3,173	17,185	2,462	345,789	379,873	7,196	-
Stipends	-	-	60	-	-	60	-	-
Staff travel	116	-	-	-	-	116	307	-
Meals	-	19,599	-	-	-	19,599	-	-
Client transportation	11,065	-	102	-	-	11,167	-	-
Vehicle Insurance	-	-	-	-	-	-	-	-
Client wages and payroll related	-	-	356,294	-	-	356,294	-	-
Program supplies	3,849	1,260	123,590	1,420	-	130,119	2,311	-
Fundraising fees	-	-	-	-	-	-	64,616	-
Audit fees	-	-	-	-	9,750	9,750	-	-
Professional fees	32,074	7,038	53,836	7,396	50,047	150,391	7,725	6,373
Program support	7,819	1,552	11,563	7,357	4,697	32,988	18,130	-
Interest expense	-	-	-	-	73,070	73,070	-	-
Other expenses	1,024	191	313	324	142	1,994	10,670	200
Non-reimbursable	-	-	484	-	-	484	-	-
Total Operating Expenses	88,591	40,228	574,815	24,303	574,298	1,302,235	141,285	13,933
Total Expenses	\$ 491,988	\$ 180,134	\$ 789,704	\$ 125,130	\$ 574,298	\$ 2,161,254	\$ 260,192	\$ 33,590
								\$ 443,282
								\$ 2,604,536

# Interseminarian - Project Place, Inc. and Subsidiary

## Consolidating Statements of Cash Flows

Year Ended June 30, 2014

	Project Place	Gatehouse	Intercompany Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Changes in net assets	\$ 221,309	\$ (368,326)	\$ -	\$ (147,017)
Adjustments to reconcile changes in net assets to net cash provided from operations:				
Depreciation	54,748	323,854	-	378,602
Unrealized investment gains	(6,457)	-	-	(6,457)
Changes in operating assets and liabilities:				
Accounts receivable - program services	(165,032)	-	-	(165,032)
Accounts receivable - residents	-	1,276	-	1,276
Contributions receivable	(39,240)	-	-	(39,240)
Accounts receivable - commercial services	(62,381)	6,546	-	(55,835)
Inventories	770	-	-	770
Prepaid expense	(7,812)	5,975	-	(1,837)
Restricted deposits and funded reserves	-	(22,770)	-	(22,770)
Accounts payable	50,835	2,475	-	53,310
Accrued expenses	1,907	2,028	-	3,935
Deferred revenue	35,555	1,418	-	36,973
Security deposits	-	(126)	-	(126)
<b>NET CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES</b>	<u>84,202</u>	<u>(47,650)</u>	<u>-</u>	<u>36,552</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of property, equipment and building improvements	(22,023)	(6,143)	-	(28,166)
Intercompany loan	(20,347)	-	20,347	-
Purchase of investments	(6,186)	-	-	(6,186)
<b>NET CASH (APPLIED TO) PROVIDED FROM INVESTING ACTIVITIES</b>	<u>(48,556)</u>	<u>(6,143)</u>	<u>20,347</u>	<u>(34,352)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Intercompany loan	-	20,347	(20,347)	-
<b>RESULTING IN A NET INCREASE (DECREASE) IN CASH</b>	<u>35,646</u>	<u>(33,446)</u>	<u>-</u>	<u>2,200</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>279,264</u>	<u>73,801</u>	<u>-</u>	<u>353,065</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 314,910</u>	<u>\$ 40,355</u>	<u>\$ -</u>	<u>\$ 355,265</u>
<b><u>SUPPLEMENTAL CASH FLOW INFORMATION</u></b>				
Cash paid during the year for interest	<u>\$ 1,885</u>	<u>\$ 57,099</u>	<u>\$ -</u>	<u>\$ 58,984</u>

