

**INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

*with*

**INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED JUNE 30, 2023**

*(With Summarized Comparative Consolidated Information for 2022)*

Smith  Sullivan  
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

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**INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES**

**REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

*(With Summarized Comparative Consolidated Information for 2022)*



**Jobs – Housing – Hope**

**Mission Statement**

*Project Place promotes a community of hope and opportunity for individuals experiencing homelessness and poverty by providing the skills, education, and resources needed to obtain and sustain employment and housing.*

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Interseminarian - Project Place, Inc. and Subsidiaries  
Boston, Massachusetts

### **Opinion**

We have audited the accompanying consolidated financial statements of Interseminarian - Project Place, Inc. (a Massachusetts nonprofit organization) and Subsidiaries (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Interseminarian - Project Place, Inc. and Subsidiaries as of June 30, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Interseminarian - Project Place, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Interseminarian - Project Place, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

To the Board of Directors  
Interseminarian - Project Place, Inc. and Subsidiaries

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Interseminarian - Project Place, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Interseminarian - Project Place, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Consolidating Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 22 - 25 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

To the Board of Directors  
Interseminarian - Project Place, Inc. and Subsidiaries

### **Report on Summarized Comparative Consolidated Information**

We have previously audited Interseminarian - Project Place, Inc. and Subsidiaries' FY 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2022. In our opinion, the summarized comparative consolidated information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023 on our consideration of Interseminarian - Project Place, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its 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 the effectiveness of Interseminarian - Project Place, Inc. and Subsidiaries' 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 Subsidiaries' internal control over financial reporting and compliance.

*Smith, Sullivan & Brown, PC*

Westborough, Massachusetts  
October 23, 2023

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2023 AND 2022

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash and Cash Equivalents	\$ 1,057,217	\$ 869,304
Accounts Receivable, Net	619,797	524,667
Prepaid Expenses and Other Assets	<u>58,945</u>	<u>82,677</u>
Total Current Assets	<u>1,735,959</u>	<u>1,476,648</u>
<b><u>PROPERTY AND EQUIPMENT:</u></b>		
Property and Equipment	10,946,446	10,833,129
Less: Accumulated Depreciation	<u>(5,071,342)</u>	<u>(4,762,372)</u>
Net Property and Equipment	<u>5,875,104</u>	<u>6,070,757</u>
<b><u>OTHER ASSETS:</u></b>		
Board Designated Funds for Strategic Plan and Other Initiatives	1,491,681	2,127,983
Restricted Deposits and Funded Reserves	<u>300,872</u>	<u>285,966</u>
Total Other Assets	<u>1,792,553</u>	<u>2,413,949</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 9,403,616</u></b>	<b><u>\$ 9,961,354</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES:</u></b>		
Accounts Payable and Accrued Expenses	\$ 187,747	\$ 89,067
Accrued Payroll and Related Costs	121,721	98,245
Deferred Revenue	<u>73,905</u>	<u>213,682</u>
Total Current Liabilities	<u>383,373</u>	<u>400,994</u>
<b><u>LONG-TERM LIABILITIES:</u></b>		
Deferred Payment Debt	<u>1,900,000</u>	<u>1,900,000</u>
Total Long-Term Liabilities	<u>1,900,000</u>	<u>1,900,000</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>2,283,373</u></b>	<b><u>2,300,994</u></b>
<b><u>NET ASSETS:</u></b>		
Net Assets Without Donor Restrictions:		
Operating	863,087	752,746
Board Designated	1,792,553	2,413,949
Invested in Property and Equipment	<u>3,975,104</u>	<u>4,170,757</u>
Total Net Assets Without Donor Restrictions	<u>6,630,744</u>	<u>7,337,452</u>
Net Assets With Donor Restrictions	<u>489,499</u>	<u>322,908</u>
Total Net Assets	<u>7,120,243</u>	<u>7,660,360</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 9,403,616</u></b>	<b><u>\$ 9,961,354</u></b>

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

*(With Summarized Comparative Consolidated Totals for 2022)*

	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL ACTIVITIES</u>	
			<u>2023</u>	<u>2022</u>
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>				
<i>Support and Revenues:</i>				
Government Grants and Contracts	\$ 1,592,986	\$ -	\$ 1,592,986	\$ 2,043,965
Commercial Products and Services, Net of Cost of Goods	836,495	-	836,495	534,556
Rental Income	197,112	-	197,112	183,504
Gifts, Grants and Contributions	374,290	465,000	839,290	1,017,734
Special Event Proceeds, Net of Direct Costs	300,455	-	300,455	-
Miscellaneous Revenues	4,044	-	4,044	13,044
Investment Return (Loss)	50,187	-	50,187	(70,187)
<i>Reclassification of Net Assets - Released from Restrictions:</i>				
Satisfaction of Donor Restrictions	298,409	(298,409)	-	-
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>3,653,978</u></b>	<b><u>166,591</u></b>	<b><u>3,820,569</u></b>	<b><u>3,722,616</u></b>
<b><u>EXPENSES:</u></b>				
<i>Program Services:</i>				
Program Services	3,412,094	-	3,412,094	3,212,107
<i>Supporting Services:</i>				
Administrative	419,870	-	419,870	455,852
Fund Raising	528,722	-	528,722	333,254
<b><u>TOTAL EXPENSES</u></b>	<b><u>4,360,686</u></b>	<b><u>-</u></b>	<b><u>4,360,686</u></b>	<b><u>4,001,213</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>(706,708)</u></b>	<b><u>166,591</u></b>	<b><u>(540,117)</u></b>	<b><u>(278,597)</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>7,337,452</u></b>	<b><u>322,908</u></b>	<b><u>7,660,360</u></b>	<b><u>7,938,957</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 6,630,744</u></b>	<b><u>\$ 489,499</u></b>	<b><u>\$ 7,120,243</u></b>	<b><u>\$ 7,660,360</u></b>

