

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

Smith  Sullivan
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

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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.

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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, 2024, 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, 2024, 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 ("GAAS") 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 audit. 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 GAAS 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 GAAS 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 24 - 27 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 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated audited financial statements in our report dated October 23, 2023. In our opinion, the summarized comparative consolidated information presented herein as of and for the year ended June 30, 2023, 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 29, 2024 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 solely 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 29, 2024

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents	\$ 597,345	\$ 1,057,217
Accounts Receivable, Net	328,597	335,987
Grants Receivable, Program Services	1,137,703	283,810
Prepaid Expenses and Other Assets	67,380	58,945
Total Current Assets	<u>2,131,025</u>	<u>1,735,959</u>
<u>PROPERTY AND EQUIPMENT:</u>		
Property and Equipment	11,487,679	10,946,446
Less: Accumulated Depreciation	<u>(5,378,105)</u>	<u>(5,071,342)</u>
Net Property and Equipment	<u>6,109,574</u>	<u>5,875,104</u>
<u>OTHER ASSETS:</u>		
Board Designated Funds for Strategic Plan and Other Initiatives	780,214	1,491,681
Restricted Deposits and Funded Reserves	302,382	300,872
Total Other Assets	<u>1,082,596</u>	<u>1,792,553</u>
<u>TOTAL ASSETS</u>	<u>\$ 9,323,195</u>	<u>\$ 9,403,616</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 224,087	\$ 187,747
Accrued Payroll and Related Costs	119,635	121,721
Deferred Revenue	2,579	73,905
Total Current Liabilities	<u>346,301</u>	<u>383,373</u>
<u>LONG-TERM LIABILITIES:</u>		
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>
<u>TOTAL LIABILITIES</u>	<u>2,246,301</u>	<u>2,283,373</u>
<u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions:		
Operating	1,317,045	863,087
Board Designated	1,082,596	1,792,553
Invested in Property and Equipment	4,209,574	3,975,104
Total Net Assets Without Donor Restrictions	<u>6,609,215</u>	<u>6,630,744</u>
Net Assets With Donor Restrictions	<u>467,679</u>	<u>489,499</u>
Total Net Assets	<u>7,076,894</u>	<u>7,120,243</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 9,323,195</u>	<u>\$ 9,403,616</u>

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

(With Summarized Comparative Consolidated Totals for 2023)

	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL ACTIVITIES</u>	
			<u>2024</u>	<u>2023</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
<i>Support and Revenues:</i>				
Government Grants and Contracts	\$ 2,445,591	\$ -	\$ 2,445,591	\$ 1,592,986
Commercial Products and Services, Net of Cost of Goods	857,459	-	857,459	836,495
Rental Income	173,250	-	173,250	197,112
Gifts, Grants and Contributions	456,465	429,910	886,375	839,290
Special Event Proceeds, Net of Direct Costs	430,481	-	430,481	300,455
Miscellaneous Revenues	416	-	416	4,044
Investment Return	92,429	-	92,429	50,187
<i>Reclassification of Net Assets - Released from Restrictions:</i>				
Satisfaction of Donor Restrictions	451,730	(451,730)	-	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>4,907,821</u>	<u>(21,820)</u>	<u>4,886,001</u>	<u>3,820,569</u>
<u>EXPENSES:</u>				
<i>Program Services:</i>				
Program Services	3,766,138	-	3,766,138	3,412,094
<i>Supporting Services:</i>				
Administrative	719,880	-	719,880	419,870
Fund Raising	443,332	-	443,332	528,722
<u>TOTAL EXPENSES</u>	<u>4,929,350</u>	<u>-</u>	<u>4,929,350</u>	<u>4,360,686</u>
<u>CHANGE IN NET ASSETS</u>	<u>(21,529)</u>	<u>(21,820)</u>	<u>(43,349)</u>	<u>(540,117)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>6,630,744</u>	<u>489,499</u>	<u>7,120,243</u>	<u>7,660,360</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 6,609,215</u>	<u>\$ 467,679</u>	<u>\$ 7,076,894</u>	<u>\$ 7,120,243</u>

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

(With Summarized Comparative Consolidated Totals for 2023)