# Interseminarian - Project Place, Inc. and Subsidiary

## Consolidating Statements of Cash Flows

Year Ended June 30, 2013

	Project Place	Gatehouse	Intercompany Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Changes in net assets	\$ 168,053	\$ (310,876)	\$ -	\$ (142,823)
Adjustments to reconcile changes in net assets to net cash provided from (applied to) operations:				
Depreciation	45,665	345,789	-	391,454
Donated computer equipment	(51,480)	-	-	(51,480)
Unrealized investment gains	(1,908)	-	-	(1,908)
Loss on disposal of property and equipment	-	7,993	-	7,993
Changes in operating assets and liabilities:				
Accounts receivable - program services	4,910	-	-	4,910
Accounts receivable - residents	-	486	-	486
Contributions receivable	50,000	-	-	50,000
Accounts receivable - commercial services	23,227	(6,547)	-	16,680
Inventories	5,119	-	-	5,119
Prepaid expenses	7,124	(6,489)	-	635
Restricted deposits and funded reserves	-	(22,286)	-	(22,286)
Accounts payable	21,527	(1,352)	-	20,175
Accrued expenses	(7,022)	1,028	-	(5,994)
Deferred revenue	21,989	(9,441)	-	12,548
Security deposits	-	(208)	-	(208)
<b>NET CASH PROVIDED FROM (APPLIED TO) OPERATING ACTIVITIES</b>	<u>287,204</u>	<u>(1,903)</u>	<u>-</u>	<u>285,301</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of property, equipment and building improvements	(51,321)	(10,682)	-	(62,003)
Intercompany loan	(75,701)	-	75,701	-
Purchase of investments	(3,419)	-	-	(3,419)
<b>NET CASH (APPLIED TO) PROVIDED FROM INVESTING ACTIVITIES</b>	<u>(130,441)</u>	<u>(10,682)</u>	<u>75,701</u>	<u>(65,422)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Intercompany loan	-	75,701	(75,701)	-
<b>RESULTING IN A NET DECREASE IN CASH</b>	<u>156,763</u>	<u>63,116</u>	<u>-</u>	<u>219,879</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>122,501</u>	<u>10,685</u>	<u>-</u>	<u>133,186</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 279,264</u>	<u>\$ 73,801</u>	<u>\$ -</u>	<u>\$ 353,065</u>
<b><u>SUPPLEMENTAL CASH FLOW INFORMATION</u></b>				
Cash paid during the year for interest	<u>\$ 5,154</u>	<u>\$ 73,014</u>	<u>\$ -</u>	<u>\$ 78,168</u>
<b><u>SUMMARY OF NON-CASH FINANCING AND INVESTING ACTIVITIES</u></b>				
Donated computer equipment	<u>\$ 51,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,480</u>

# Interseminarian Project Place, Inc. and Subsidiary

---

## Notes to Consolidating Financial Statements

June 30, 2014

### Note 1 – Nature of Activities and Significant Accounting Policies

Principles of Consolidation – The consolidating financial statements include the accounts of Interseminarian – Project Place, Inc. and its 80%-owned subsidiary, Project Place Gatehouse, Inc., collectively referred to as “the Corporation”. All significant balances between classes of net assets and intercompany balances and transactions among entities have been eliminated in the accompanying consolidating financial statements.

Minority Interest in Subsidiary – Losses applicable to the minority interest in the subsidiary are charged against the majority interest, since such previous losses reduced the minority equity interest to zero, and since there is no obligation of the minority interest to fund such losses. However, if future earnings do materialize, the majority interest would be credited with income applicable to the minority interest to the extent of such minority interest losses previously absorbed. Total cumulative minority interest losses absorbed by the subsidiary at June 30, 2014 and 2013 were approximately \$459,000 and \$385,000, respectively.

Nature of Activities – Interseminarian – Project Place, Inc. (“IPP”) is a nonprofit, nonpartisan organization founded and incorporated in 1967, supporting homeless men and women in their transition to permanent housing and permanent employment through job training and employment, transitional housing, case management, career counseling and educational services.

Project Place Gatehouse, Inc. (“the Subsidiary”) is a nonprofit, nonpartisan organization founded and incorporated in February 2007. Interseminarian – Project Place, Inc. owns 80% of the Subsidiary. The other owner is Madison Park Development Corporation, who owns a 20% interest. The Subsidiary developed and is operating a parcel of land with a building containing approximately 25,000 square feet. The facility houses the agency offices, program activities, commercial real estate space and 14 units of subsidized low-income housing.