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

*(With Summarized Comparative Consolidated Totals for 2022)*

	<u>CLIENT</u> <u>SERVICES</u>	<u>EDU-</u> <u>CATION</u>	<u>TRAINING &amp;</u> <u>EMPLOY-</u> <u>MENT</u>	<u>HOUSING</u>	<u>TOTAL</u> <u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>DIRECT</u> <u>EVENT</u> <u>COSTS &amp;</u> <u>GOODS SOLD</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
									<u>2023</u>	<u>2022</u>
<i>Personnel Expenses:</i>										
Salaries and Wages	\$ 800,154	\$ 223,024	\$ 644,757	\$ 78,950	\$ 1,746,885	\$ 237,672	\$ 331,512	\$ -	\$ 2,316,069	\$ 2,063,828
Payroll Taxes	69,407	19,931	55,687	6,931	151,956	2,685	28,743	-	183,384	173,486
Fringe Benefits	80,066	14,522	75,418	6,320	176,326	19,962	24,288	-	220,576	239,844
Total Personnel Expenses	<u>949,627</u>	<u>257,477</u>	<u>775,862</u>	<u>92,201</u>	<u>2,075,167</u>	<u>260,319</u>	<u>384,543</u>	<u>-</u>	<u>2,720,029</u>	<u>2,477,158</u>
<i>Operating Expenses:</i>										
Client Wages	-	5,525	323,666	-	329,191	-	-	-	329,191	249,960
Program Supplies and Activities	4,054	33,703	74,818	8,867	121,442	200	99	140,779	262,520	77,318
Occupancy Costs	47,573	17,051	51,973	101,499	218,096	13,072	15,219	-	246,387	236,027
Depreciation Expense	16,644	4,914	16,134	263,629	301,321	4,589	3,060	-	308,970	301,220
Program Consultants	3,338	650	5,553	-	9,541	-	-	-	9,541	14,422
Staff Training	1,241	1,670	767	82	3,760	831	170	-	4,761	11,001
Staff Travel	3,563	150	6,818	102	10,633	166	154	-	10,953	5,655
Fundraising Events and Activities	-	-	-	-	-	-	80,878	287,946	368,824	10,406
Professional Fees	21,094	4,187	15,917	30,472	71,670	95,772	5,718	-	173,160	236,467
Insurance Expense	29,971	8,016	25,768	18,115	81,870	8,332	9,689	-	99,891	102,648
Program and Office Support	78,215	15,317	79,066	11,929	184,527	31,803	18,688	-	235,018	261,708
Other Expenses	1,824	545	2,387	120	4,876	4,786	10,504	-	20,166	17,223
Total Operating Expenses	<u>207,517</u>	<u>91,728</u>	<u>602,867</u>	<u>434,815</u>	<u>1,336,927</u>	<u>159,551</u>	<u>144,179</u>	<u>428,725</u>	<u>2,069,382</u>	<u>1,524,055</u>
<b>Total Functional Expenses</b>	<b><u>1,157,144</u></b>	<b><u>349,205</u></b>	<b><u>1,378,729</u></b>	<b><u>527,016</u></b>	<b><u>3,412,094</u></b>	<b><u>419,870</u></b>	<b><u>528,722</u></b>	<b><u>428,725</u></b>	<b><u>4,789,411</u></b>	<b><u>4,001,213</u></b>
Less Direct Costs of Events and Goods Sold	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(428,725)</u>	<u>(428,725)</u>	<u>-</u>
<b>Total Expenses per Statement of Activities</b>	<b><u>\$ 1,157,144</u></b>	<b><u>\$ 349,205</u></b>	<b><u>\$ 1,378,729</u></b>	<b><u>\$ 527,016</u></b>	<b><u>\$ 3,412,094</u></b>	<b><u>\$ 419,870</u></b>	<b><u>\$ 528,722</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,360,686</u></b>	<b><u>\$ 4,001,213</u></b>

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ (540,117)	\$ (278,597)
<i>Adjustments to Reconcile the Above to Net Cash Used by Operating Activities:</i>		
Depreciation Expense	308,970	301,220
Net Investment (Income) Loss	(48,698)	70,316
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable	(95,130)	(116,688)
Prepaid Expenses and Other Assets	23,732	(56,470)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable	126,154	(7,806)
Accrued Expenses	(3,998)	6,342
Deferred Revenue	(139,777)	153,922
Conditional Grant Advance	-	(424,970)
Net Adjustment	<u>171,253</u>	<u>(74,134)</u>
<b><u>NET CASH USED BY OPERATING ACTIVITIES</u></b>	<b><u>(368,864)</u></b>	<b><u>(352,731)</u></b>
<b><u>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:</u></b>		
Acquisition of Property, Equipment and Building Improvements	(113,317)	(12,602)
Proceeds from Investment Sales	285,000	-
Reclassification of Investments	400,000	-
Net Cash Flows Provided (Used) by Investing Activities	<u>571,683</u>	<u>(12,602)</u>
<b><u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>	<b><u>202,819</u></b>	<b><u>(365,333)</u></b>
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u></b>	<b><u>1,155,270</u></b>	<b><u>1,520,603</u></b>
<b><u>CASH AND CASH EQUIVALENTS - END OF YEAR</u></b>	<b><u>\$ 1,358,089</u></b>	<b><u>\$ 1,155,270</u></b>
<i>Cash and Cash Equivalents :</i>		
Cash and Cash Equivalents	\$ 1,057,217	\$ 869,304
Restricted Deposits and Funded Reserves	300,872	285,966
Total Cash and Cash Equivalents	<u>\$ 1,358,089</u>	<u>\$ 1,155,270</u>

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

NOTE 1     ORGANIZATION AND AFFILIATIONS

**Interseminarian - Project Place, Inc.:**

Interseminarian - Project Place, Inc. (“Project Place” or the “Organization”) is a nonprofit organization founded and incorporated in 1967, under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (“IRC”). Project Place has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

**Project Place Gatehouse, Inc.:**

Project Place Gatehouse, Inc. (the “Subsidiary” or “Project Place Gatehouse”) is a nonprofit organization founded and incorporated in February 2007 under the above noted provisions of the Massachusetts General Laws and the Internal Revenue Code. The Board of Directors for Project Place Gatehouse is comprised of four members of the Board of Directors for Project Place. Project Place Gatehouse owns a condominium unit located at 1145 Washington Street in Boston that houses affordable residential housing along with the Project Place program and office facilities. The residential housing consists of 14 furnished studio apartments.

**The 1145 Washington Street Condominium Trust:**

The 1145 Washington Street Condominium Trust (the “Condominium Trust”) was established in 2014 pursuant to a Declaration of Trust under the provisions of Massachusetts General Laws, Chapter 183A, Section 10. The 1145 Washington Street Condominium consists of land and buildings divided into a restaurant/retail condominium unit, and the above noted office/commercial/residential condominium unit which is owned by Project Place Gatehouse.