	<u>CLIENT</u> <u>SERVICES</u>	<u>EDU-</u> <u>CATION</u>	<u>TRAINING &</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 &</u> <u>GOODS SOLD</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
									<u>2024</u>	<u>2023</u>
<i>Personnel Expenses:</i>										
Salaries and Wages	\$ 851,927	\$ 185,184	\$ 839,890	\$ 52,021	\$ 1,929,022	\$ 141,282	\$ 254,897	\$ -	\$ 2,325,201	\$ 2,316,069
Payroll Taxes	74,834	16,286	73,999	4,470	169,589	11,895	22,380	-	203,864	183,384
Fringe Benefits	94,401	14,248	76,494	6,671	191,814	52,491	22,695	-	267,000	220,576
Total Personnel Expenses	<u>1,021,162</u>	<u>215,718</u>	<u>990,383</u>	<u>63,162</u>	<u>2,290,425</u>	<u>205,668</u>	<u>299,972</u>	<u>-</u>	<u>2,796,065</u>	<u>2,720,029</u>
<i>Operating Expenses:</i>										
Client Wages	-	-	346,184	-	346,184	-	-	-	346,184	329,191
Program Supplies and Activities	7,476	52,919	76,134	3,201	139,730	4,221	1,133	207,882	352,966	262,520
Occupancy Costs	71,718	21,997	70,392	196,286	360,393	11,104	13,111	-	384,608	246,387
Depreciation Expense	18,947	3,848	16,680	261,192	300,667	2,603	3,493	-	306,763	308,970
Staff Training	-	-	-	-	-	-	-	-	-	4,761
Staff Travel	8,359	71	-	-	8,430	2,081	85	-	10,596	10,953
Fundraising Events and Activities	-	-	-	-	-	-	74,449	119,335	193,784	368,824
Professional Fees	25,826	5,246	27,737	31,019	89,828	445,713	16,662	-	552,203	182,701
Insurance Expense	36,717	7,458	32,326	19,043	95,544	5,134	6,768	-	107,446	99,891
Program and Office Support	37,608	12,842	65,597	8,748	124,795	35,655	15,854	-	176,304	235,018
Other Expenses	194	39	3,211	6,698	10,142	7,701	11,805	-	29,648	20,166
Total Operating Expenses	<u>206,845</u>	<u>104,420</u>	<u>638,261</u>	<u>526,187</u>	<u>1,475,713</u>	<u>514,212</u>	<u>143,360</u>	<u>327,217</u>	<u>2,460,502</u>	<u>2,069,382</u>
Total Functional Expenses	1,228,007	320,138	1,628,644	589,349	3,766,138	719,880	443,332	327,217	5,256,567	4,789,411
Less Direct Costs of Events and Goods Sold	-	-	-	-	-	-	-	(327,217)	(327,217)	(428,725)
Total Expenses per Statement of Activities	<u>\$ 1,228,007</u>	<u>\$ 320,138</u>	<u>\$ 1,628,644</u>	<u>\$ 589,349</u>	<u>\$ 3,766,138</u>	<u>\$ 719,880</u>	<u>\$ 443,332</u>	<u>\$ -</u>	<u>\$ 4,929,350</u>	<u>\$ 4,360,686</u>

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ (43,349)	\$ (540,117)
<i>Adjustments to Reconcile the Above to Net Cash Used by Operating Activities:</i>		
Depreciation Expense	306,763	308,970
Net Investment Return	(88,533)	(48,698)
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Net	7,390	-
Grants Receivable, Program Services	(853,893)	(95,130)
Prepaid Expenses and Other Assets	(8,435)	23,732
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	36,340	98,680
Accrued Payroll and Related Costs	(2,086)	23,476
Deferred Revenue	(71,326)	(139,777)
Net Adjustment	<u>(673,780)</u>	<u>171,253</u>
<u>NET CASH USED BY OPERATING ACTIVITIES</u>	<u>(717,129)</u>	<u>(368,864)</u>
<u>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:</u>		
Acquisition of Property, Equipment and Building Improvements	(541,233)	(113,317)
Proceeds from Investment Sales	800,000	285,000
Reclassification of Investments	-	400,000
Net Cash Flows Provided by Investing Activities	<u>258,767</u>	<u>571,683</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(458,362)</u>	<u>202,819</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>1,358,089</u>	<u>1,155,270</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 899,727</u>	<u>\$ 1,358,089</u>
<i>Cash and Cash Equivalents :</i>		
Cash and Cash Equivalents	\$ 597,345	\$ 1,057,217
Restricted Deposits and Funded Reserves	302,382	300,872
Total Cash and Cash Equivalents	<u>\$ 899,727</u>	<u>\$ 1,358,089</u>

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

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, 2024

(With Summarized Comparative Consolidated Information for 2023)

(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.