Income Taxes – Interseminarian – Project Place, Inc. is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. In addition, Interseminarian – Project Place, Inc. qualifies for the charitable contribution deduction under Section 107(b) (1) (A) and has been classified as an organization that is not a private foundation under Section 509(a) (2).

Effective March 1, 2007, the Subsidiary reorganized under Massachusetts not-for-profit statutes. The Subsidiary applied for not-for-profit status with the Internal Revenue Service (IRS) and, as such, is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Subsidiary qualifies for the charitable contribution deduction under Section 107(b) (1) (A) and has been classified as an organization that is not a private foundation under Section 509(a) (2).

The Corporation's Forms 990, Return of Organization Exempt from Income Tax and Form PC, are subject to examination by the IRS and Commonwealth of Massachusetts, respectively, generally for three years after they were filed. Years 2010 and beyond remain open.

Financial Statement Presentation - The Corporation reports information regarding its financial position and activities according to three classes of net assets determined by donor-imposed restrictions as follows: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions and Donor Restrictions - Use-restricted contributions are reported in the statement of activities as temporarily restricted support when received, if they are received with donor stipulations that limit, specify or otherwise restrict the use of such contributions. When a donor restriction expires, either by use of the funds for the specified purpose or by the expiration of a time restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions (see Note 9).

## Note 1 – Significant Accounting Policies (Cont.)

Endowment funds established by donor restrictions to permanently maintain the principal, while allowing the use of income generated therefrom, are classified as permanently restricted net assets. Income derived from the investment of endowment funds is reported as unrestricted revenue or as restricted revenue depending on the terms of the donor instrument. The Corporation had no permanently restricted net assets at either June 30, 2014 or 2013.

Accounting Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Statements of Cash Flows – For the purpose of the consolidating statements of cash flows, the Corporation considers bank checking accounts, bank money market accounts and certificates of deposit with maturities of less than three months to be cash and equivalents.

Accounts Receivable – Accounts receivable are stated net of an allowance for doubtful accounts, which is reported on the face of the Corporation's statement of financial position. The allowance is established via a provision for bad debts charged to operations. On a periodic basis, management evaluates its accounts receivable and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible, based on evaluations of the collectability of individual accounts, the Corporation's history of prior loss experience and on current economic conditions. Accounts are written off and charged against the allowance when management believes that the collectability of the specific account is unlikely.

Contributions Receivable – Under generally accepted accounting principles, contributions, including unconditional promises to give, are recognized as revenues in the period made. Contributions receivable that are, in effect, "unconditional promises to give" are recorded at the present value of future cash flows. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair values (see Note 3).

Inventory – Inventory consists of vending machine soft drinks and snack items used in the Pepsi Project program and are stated at the lower of cost or market value.

Investments – Investments in marketable equity securities with readily determinable fair values (including mutual funds) and all debt securities are reported at fair value, with realized and unrealized gains and losses reflected in the statement of activities (see Note 2).

Fair Value Measurements - Fair value measurements are used to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The Corporation uses fair value measurements to record its investments (see Note 2). Under generally accepted accounting principles, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances quoted market prices are not available, therefore fair values are based upon estimates using present value or other valuation techniques. Inputs to valuation techniques refer to assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources; or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available to management.

## Note 1 – Significant Accounting Policies (Cont.)

Generally accepted accounting principles establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value, and gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 - Valuations based on quoted prices available in active markets for identical assets and liabilities.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable either directly or indirectly for the asset or liability.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement for the asset or liability.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The methods used for valuing the assets and liabilities are not necessarily an indication of the risks associated with those assets.

Property and Equipment – Property and equipment are stated at cost if purchased and at fair value if received as a contribution. Depreciation is provided over the estimated useful lives of the individual assets using straight-line and accelerated methods.

The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are capitalized. The Corporation capitalizes expenditures for equipment in excess of \$5,000 having an estimated useful life exceeding one year.

Support and Revenue Recognition – Government contracts and grants are recorded when services are provided and costs are incurred. Unrestricted grants and contributions are recorded as revenue and support when received or unconditionally committed.

Rental Income – The Corporation receives rental income from individual tenants and commercial rental space, which is recognized as the rents are earned. Rental payments received in advance are deferred. All leases between the Corporation and the tenants are operating leases. The Corporation receives substantially all of its revenue from its rental activity in Boston, Massachusetts (see Note 11).