Generally, each of the unit owners will be responsible for the proper maintenance and repair of its respective unit and common area to which it has exclusive rights. Operating costs applicable to the entire building, which include electricity, gas, water, sewer and property insurance, will be allocated and assessed among the unit owners in accordance with the percentages of interests in the general common elements and specific cost allocations based upon usage.

The Board of Trustees of the Condominium Trust shall consist of three members. Two trustees shall be appointed and chosen from the Project Place unit owner and one trustee shall be appointed and chosen from the restaurant unit owner.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 1      *(Continued)*

**Caritas Project Place Cortes Member LLC:**

Project Place owns 21% of Caritas Project Place Cortes Member LLC (“Caritas PP”), which is the managing member of Caritas Project Place Cortes LLC, the owner of a real estate development project. Caritas PP indirectly owns .01% of the underlying real estate development project, consisting of 41 units of affordable housing located on Cortes Street, Boston, Massachusetts. Project Place’s interest in this entity is not considered to have a financial value and, therefore, is not reflected within the Organization’s books and records. Project Place is party to a service agreement to provide employment, training, and other services for the benefit of the current and future residents of the housing project, for which Project Place was compensated \$25,000 and \$50,000 for the years ended June 30, 2022 and 2021, respectively. There is no expectation of future revenue arising from this arrangement.

NOTE 2      PROGRAM SERVICES

Project Place provides essential resources to clients who face barriers to employment and housing. The Organization offers a coordinated plan of services to help individuals achieve the goals identified in their Individual Development Plan. Typically, these goals are centered around: employment, housing, substance use disorder, reintegration to the community following incarceration, physical & mental health.

A prominent social service agency in Boston, Project Place has been working in the community since 1967 serving clients in the face of significant challenges. As the needs of the population have shifted over the years, Project Place has responded by refocusing its programs to fit current needs. Since the need for employment and housing has never been greater, Project Place operates out of a sense of urgency with compassion and the know-how to support personal change.

Prior to enrollment in services, Project Place clients have had limited options for employment stemming from problems related to poverty, systemic barriers to employment, a lack of work history and insufficient education to perform adequately in today’s workplace. Most clients have experienced interruptions in the flow of their lives stemming from substance abuse disorder, trauma, incarceration, domestic violence, mental illness, or a cluster of these problems that are overwhelming to overcome without the proper support.

Prospective clients come to us through word-of-mouth and by referrals from community providers. We offer a warm welcome into the community to those who demonstrate a willingness to do the hard work necessary to set and meet long-term goals. The first requirement for admissions is a commitment to personal stability, including gaining and maintaining sobriety and meeting the full attendance requirement of the programs. In return, Project Place offers an array of programming, imparting new skills for individuals to transition out of homelessness.

Project Place believes in the success of our clients and provides support post-placement for a minimum of two years to sustain the positive strides made by our clients and to promote a career trajectory.

Project Place continues to utilize a hybrid programming model which prioritizes certain activities to happen in-person at the building while reinforcing digital literacy skill development through remote programming hosted virtually.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 3      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting:**

The consolidated financial statements of Project Place have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (“GAAP”) and accordingly, reflect all significant receivables, payables and other liabilities.

**Estimates:**

The preparation of consolidated financial statements in accordance with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles, has in management’s opinion, resulted in reliable and consistent financial reporting by the Organization.

**Principles of Consolidation:**

The consolidated financial statements include the accounts of Interseminarian - Project Place, Inc., Project Place Gatehouse, Inc. and The 1145 Washington Street Condominium Trust, collectively referred to as the “Organization”. All significant balances between classes of net assets and inter-organization balances and transactions among entities have been eliminated in the accompanying consolidated financial statements.

Condominium Fees received from the second unit owner have been netted against the gross common area costs and the net cost applicable to Project Place and Project Place Gatehouse has been presented within *Occupancy Costs* and allocated across programs and supporting services in accordance with the Organization’s cost allocation policies.

**Fair Value of Financial Instruments:**

The Organization reports their fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 3 *(Continued)*

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The primary use of fair value measures in the Organization's consolidated financial statements are:

- Initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- Recurring measurement of investments.

**Financial Statement Presentation:**

The Organization reports information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as defined below.

*Net Assets Without Donor Restrictions* - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

*Net Assets With Donor Restrictions* - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. As of June 30, 2023, the Organization has no net assets that are required to be maintained in perpetuity. The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

The accompanying consolidated financial statements include certain FY 2022 summarized comparative consolidated information. With respect to the Consolidated Statement of Activities, such prior year information is not presented by net class and in the Statement of Functional Expenses, FY 2022 expenses by line item are in total rather than by functional category, which is not a complete financial statement presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2022, from which the summarized information was derived.

**Cash and Cash Equivalents:**

For the purpose of these consolidated financial statements, the Organization considers equivalent to cash all money market funds and similar deposit accounts and for the year ended June 30, 2023, includes a U.S. Treasury Money Market Account.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 3      *(Continued)*

**Investments:**

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Consolidated Statements of Financial Position. Net investment return/(loss) is reported in the Consolidated Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Cash held in brokerage accounts is reported as investments for purposes of these financial statements. Investments are classified as short or long-term depending upon the nature of the investments and the intentions of management.

**Accounts Receivable:**

*Accounts Receivable* represents amounts which are due from government funded program service contracts, subcontracts, rental income due from tenants and commercial service revenue. *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 debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. *Accounts Receivable* are reported net of the estimated uncollectible balance.

**Property and Equipment:**

Property, equipment, furnishing and improvement purchases in excess of \$5,000 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged to activities over the following estimated useful lives of the assets, as expressed in terms of years:

<u>Asset Category</u>	<u>Life</u>
Buildings	40
Building Improvements	10 - 40
Office and Program Equipment	5 - 10
Motor Vehicles	5 - 7

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of the property. There were no impairment losses recognized in the years presented.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 3      *(Continued)*

**Leases:**

The Organization determines if an arrangement is a lease at inception. When the standards apply, operating leases are included in operating lease right-of-use (“ROU”) assets and operating lease liabilities in the Consolidated Statement of Financial Position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

For the years presented, there were no arrangements which met the criteria for application of the lease accounting standards.