Consolidated Statement of Functional Expenses – The Corporation's consolidated statement of activities reports expenses by its major program and supporting activities. Certain expenses have been allocated among the programs benefited. A statement of functional expenses is included to report expenses by their natural classification.

Evaluation of Subsequent Events – In accordance with generally accepted accounting principles, management has evaluated subsequent events involving the Corporation for potential recognition or disclosure in the accompanying financial statements. Subsequent events are events or transactions that occurred after June 30, 2014 (the date of the accompanying financial statements) up through January 5, 2015, the date the accompanying financial statements were available to be issued.

## Note 2 – Investments

Investments consist of the following at June 30:

	2014			2013		
	<u>Fair Value</u>	<u>Unrealized Gain</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>	<u>Cost</u>
Mutual Funds	\$ 163,954	\$ 23,886	\$ 140,068	\$ 151,311	\$ 17,429	\$ 133,882

The Corporation's investment securities are considered valued using Level 1 inputs as they are based on quoted market prices in active markets (see Note 1).

## Note 2 – Investments (Cont.)

The Corporation recorded unrealized gains of \$6,457 and \$1,908 for the years ended June 30, 2014 and 2013, respectively. There were no sales of investments during either 2014 or 2013. At June 30, 2014, the Corporation's investments consist of six different mutual funds (26% equity, 74% bonds) held at the Vanguard Group.

Risks and Uncertainties – The Corporation's investments in mutual funds are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with these investment securities, and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Statements of Financial Position and the Statements of Activities.

## Note 3 – Contributions Receivable

Contributions receivable, by donor, consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Oak Foundation	\$ 89,240	\$ -
Baupost Group, L.L.C.	-	50,000
	<u>\$ 89,240</u>	<u>\$ 50,000</u>

At both June 30, 2014 and 2013, the Corporation's contributions receivable represent amounts due within one year.

## Note 4 – Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Estimated Useful Life</u>	<u>2014</u>	<u>2013</u>
Land		\$ 250,000	\$ 250,000
Building and improvements	10-40 years	9,997,614	9,994,024
Office and Program equipment	5-10 years	953,787	929,211
Motor Vehicles	5-7 years	105,235	105,235
		<u>11,306,636</u>	<u>11,278,470</u>
Less accumulated depreciation		<u>2,742,857</u>	<u>2,364,255</u>
		<u>\$ 8,563,779</u>	<u>\$ 8,914,215</u>

Depreciation expense was \$378,602 and \$391,454 for the years ended June 30, 2014 and 2013, respectively.

## Note 5 – Restricted Deposits and Funded Reserves

Operating Reserves – The Corporation is required to maintain a reserve for operating shortfalls. The reserve consists of approximately \$109,000 on deposit in a money market account held at Commerce Bank, and approximately \$107,000 on deposit in a money market account held at Eastern Bank. Future annual deposits will be made in the amount of the net cash flow after the development service fee and deposits to the replacement reserves pursuant to the fourth mortgage loan.



## Note 5 – Restricted Deposits and Funded Reserves (Cont.)

A summary of activity in the operating reserves are as follows for the years ended June 30:

	<u>2014</u>	<u>2013</u>
Balance at July 1st	\$ 215,448	\$ 214,928
Interest Income	341	520
Balance at June 30th	<u>\$ 215,789</u>	<u>\$ 215,448</u>

There were no required annual deposits for either of the years ended June 30, 2014 or 2013.

**Replacement Reserves** – The Corporation is also required to maintain a reserve for significant repairs and replacements for capital items, as well as for permanent improvements and betterments. The reserve funds are held by Eastern Bank. Annual additions to the replacement reserve fund in the amount of \$18,750 for the first payment and escalating 2.5% per annum thereafter are required pursuant to the fourth mortgage loan.