**Revenue Recognition:**

*Government Grants and Contracts*

Project Place is the recipient of various federal, state and local government funded grants contracts and direct federal awards which are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. These grants and contracts are administered on either a cost reimbursement basis or on a unit-of-service basis; accordingly, the funding sources are billed as eligible costs are incurred or units-of-service are provided, at which time revenues along with the related receivables are recorded. These agreements are typically subject to an annual renewal process and future funding is not guaranteed. For the years presented, the primary funding sources included the U.S. Department of Labor, the City of Boston, the Commonwealth of Massachusetts and the Suffolk County Sheriff’s Department.

*Commercial Products and Services*

Project Place operates four ongoing businesses, referred to as Social Enterprises, that employ clients and program participants who complete the Work Ready program. Social Enterprises includes a cleaning business, vending machine operations and product manufacturing services. Revenue from Social Enterprises is recognized when earned as services are provided or as sales transactions are completed. Revenue that is either invoiced or received in advance is considered unearned and is recognized as *Deferred Revenue*, a current liability in the accompanying Consolidated Statements of Financial Position.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 3      *(Continued)*

*Rental Income*

Project Place Gatehouse receives rental income from individual, formerly homeless tenants, which is recognized when earned based upon occupancy dates. Rental income collected in advance is considered unearned and presented as *Deferred Revenue*. Four units are subsidized by the Massachusetts Rental Voucher Program (“MRVP”) and overseen by Metro Boston Housing. Under the MRVP, tenants are responsible for a portion of their rent which is determined using a formula prescribed by the Metro Boston Housing and Affordable Housing Regulations. Ten units are subsidized by an annual grant from the City of Boston through the HUD Supportive Housing program for project-based permanent housing.

**Gifts, Grants, Contributions and Special Event Proceeds:**

The Organization is the beneficiary of contributions in the form of grants from other organizations, governmental agencies, donations of cash and financial assets from individuals and contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor’s stipulations or lack thereof. Special event proceeds from virtual events are considered to be contributions.

Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the Organization reasonably expects to collect. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material. Amounts receivable from donors are evaluated yearly for collectability and an allowance for uncollectible pledges is recorded as necessary.

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable grant advance. When the conditions are met the revenue is reported as contributions without donor restrictions unless there are further restrictions over and above those associated with the donor conditions. In such cases, when the conditions and restrictions are met within the same reporting period, the support is recognized as contributions or grants without donor restrictions.

Project Place received a loan in the amount of \$424,970 from Eastern Bank through the Paycheck Protection Program established by the U.S. CARES Act (the “PPP loan”) on April 14, 2020. The Organization accounted for the expected forgivable portion of this loan as a conditional grant commitment subject to its ability to incur eligible costs qualifying for forgiveness. The Organization’s position is that the forgiveness constitutes a barrier and therefore, Project Place recognized the PPP loan as revenue in the fiscal year in which the forgiveness was granted. The funds received in advance totaling \$424,970 were reported as a *Conditional Grant Advance*, a current liability, as of June 30, 2021 until recorded as support from *Government Grants and Contracts* in FY 2022 when the forgiveness was granted.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 3      *(Continued)*

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions expire, at which time the assets are reclassified to net assets without donor restrictions. Donor restricted contributions are classified as net assets without donor restrictions if the restrictions are met in the same reporting period in which the contributions are received.

**Donations of Nonfinancial Assets:**

Contributed nonfinancial assets are recorded at their respective fair value in the period received. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require a specialized skill and would have otherwise been purchased by the Organization. For the years ended June 30, 2023 and 2022, respectively, pro bono legal expenses valued at \$35,368 and \$65,435 were received and recognized as an expense with offsetting support included in *Gifts, Grants and Contributions* in the accompanying consolidated financial statements.

**Functional Expenses:**

Project Place allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. For the years presented, *Salaries and Wages, Payroll Taxes and Fringe Benefits* are allocated based on employee time and effort. *Occupancy Costs and Depreciation Expense* are allocated based on square footage. Other expenses that are common to several functions are allocated based upon space and time usage ratios. Supporting services are those related to operating and managing Project Place, and its programs on a day-to-day basis.

Supporting services have been sub-classified as follows:

*Administrative* - includes all activities related to Project Place, Inc.'s internal management and accounting for program services.

*Fund Raising* - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for Project Place, Inc.'s programs.

*Direct Event Costs and Goods Sold* - includes direct costs of special fundraising events representing benefits provided to donors and the direct cost of goods sold.

**Tax Position:**

The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by the Project Place and Project Place Gatehouse pertain to their status as tax-exempt organizations under IRC Section 501(c)(3). The primary tax position made by The Condominium Trust pertains to its status under Massachusetts laws regarding condominium trusts. For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 4     ACCOUNTS RECEIVABLE

**Accounts Receivable, Program Services:**

Accounts receivable from program services as of June 30, 2023 and 2022 are summarized below:

<u>Funding Source</u>	<u>2023</u>	<u>2022</u>
Government Grants and Contracts	\$283,810	\$451,522
Commercial Services	296,917	79,919
Tenant Rent Due	7,557	2,726
Insurance Proceeds Due	<u>41,013</u>	<u>-</u>
Total Accounts Receivable	629,297	534,167
Less: Provision for Uncollectible Amounts	<u>(9,500)</u>	<u>(9,500)</u>
Net Realizable Value	<u>\$619,797</u>	<u>\$524,667</u>

NOTE 5     PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30, 2023 and 2022:

<u>Asset Category</u>	<u>2023</u>	<u>2022</u>
Land	\$ 250,000	\$ 250,000
Building and Renovations	9,331,263	9,308,398
Office and Program Equipment	1,175,140	1,084,688
Motor Vehicles	<u>190,043</u>	<u>190,043</u>
Subtotal	10,946,446	10,833,129
Accumulated Depreciation	<u>(5,071,342)</u>	<u>(4,762,372)</u>
Property and Equipment, Net	<u>\$ 5,875,104</u>	<u>\$ 6,070,757</u>

NOTE 6     INVESTMENTS

As of June 30, 2023 and 2022, Project Place's investment portfolio was held within the *Board Designated Funds for Strategic Plan and Other Initiatives* and consists of the following:

<u>Investment Type</u>	<u>Fair Value (Level 1)</u>	
	<u>2023</u>	<u>2022</u>
Schwab Treasury		
Money Market Fund	\$ 447,668	\$1,071,086
Stock Mutual Funds	221,772	209,322
Bond Mutual Funds	<u>822,241</u>	<u>847,575</u>
Total Investments	<u>\$1,491,681</u>	<u>\$2,127,983</u>

The Organization uses the following ways to determine the fair value of its investments:

Schwab Treasury Money Market Fund and Mutual Funds: Traded on national securities exchanges and are determined by the published closing price on the last business day of the fiscal year.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 7      RESTRICTED DEPOSITS AND FUNDED RESERVES

**Operating Reserve:**

As part of the original mortgage loan agreement, Project Place was required to maintain a \$200,000 reserve for operating shortfalls. Although the funds are now unencumbered, Management intends to continue to maintain the existing funds in pre-established depository accounts. Management also intends to use the funds for the future cash needs of the building and its equipment.