A summary of activity in the replacement reserve is as follows for the years ended June 30:

	<u>2014</u>	<u>2013</u>
Balance at July 1st	\$ 80,722	\$ 58,956
Annual Deposit	22,388	21,736
Interest income	41	30
Balance at June 30th	<u>\$ 103,151</u>	<u>\$ 80,722</u>

## Note 6 – Notes Receivable

Notes receivable consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Borrowings from a bank (see Note 8) to fund the "Gatehouse" project were advanced to Massachusetts Housing and Investment Corporation (MHIC). Payments of interest only are due monthly at 5.9% through April 30, 2007 and 0.0% interest thereafter. The note matures on December 31, 2035.	\$ 3,400,000	\$ 3,400,000
Amounts advanced to the Massachusetts Housing and Investment Corporation (MHIC) to fund the "Gatehouse" project. The stated interest rate of the note is 0.0%. The note matures on December 31, 2035.	<u>2,175,325</u> <u>\$ 5,575,325</u>	<u>2,175,325</u> <u>\$ 5,575,325</u>

## Note 7 – Deferred Revenue

Deferred revenue consists of the following at June 30:

	<u>2014</u>	<u>2013</u>
Advance payments of commercial services	\$ 54,762	\$ 34,944
Receipts for golf tournament held in July	30,440	13,285
	<u>\$ 85,202</u>	<u>\$ 48,229</u>

## Note 8 – Long-Term Debt

Long-term debt consists of the following at June 30:

	<u>2014</u>	<u>2013</u>
Notes payable - Massachusetts Housing and Investment Corporation (MHIC) with interest in varying amounts from 0% to 7.1%. The notes are collateralized by real estate known as the "Gatehouse" project. The project financing is from various sources and is managed by MHIC.	<u>\$ 11,103,039</u>	<u>\$ 11,103,039</u>
A summary of the Corporation's mortgage notes payable is as follows at June 30:		
Total long-term debt	\$ 11,103,039	\$ 11,103,039
Less current maturities	<u>700,000</u>	<u>-</u>
	<u>\$ 10,403,039</u>	<u>\$ 11,103,039</u>

Maturities of long-term debt at June 30, 2013 are as follows:

<u>Year Ended</u> <u>June 30</u>	
2015	\$ 700,000
2016	-
2017	-
2018	-
2019	-
Thereafter	<u>10,403,039</u>
	<u>\$ 11,103,039</u>

The mortgage note payable for \$700,000 matures on December 31, 2014. The Corporation is currently considering alternatives for the possible repayment or refinancing of the \$700,000 mortgage debt. Management anticipates that the \$700,000 mortgage debt will be paid as scheduled from proceeds generated by the sale of the ground floor rental space. Any debt not satisfied by the sale proceeds will be forgiven by the lender.

There are no maturities of long-term debt for fiscal years 2016 through 2035. Approximately \$10.4 million of the long-term debt matures and becomes due during the fiscal year ended June 30, 2036.

Interest charged on the notes for the years ended June 30, 2014 and 2013 was \$57,099 and \$73,070, respectively.

## Note 9 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2014</u>	<u>2013</u>
Program operating support	<u>\$ 139,240</u>	<u>\$ 174,999</u>

### Note 9 – Temporarily Restricted Net Assets (Cont.)

Temporarily restricted grants and donations were used for the following purposes and programs during the year ended June 30:

	<u>2014</u>	<u>2013</u>
Program operating support	<u>\$ 174,999</u>	<u>\$ 101,088</u>

### Note 10 – Pension Plans

The Corporation adopted a Tax Sheltered Annuity Plan under IRC Section 403(b) in 1996 for all employees who wish to participate. The Corporation did not contribute to the plan in the years ended June 30, 2014 and 2013, and incurred no plan administration expense. An insurance company bears all of the risks associated with the plan.

The Corporation implemented a 401(k) Salary Deferral Plan in January 2000. The Corporation contributes 50% of the employees' contributions up to 5% of employees' gross salary. Contributions by the Corporation for both years ended June 30, 2014 and 2013 were approximately \$8,000.