As of June 30, 2023 and 2022, board designated operating reserves were \$197,170 and \$196,555, respectively and are included in *Restricted Deposits and Funded Reserves* on the accompanying Consolidated Statements of Financial Position.

**Replacement Reserve:**

Project Place was 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 were required pursuant to the mortgage payable.

Similar to the operating reserve accounts, the replacement reserves are also now unencumbered and Management intends to maintain the funds in a pre-established depository account. Management also intends to use the existing replacement reserve funds for the future cash needs of the building and its equipment.

The trustees of The 1145 Washington Street Condominium Trust are required to maintain a replacement reserve fund with respect to the operation, management, maintenance, replacement and repairs of the general common elements of all unit holders.

As of June 30, 2023 and 2022, board designated replacement reserves were \$103,702 and \$89,411 respectively and are included in *Restricted Deposits and Funded Reserves* on the accompanying Consolidated Statements of Financial Position.

NOTE 8      DEFERRED REVENUE

*Deferred Revenue* consists of the following balances as of June 30, 2023 and 2022:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Advance Payments for Commercial Services	\$71,326	\$ 96,659
Rental Payments Received in Advance	2,579	2,579
Insurance Proceeds	-	114,444
Total	<u>\$73,905</u>	<u>\$213,682</u>

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 9      DEBT

**Project Place Gatehouse - 1145 Washington Street, Boston, Massachusetts**

Project Place entered into a New Markets Tax Credit (“NMTC”) arrangement with the Massachusetts Housing Investment Corporation (“MHIC”) in connection with the construction of its mixed used facility in December 2005. In December 2014, after the unwinding process with the NMTC arrangement occurred, the remaining long-term debt was \$1.9 million, restructured as three deferred payment non-interest bearing notes described below. There are no current maturities and the aggregate obligation is presented as a long-term debt.

**City of Boston Department of Neighborhood Development (“DND”):**

A former MHIC New Markets CDE II LLC Series 4 note in the amount of \$700,000 was assigned to the City of Boston DND under the same terms as when held by MHIC. The note requires no monthly payments, is non-interest bearing and matures on June 6, 2036, or upon default of the loan covenants. At maturity, the debt may be waived by DND.

**Commercial Economic Development Assistance Corporation (“CEDAC”):**

A former MHIC New Markets CDE II LLC Series 4 note in the amount of \$600,000 was assigned to CEDAC under the same terms as when held by MHIC. The note requires no monthly payments, is non-interest bearing and matures on June 21, 2036, or upon default of the loan covenants. At maturity, the debt may be waived by CEDAC.

**Massachusetts Department of Housing and Community Development (“DHCD”):**

A former MHIC New Markets CDE II LLC Series 4 note in the amount of \$600,000 was assigned to DHCD under the same terms as when held by MHIC. The note requires no monthly payments, is non-interest bearing and matures on July 21, 2036, or upon default of the loan covenants. At maturity, the debt may be waived by DHCD.

Each of the above debts is secured by a mortgage on the property, including the furniture and fixtures. The underlying property is subject to heavy regulation, deed restrictions and the debts are not transferrable on an open market. Management has concluded that the carrying value reflects the fair value of the debt instruments and, therefore, the Organization has not discounted the notes to reflect imputed interest.

**Operating Debt**

**Line-of-Credit:**

On July 12, 2013, Project Place established a line-of-credit with Eastern Bank with a borrowing limit of \$300,000. The line-of-credit is secured by all business assets and is subject to fluctuating interest rates, which was 8.25% and 5.50% as of June 30, 2023 and 2022, respectively. All borrowings are payable on demand; however, as of June 30, 2023 and 2022, there was no outstanding balance and the line-of-credit was not used during the years presented.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 10    DESIGNATED NET ASSETS AND NET ASSETS WITH DONOR RESTRICTIONS

**Net Assets with Donor Restrictions:**

Net assets with donor restrictions consists of unexpended donor designated grants and contributions. Net assets with donor restrictions consists of \$489,499 and \$322,908 for program restrictions as of June 30, 2023 and 2022, respectively.

Net assets released from donor restrictions for specific programs by incurring expenses which satisfied the restricted purposes or by occurrence of events specified by the donors amounted to \$298,409 and \$270,606 for the years ended June 30, 2023 and 2022, respectively.

**Board Designated Funds for Strategic Plan and Other Initiatives:**

To support the execution of Project Place’s strategic plan, a board designated fund has been established to support three of the plan’s objectives, including growing the enterprises to serve a larger and more diverse client base, increasing the level of skills taught, and the geographic expansion of evidence-based best-practice programming for re-entry. As of June 30, 2023 and 2022, the *Board Designated Funds for Strategic Plan and Other Initiatives* consists of investments of \$1,491,681 and \$2,127,983, respectively.

NOTE 11    COMMERCIAL PRODUCTS AND SERVICE REVENUE

Commercial products revenue is reflected on the Consolidated Statement of Activities, net of the direct cost of goods sold. A summary of the commercial products revenue is presented below:

	<u>2023</u>	<u>2022</u>
Gross Product and Service Sales	\$ 977,274	\$579,351
Less: Cost of Goods Sold	<u>(140,779)</u>	<u>(44,795)</u>
Net Commercial Products and Services	<u>\$ 836,495</u>	<u>\$534,556</u>

NOTE 12    EMPLOYEE BENEFIT PROGRAM

Project Place maintains a Tax-Sheltered Annuity Plan under IRC Section 403(b) for all employees who wish to participate. Project Place did not contribute to the plan in the years ended June 30, 2023 and 2022, and incurred no plan administration expenses. An insurance company bears all the risks associated with the plan.

Project Place also maintains a 401(k) Salary Deferral Plan. Project Place matches 50% of the employees’ contributions up to 5% of employees’ gross salary. Contributions by Project Place for the years ended June 30, 2023 and 2022 were \$15,770 and \$13,613, respectively.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 13    CONDITIONAL GRANTS

**Cummings Foundation:**

In June 2021, the Organization was awarded a multi-year conditional grant commitment totaling \$200,000 from the Cummings Foundation to support the Organization's programmatic work through client services. The first installment, if conditions were met, was due in FY 2022. For each of the years ended June 30, 2023 and 2022, the Organization was awarded installments of \$25,000 respectively, which are recognized as *Gifts, Grants, and Contributions* in the accompanying Consolidated Statement of Activities. As of June 30, 2023, the conditional amount of the commitment was \$150,000. As the terms of the conditions have not been met, the support has not been recognized in the accompanying consolidated financial statements.

NOTE 14    CONTINGENCIES

**Surplus Revenue Retention Regulations:**

The Commonwealth of Massachusetts Operational Services Division's regulation, 808 CMR 1.19(3), *Not-for-Profit Surplus Revenue Retention*, allows social service providers to retain a surplus up to twenty percent of total revenues attributable to or generated by Commonwealth agreements for the provision of social services to clients of the Commonwealth and to use such surplus revenue for charitable purposes of the Organization. Amounts that exceed the threshold may be subject to recoupment by the Commonwealth. Management concludes that Project Place, Inc. is in compliance with the OSD requirements.

**Deed Restrictions:**

Each of the debt obligations disclosed in Note 9 imposes a deed restriction on the use of the residential facilities, located in Boston. The purpose of the deed restrictions is to assure the government that the premises will be retained as 14 units of affordable housing for occupancy by low and very low-income individuals for 30 years following completion of the project. The deed restrictions apply to all owners of the property without regard to early repayment of debt.

NOTE 15    CONCENTRATION OF CREDIT RISK

**Cash and Investments:**

The Organization is subject to concentrations in credit risk relating primarily to cash and investments. Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") under the applicable limits; however, at times cash balances may exceed federally insured limits. As of June 30, 2023 and 2022, the Organization had cash balances of \$242,644 and \$308,496, respectively, in excess of FDIC insured limits.

The Organization invests in professionally managed money market and mutual funds that contain various types of marketable securities. The Organization's investments are exposed to various risks, such as fluctuations in market value, and credit risk. Thus, it is at least reasonably possible that changes in the near term could materially affect investment balances. The Organization's investment policy is to minimize risk with conservative investments and to invest funds intended as long-term operating reserves. The investment performance and portfolio is reviewed by the Board of Directors on a periodic basis.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

*(With Summarized Comparative Consolidated Information for 2022)*

*(Continued)*

NOTE 16 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts which are not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year of the Consolidated Statement of Financial Position date.

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 1,057,217	\$ 869,304
Accounts Receivable	619,797	524,667
Board Designated Funds For Strategic Plan and Other Initiatives	1,491,681	2,127,983
Restricted Deposits and Funded Reserves	<u>300,872</u>	<u>285,966</u>
Total Financial Assets	3,469,567	3,807,920
Less Amounts Not Available To Be Used Within One Year:		
Board Designated Funds for Strategic Plan and Other Initiatives	(1,491,681)	(2,127,983)
Restricted Deposits and Funded Reserves	<u>(300,872)</u>	<u>(285,966)</u>
Financial Assets Available To Meet General Expenditures Within One Year	<u>\$ 1,677,014</u>	<u>\$ 1,393,971</u>

For the fiscal year ended June 30, 2023, Project Place experienced a loss of approximately \$90,000 more than initially budgeted. Over the past decade, the Organization has accumulated board-designated funds to support the execution of Project Place's strategic plan and to advance the Organization's mission. The Organization used the board-designated funds to offset the additional loss and sustain the high level of service that Project Place delivers to the individuals they serve.

NOTE 17 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the consolidated financial statements. Therefore, Management has evaluated subsequent events through October 23, 2023, the date which the consolidated financial statements were available for issue, and noted no events which met the criteria for recognition or disclosure.