### Note 11 – Rental Income

During 2007, the Corporation moved its principal program and administrative facilities to its own premises at 1145 Washington Street, Boston, Massachusetts. The completion and occupancy of Project Place-Gatehouse (the Subsidiary), allowed the Corporation to offer 14 units of affordable residential housing and approximately 1,700 square feet of commercial restaurant space for lease. Effective November 17, 2007, the Corporation entered into a commercial restaurant lease agreement. The lease is for a seven-year term and contains two, five-year options to renew. The lease agreement requires monthly payments of \$3,064 for the first 36 months and \$3,340 monthly payments for the remaining term. The lessee is also obligated for its proportionate share of operating costs. The residential housing lease agreements for program participants are generally for terms not to exceed twelve months.

Rental income was approximately \$235,000 and \$254,000 for the years ended June 30, 2014 and 2013 respectively.

Future minimum rental income from the Washington Street facility under noncancellable leases in excess of one year are as follows:

<u>Year Ended June 30</u>	<u>Commercial Space</u>	<u>Residential Housing</u>	<u>Total</u>
2015	\$ 20,040	\$ 141,000	\$ 161,040
2016	-	5,000	5,000
	<u>\$ 20,040</u>	<u>\$ 146,000</u>	<u>\$ 166,040</u>

**Subsequent Event** – The commercial lease is scheduled to expire on December 31, 2014 and the Corporation is currently in negotiation for its future disposition. Management anticipates that the existing tenant will purchase the rental space.

### Note 12 – Related Party Transactions

**Occupancy Costs** – Interseminarian Project Place, Inc. (IPP) leases approximately 14,850 feet of office and program space from its subsidiary, Project Place Gatehouse, Inc. The lease agreement is for a seven-year term and is predominantly treated as an in-kind donation between the two organizations. The lease agreement does require Interseminarian Project Place, Inc. to pay a nominal monthly rental of \$10, including its share of operating expenses. The approximate value of the contributed office and program space was \$178,000 for both the years ended June 30, 2014 and 2013.

## Note 12 – Related Party Transactions (Cont.)

Program Costs – During both fiscal 2014 and 2013, Interseminarian Project Place, Inc. also provided janitorial and maintenance services to its subsidiary for a fee through its Clean Corners-Bright Hopes job training program. For both the years ended June 30, 2014 and 2013, program janitorial and maintenance services charged by IPP to its subsidiary were \$31,200.

Loans – From time to time, IPP receives from or makes loans to its subsidiary corporation.

Loans payable to the parent corporation at June 30 consist of the following:

	<u>2014</u>	<u>2013</u>
Non-interest bearing loan to Project Place Gatehouse, Inc. with no established payment terms	<u>\$ 183,998</u>	<u>\$ 163,651</u>

All of the above-mentioned intercompany transactions are eliminated in the consolidating financial statements.

## Note 13 – Bank Line of Credit

On July 12, 2013, the Corporation obtained a new \$300,000 line of credit with a local financial institution. The credit line is collateralized by substantially all assets of the Corporation and borrowings bear interest according to a variable interest rate. All borrowings are payable on demand.

Prior to July 12, 2013, the Corporation had a \$150,000 line of credit with a different local financial institution. The former line of credit was also collateralized by substantially all assets of the Corporation and was subject to an interest rate of 1% over the bank's prime lending rate.

There were no outstanding borrowings at either June 30, 2014 or 2013.

## Note 14 – Financial Instruments and Concentrations of Credit Risk

The Corporation's financial instruments that may be subject to concentrations of credit risk consist of cash in banks, accounts and contributions receivable and investments.

The Corporation maintains its cash deposits with four high-quality financial institutions. At times the amounts on deposit at any institution may exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. At June 30, 2014, cash balances, based on bank balance amounts, exceeded amounts insured by the FDIC by approximately \$90,000.

At both June 30, 2014 and 2013, approximately all of the Corporation's accounts receivable for program services are due from departments of the City of Boston and local municipal and governmental agencies, respectively. At June 30, 2014 approximately \$43,900 (37%) of the Corporation's accounts receivable for commercial services are due from one customer. At June 30, 2014 and 2013, the Corporation's contribution receivable of \$89,240 and \$50,000, respectively, is due from one different donor (see Note 3).