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

SCHEDULE I - CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2023

	<u>PROJECT</u>		<u>1145</u>		<u>CONSOLIDATED</u>
	<u>PLACE</u>	<u>GATEHOUSE</u>	<u>WASHINGTON</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
			<u>ST. TRUST</u>		
<b><u>ASSETS</u></b>					
<b><u>CURRENT ASSETS:</u></b>					
Cash and Cash Equivalents	\$ 868,288	\$ 113,742	\$ 75,187	\$ -	\$ 1,057,217
Accounts Receivable, Net	571,227	4,994	43,576	-	619,797
Prepaid Expenses and Other Assets	49,967	987	7,991	-	58,945
Total Current Assets	<u>1,489,482</u>	<u>119,723</u>	<u>126,754</u>	<u>-</u>	<u>1,735,959</u>
<b><u>PROPERTY AND EQUIPMENT:</u></b>					
Property and Equipment	720,748	10,475,698	-	(250,000)	10,946,446
Less: Accumulated Depreciation	<u>(593,823)</u>	<u>(4,577,519)</u>	<u>-</u>	<u>100,000</u>	<u>(5,071,342)</u>
Net Property and Equipment	<u>126,925</u>	<u>5,898,179</u>	<u>-</u>	<u>(150,000)</u>	<u>5,875,104</u>
<b><u>OTHER ASSETS:</u></b>					
Board Designated Funds for Strategic Plan and Other Initiatives	1,491,681	-	-	-	1,491,681
Restricted Deposits and Funded Reserves	-	300,872	-	-	300,872
Investment in Gatehouse	120,000	-	-	(120,000)	-
Due from Related Party	<u>-</u>	<u>715,577</u>	<u>-</u>	<u>(715,577)</u>	<u>-</u>
Total Other Assets	<u>1,611,681</u>	<u>1,016,449</u>	<u>-</u>	<u>(835,577)</u>	<u>1,792,553</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 3,228,088</u></b>	<b><u>\$ 7,034,351</u></b>	<b><u>\$ 126,754</u></b>	<b><u>\$ (985,577)</u></b>	<b><u>\$ 9,403,616</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b><u>CURRENT LIABILITIES:</u></b>					
Accounts Payable and Accrued Expenses	\$ 125,730	\$ 8,887	\$ 53,130	\$ -	\$ 187,747
Accrued Payroll and Related Costs	121,721	-	-	-	121,721
Deferred Revenue	71,326	2,579	-	-	73,905
Due to Related Party	694,091	-	21,486	(715,577)	-
Total Current Liabilities	<u>1,012,868</u>	<u>11,466</u>	<u>74,616</u>	<u>(715,577)</u>	<u>383,373</u>
<b><u>LONG-TERM LIABILITIES:</u></b>					
Deferred Payment Debt	<u>-</u>	<u>1,900,000</u>	<u>-</u>	<u>-</u>	<u>1,900,000</u>
Total Long-Term Liabilities	<u>-</u>	<u>1,900,000</u>	<u>-</u>	<u>-</u>	<u>1,900,000</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>1,012,868</u></b>	<b><u>1,911,466</u></b>	<b><u>74,616</u></b>	<b><u>(715,577)</u></b>	<b><u>2,283,373</u></b>
<b><u>NET ASSETS:</u></b>					
<b>Net Assets Without Donor Restrictions:</b>					
Operating	107,115	823,834	52,138	(120,000)	863,087
Board Designated	1,491,681	300,872	-	-	1,792,553
Invested in Property and Equipment	126,925	3,998,179	-	(150,000)	3,975,104
Total Net Assets Without Donor Restrictions	<u>1,725,721</u>	<u>5,122,885</u>	<u>52,138</u>	<u>(270,000)</u>	<u>6,630,744</u>
Net Assets With Donor Restrictions	489,499	-	-	-	489,499
Total Net Assets	<u>2,215,220</u>	<u>5,122,885</u>	<u>52,138</u>	<u>(270,000)</u>	<u>7,120,243</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 3,228,088</u></b>	<b><u>\$ 7,034,351</u></b>	<b><u>\$ 126,754</u></b>	<b><u>\$ (985,577)</u></b>	<b><u>\$ 9,403,616</u></b>

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

SCHEDULE II - CONSOLIDATING STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	<u>PROJECT PLACE</u>		<u>GATEHOUSE</u>		<u>1145</u> <u>WASHINGTON</u> <u>STREET TRUST</u>		<u>CONSOLIDATED</u>
	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>							
<i>Support and Revenues:</i>							
Government Grants and Contracts	\$ 1,592,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,592,986
Commercial Products and Services, Net of Cost of Goods	836,495	-	-	-	-	-	836,495
Rental Income	-	-	197,112	-	-	-	197,112
Gifts, Grants and Contributions	549,498	465,000	24,049	-	-	(199,257)	839,290
Special Event Proceeds, Net of Direct Costs	300,455	-	-	-	-	-	300,455
Dues Income	-	-	-	-	189,468	(189,468)	-
Miscellaneous Revenues	3,474	-	570	-	-	-	4,044
Investment Return	48,803	-	1,293	-	91	-	50,187
<i>Reclassification of Net Assets-Released from Restrictions:</i>							
Satisfaction of Donor Restrictions	<u>298,409</u>	<u>(298,409)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>3,630,120</u></b>	<b><u>166,591</u></b>	<b><u>223,024</u></b>	<b><u>-</u></b>	<b><u>189,559</u></b>	<b><u>(388,725)</u></b>	<b><u>3,820,569</u></b>
<b><u>EXPENSES:</u></b>							
<i>Program Services:</i>							
Program Services	3,169,888	-	452,136	-	120,436	(330,366)	3,412,094
<i>Supporting Services:</i>							
Administrative	446,810	-	-	-	-	(26,940)	419,870
Fund Raising	<u>566,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,669)</u>	<u>528,722</u>
<b><u>TOTAL EXPENSES</u></b>	<b><u>4,183,089</u></b>	<b><u>-</u></b>	<b><u>452,136</u></b>	<b><u>-</u></b>	<b><u>120,436</u></b>	<b><u>(394,975)</u></b>	<b><u>4,360,686</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>(552,969)</u></b>	<b><u>166,591</u></b>	<b><u>(229,112)</u></b>	<b><u>-</u></b>	<b><u>69,123</u></b>	<b><u>6,250</u></b>	<b><u>(540,117)</u></b>
<b><u>NET ASSETS (DEFICIT) - BEGINNING OF YEAR</u></b>	<b><u>2,278,690</u></b>	<b><u>322,908</u></b>	<b><u>5,351,997</u></b>	<b><u>-</u></b>	<b><u>(16,985)</u></b>	<b><u>(276,250)</u></b>	<b><u>7,660,360</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 1,725,721</u></b>	<b><u>\$ 489,499</u></b>	<b><u>\$ 5,122,885</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 52,138</u></b>	<b><u>\$ (270,000)</u></b>	<b><u>\$ 7,120,243</u></b>

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

SCHEDULE III - CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2022

	<u>PROJECT</u>		1145		<u>CONSOLIDATED</u>
	<u>PLACE</u>	<u>GATEHOUSE</u>	<u>WASHINGTON</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
			<u>ST. TRUST</u>		
<b><u>ASSETS</u></b>					
<b><u>CURRENT ASSETS:</u></b>					
Cash and Cash Equivalents	\$ 555,293	\$ 148,495	\$ 165,516	\$ -	\$ 869,304
Accounts Receivable, Net	521,941	2,726	-	-	524,667
Prepaid Expenses	<u>71,772</u>	<u>2,140</u>	<u>8,765</u>	<u>-</u>	<u>82,677</u>
Total Current Assets	<u>1,149,006</u>	<u>153,361</u>	<u>174,281</u>	<u>-</u>	<u>1,476,648</u>
<b><u>PROPERTY AND EQUIPMENT:</u></b>					
Property and Equipment	641,246	10,441,883	-	(250,000)	10,833,129
Less: Accumulated Depreciation	<u>(547,462)</u>	<u>(4,308,660)</u>	<u>-</u>	<u>93,750</u>	<u>(4,762,372)</u>
Net Property and Equipment	<u>93,784</u>	<u>6,133,223</u>	<u>-</u>	<u>(156,250)</u>	<u>6,070,757</u>
<b><u>OTHER ASSETS:</u></b>					
Board Designated Funds for Strategic Plan and Other Initiatives	2,127,983	-	-	-	2,127,983
Restricted Deposits and Funded Reserves	-	285,966	-	-	285,966
Investment in Gatehouse	120,000	-	-	(120,000)	-
Due from Related Party	<u>-</u>	<u>807,983</u>	<u>-</u>	<u>(807,983)</u>	<u>-</u>
Total Other Assets	<u>2,247,983</u>	<u>1,093,949</u>	<u>-</u>	<u>(927,983)</u>	<u>2,413,949</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 3,490,773</u></b>	<b><u>\$ 7,380,533</u></b>	<b><u>\$ 174,281</u></b>	<b><u>\$ (1,084,233)</u></b>	<b><u>\$ 9,961,354</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b><u>CURRENT LIABILITIES:</u></b>					
Accounts Payable and Accrued Expenses	\$ 73,748	\$ 11,513	\$ 3,806	\$ -	\$ 89,067
Accrued Payroll and Related Costs	98,245	-	-	-	98,245
Deferred Revenue	96,659	117,023	-	-	213,682
Due to Related Party	<u>620,523</u>	<u>-</u>	<u>187,460</u>	<u>(807,983)</u>	<u>-</u>
Total Current Liabilities	<u>889,175</u>	<u>128,536</u>	<u>191,266</u>	<u>(807,983)</u>	<u>400,994</u>
<b><u>LONG-TERM LIABILITIES:</u></b>					
Deferred Payment Debt	<u>-</u>	<u>1,900,000</u>	<u>-</u>	<u>-</u>	<u>1,900,000</u>
Total Long-Term Liabilities	<u>-</u>	<u>1,900,000</u>	<u>-</u>	<u>-</u>	<u>1,900,000</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>889,175</u></b>	<b><u>2,028,536</u></b>	<b><u>191,266</u></b>	<b><u>(807,983)</u></b>	<b><u>2,300,994</u></b>
<b><u>NET ASSETS:</u></b>					
Net Assets Without Donor Restrictions					
Operating	56,923	832,808	(16,985)	(120,000)	752,746
Board Designated	2,127,983	285,966	-	-	2,413,949
Invested in Property and Equipment	<u>93,784</u>	<u>4,233,223</u>	<u>-</u>	<u>(156,250)</u>	<u>4,170,757</u>
Total Net Assets Without Donor Restrictions	2,278,690	5,351,997	(16,985)	(276,250)	7,337,452
Net Assets With Donor Restrictions	<u>322,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,908</u>
Total Net Assets	<u>2,601,598</u>	<u>5,351,997</u>	<u>(16,985)</u>	<u>(276,250)</u>	<u>7,660,360</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 3,490,773</u></b>	<b><u>\$ 7,380,533</u></b>	<b><u>\$ 174,281</u></b>	<b><u>\$ (1,084,233)</u></b>	<b><u>\$ 9,961,354</u></b>

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

SCHEDULE IV - CONSOLIDATING STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

	<u>PROJECT PLACE</u>		<u>GATEHOUSE</u>		<u>1145</u> <u>WASHINGTON</u> <u>STREET TRUST</u>	<u>ELIMIN-</u>	<u>CONSOLIDATED</u>
	<u>WITHOUT</u>	<u>WITH</u>	<u>WITHOUT</u>	<u>WITH</u>	<u>WITHOUT</u>	<u>ATIONS</u>	<u>TOTAL</u>
	<u>DONOR</u>	<u>DONOR</u>	<u>DONOR</u>	<u>DONOR</u>	<u>DONOR</u>		
	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>		
<b><u>SUPPORT, REVENUES</u></b>							
<b><u>AND RECLASSIFICATIONS:</u></b>							
<i>Support and Revenues:</i>							
Government Grants and Contracts	\$ 2,043,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,043,965
Commercial Products and Services, Net	565,756	-	-	-	-	(31,200)	534,556
Rental Income	-	-	183,504	-	-	-	183,504
Gifts, Grants and Contributions	709,836	465,000	1,098	20,000	-	(178,200)	1,017,734
Dues Income	-	-	-	-	126,816	(126,816)	-
Miscellaneous Revenues	13,027	-	17	-	-	-	13,044
Investment Return	(70,315)	-	123	-	5	-	(70,187)
<i>Reclassification of Net Assets - Released from Restrictions:</i>							
Satisfaction of Donor Restrictions	250,606	(250,606)	20,000	(20,000)	-	-	-
<b><u>TOTAL SUPPORT, REVENUES</u></b>	<b><u>3,512,875</u></b>	<b><u>214,394</u></b>	<b><u>204,742</u></b>	<b><u>-</u></b>	<b><u>126,821</u></b>	<b><u>(336,216)</u></b>	<b><u>3,722,616</u></b>
<b><u>AND RECLASSIFICATIONS</u></b>							
<b><u>FUNCTIONAL EXPENSES:</u></b>							
<i>Program Services:</i>							
Program Services	2,934,531	-	412,559	-	152,008	(286,991)	3,212,107
<i>Supporting Services:</i>							
Administrative	489,137	-	-	-	-	(33,285)	455,852
Fund Raising	355,444	-	-	-	-	(22,190)	333,254
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>3,779,112</u></b>	<b><u>-</u></b>	<b><u>412,559</u></b>	<b><u>-</u></b>	<b><u>152,008</u></b>	<b><u>(342,466)</u></b>	<b><u>4,001,213</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>(266,237)</u></b>	<b><u>214,394</u></b>	<b><u>(207,817)</u></b>	<b><u>-</u></b>	<b><u>(25,187)</u></b>	<b><u>6,250</u></b>	<b><u>(278,597)</u></b>
<b><u>NET ASSETS (DEFICIT) - BEGINNING OF YEAR</u></b>	<b><u>2,544,927</u></b>	<b><u>108,514</u></b>	<b><u>5,559,814</u></b>	<b><u>-</u></b>	<b><u>8,202</u></b>	<b><u>(282,500)</u></b>	<b><u>7,938,957</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 2,278,690</u></b>	<b><u>\$ 322,908</u></b>	<b><u>\$ 5,351,997</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (16,985)</u></b>	<b><u>\$ (276,250)</u></b>	<b><u>\$ 7,660,360</u></b>