## Note 15 – Surplus Revenue Recognition (Unaudited)

The Commonwealth of Massachusetts Not-For-Profit Provider Surplus Revenue Retention Policy pursuant to 808 CMR 1.19(3) of the Pricing, Reporting and Auditing for Social Programs, allows a provider to retain for future use a portion of annual net surplus. This net surplus, from the revenues and expenses associated with services provided to Purchasing Agencies which are subject to 808 CMR 1.00, may not exceed 5% of said provider's revenue annually. Furthermore, the cumulative amount of the provider's net surplus may not exceed 20% of the provider's prior year's revenues from Purchasing Agencies.

## Note 15 – Surplus Revenue Recognition (Cont.)

Excess surplus revenues may be recouped by the Commonwealth via price reductions in future agreements, by the return of such funds to the Commonwealth, or by the Commonwealth stipulating the use of such funds.

According to the Division's accounting and reporting policies, surplus revenue retention within the allowable limits is to be reported or disclosed as a component of unrestricted fund balance. Any surplus revenue retained in excess of the aforementioned limits is to be reported as an unrestricted liability.

The Corporation has no surplus revenue that would be required to be reported as a liability at both June 30, 2014 and 2013. The following represents the components of unrestricted net assets:

	Unrestricted Net Assets	Commonwealth of Massachusetts Cumulative Revenue Surplus	Total
Balance at July 1, 2012	\$ 4,787,606	\$ (610,898)	\$ 4,176,708
Change in Net Assets	(120,053)	(46,796)	(166,849)
Balance at June 30, 2013	4,667,553	(657,694)	4,009,859
Change in Net Assets	(60,926)	(50,218)	(111,144)
Balance at June 30, 2014	<u>\$ 4,606,627</u>	<u>\$ (707,912)</u>	<u>\$ 3,898,715</u>

OTHER FINANCIAL INFORMATION



**GT REILLY  
& COMPANY**

CPAs and Advisors

424 Adams Street, Milton, MA 02186-4358

T. 617.696.8900 F. 617.698.1803

www.gtreilly.com

## **Independent Auditors' Report On The Schedule Of Expenditures Of Federal Awards**

Board of Directors  
Interseminarian - Project Place, Inc. and Subsidiary

We have audited the financial statements of Interseminarian - Project Place, Inc. and Subsidiary as of and for the year ended June 30, 2014, and have issued our report thereon on Page 1, dated January 5, 2015, which contains an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2014, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*G. T. Reilly & Company*

G.T. Reilly & Company

Milton, Massachusetts  
January 5, 2015

# Interseminarian – Project Place, Inc. and Subsidiary

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass- through Number</u>	<u>Expenditures</u>
U.S. Dept. of Housing and Urban Development			
Passed-through the City of Boston Economic Development and Industrial Corporation Jobs and Community Services Dept.: Community Development Block Program for Entitlement Communities	14.218	C-38114	\$ 35,000
Passed-through the City of Boston Development of Neighborhood Development Public Facilities Dept.: Emergency Solutions Grant Program	14.231	C-38439-14	26,498
Passed-through the City of Boston Development of Neighborhood Development Public Facilities Dept.: Continuum of Care Program	14.267	C-38931-14	<u>138,479</u>
Total U.S. Dept. of Housing and Urban Development			<u>199,977</u>
U.S. Dept. of Labor			
Disability Employment Policy Development	17.720	PE-24415-13-60-A-25	368,862
Homeless Veterans Reintegration Project	17.805	HV-23331-12-60-5-25	<u>115,781</u>
Total U.S. Dept. of Labor			<u>484,643</u>
Substance Abuse & Mental Health Services Administration, Center for Substance Abuse Treatment			
Passed-through the Commonwealth of Massachusetts Access to Recovery Program	Note 2	Note 2	<u>51,220</u>
U.S. Department of Agriculture			
Passed-through the University of Massachusetts Medical School SNAP/E and T	Note 2	Note 2	<u>21,003</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$756,843</u>
SUMMARY BY CFDA NUMBER:			
14.218			\$ 35,000
14.231			26,498
14.267			138,479
17.720			368,862
17.805			115,781
Note 2			51,220
Note 2			<u>21,003</u>
			<u>\$756,843</u>



# **Interseminarian - Project Place, Inc. and Subsidiary**

---

## **Notes to Schedule of Expenditures of Federal Awards**

**June 30, 2014**

### **Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Interseminarian – Project Place, Inc. and Subsidiary and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **Note 2 - Agency or Pass-Through Number**

Some of the primary recipients/grantors were not able to provide the CFDA number and pass-through entity identifying number.



**GT REILLY  
& COMPANY**

CPAs and Advisors

424 Adams Street, Milton, MA 02186-4358

T. 617.696.8900 / F. 617.698.1803

www.gtreilly.com

**Independent Auditors' Report on Internal Control Over  
Financial Reporting and on Compliance And Other Matters  
Based on an Audit Of Financial Statements Performed  
In Accordance with Government Auditing Standards**

Board of Directors

Interseminarian - Project Place, Inc. and Subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Interseminarian - Project Place, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidating statement of financial position as of June 30, 2014, and the related consolidating statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Interseminarian - Project Place, Inc. and Subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Interseminarian - Project Place, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Interseminarian - Project Place, Inc. and Subsidiary's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

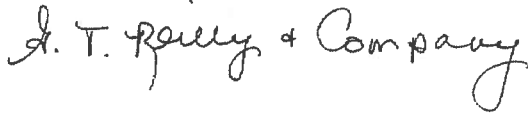
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Interseminarian - Project Place, Inc. and Subsidiary's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Interseminarian - Project Place, Inc. and Subsidiary's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



G.T. Reilly & Company

Milton, Massachusetts  
January 5, 2015



**GT REILLY  
& COMPANY**

CPAs and Advisors

424 Adams Street, Milton, MA 02186-4358

T. 617.696.8900 / F. 617.698.1803

www.gtreilly.com

## **Independent Auditors' Report on Compliance for its Major Program and on Internal Control Over Compliance Required by OMB Circular A-133**

Board of Directors  
Interseminarian - Project Place, Inc. and Subsidiary

### **Report on Compliance for Each Major Federal Program**

We have audited Interseminarian - Project Place, Inc. and Subsidiary's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Interseminarian - Project Place, Inc. and Subsidiary's major federal programs for the year ended June 30, 2014. Interseminarian - Project Place, Inc. and Subsidiary's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Interseminarian - Project Place, Inc. and Subsidiary's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Interseminarian - Project Place, Inc. and Subsidiary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Interseminarian - Project Place, Inc. and Subsidiary's compliance.

## Opinion on Each Major Federal Program

In our opinion, Interseminarian - Project Place, Inc. and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

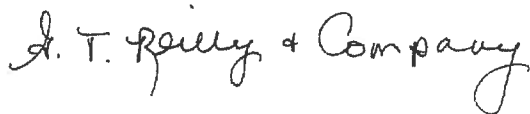
## Report on Internal Control Over Compliance

Management of Interseminarian - Project Place, Inc. and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Interseminarian - Project Place, Inc. and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Interseminarian - Project Place, Inc. and Subsidiary's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



G.T. Reilly & Company

Milton, Massachusetts  
January 5, 2015

# **Interseminarian - Project Place, Inc. and Subsidiary**

---

## **Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2014**

### **Summary of Auditors' Results**

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Interseminarian - Project Place, Inc. and Subsidiary
2. No significant deficiencies relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. There were no instances of noncompliance material to the financial statements of Interseminarian - Project Place, Inc. and Subsidiary, which would be required to be reported in accordance with Government Auditing Standards, disclosed during the audit.
4. There are no significant deficiencies relating to the audit of the major federal award program reported in the Independent Auditors' Report on Compliance with Requirements That Could Have a Direct Effect on its Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for its major federal award program for Interseminarian - Project Place, Inc. and Subsidiary expresses an unmodified opinion.
6. The audit did not disclose any audit findings relating to the major federal award program for Interseminarian - Project Place, Inc. and Subsidiary that are required to be reported.
7. The program tested as a major program: CFDA #14.267 and CFDA #17.270.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Interseminarian - Project Place, Inc. and Subsidiary was not determined to be a low-risk auditee.

### **Findings – Financial Statement Audit**

None

### **Findings - Major Federal Award Program Audit**

None

## **Interseminarian - Project Place, Inc. and Subsidiary**

---

### **Summary Schedule of Prior Audit Findings**

**For the Year Ended June 30, 2014**

There were no prior audit findings.