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 and 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, 2024

(With Summarized Comparative Consolidated Information for 2023)

(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, 2024

(With Summarized Comparative Consolidated Information for 2023)

(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, 2024, 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 2023 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 Consolidated Statement of Functional Expenses, FY 2023 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, 2023, 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, which for FY 2023, includes a U.S. Treasury Money Market Account.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

(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 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 consolidated financial statements. Investments are classified as short or long-term depending upon the nature of the investments and the intentions of management.

Accounts Receivable, Net:

Accounts Receivable, Net represents amounts which are due from commercial service revenue, contracted services and rental income due from tenants. *Accounts Receivable, Net* is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for credit losses and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Management uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for those receivables. The composition of receivables at year-end is consistent with historical conditions as terms, practices and funders have not changed significantly. Management considers all of its funders, with many of whom the Organization has on-going relationships, to be stable and creditworthy. 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, Net* is reported net of the estimated uncollectible balance.

Grants Receivable, Program Services:

Grants Receivable, Program Services primarily represents amounts due from government grants which are classified as current and recorded at their net realizable value. Management periodically reviews specific grants, commitments and agreements to determine if any balances are uncollectible. Management believes that these amounts are fully collectible, and therefore, no allowance for doubtful amounts has been established. For the years presented, the Organization reported no losses from uncollectible grants receivable.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

(Continued)

NOTE 3 *(Continued)*

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.

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 Statements 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.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

(Continued)

NOTE 3 *(Continued)*

Revenue Recognition:

Commercial Products and Services

Project Place operates three businesses, or Social Enterprises, that provide transitional employment to program participants who complete Work Ready and Industry Internship programs. Social Enterprises include a cleaning business, vending machine operation and food service business. 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.

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.

Unconditional Gifts, Grants and Contributions

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. 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.

Conditional Gifts and Grants

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 advance, a liability within the Consolidated Statements of Financial Position. 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.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

(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.

Government Grants and Cost-Reimbursement Agreements

Project Place is the recipient of various federal, state and local government funded grants which are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. The funding received under these government funded agreements are accounted for as conditional grants. 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 include the Commonwealth of Massachusetts and the Suffolk County Sheriff's Department.

Special Events

Revenue from special fundraising events is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. Accordingly, sponsorships and ticket sales received in advance of the event are reported as deferred revenue. Special event proceeds from virtual events are considered to be contributions.

Donations of Nonfinancial Assets:

Contributed nonfinancial assets may include donated professional service and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Organization does not monetize such contributions. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

For the years ended June 30, 2024 and 2023, respectively, pro bono legal expenses valued at \$70,427 and \$35,368 were received and recognized as an expense with offsetting support included in *Gifts, Grants and Contributions* in the accompanying consolidated financial statements. In addition, for the year ended June 30, 2024, the Organization received \$70,500 in donated event facilities, which is further discussed in Note 12.

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.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

(Continued)

NOTE 3 (Continued)

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.

Recent Accounting Guidance:

Recently Implemented Standards

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, which introduced an expected credit loss model for the impairment of financial assets measured at amortized cost. The model replaces the probable, incurred loss model for those assets and broadens the information an entity must consider in developing its expected credit loss estimate for assets measured at amortized cost. The Organization adopted ASU No. 2016-13 effective July 1, 2023, with no material impact to the Organization's financial position, changes in net assets, or cash flows.

Reclassifications:

Certain amounts in the prior year summarized comparative information have been reclassified to conform to the current year presentation. Reclassifications made to the prior year information have no impact on total net assets or changes in net assets.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts Receivable from program services as of June 30, 2024 and 2023 are summarized below:

<u>Funding Source</u>	<u>2024</u>	<u>2023</u>
Commercial Services	\$321,930	\$296,917
Tenant Rent Due	5,880	7,557
Other	10,287	-
Insurance Proceeds Due	-	41,013
Total Accounts Receivable	<u>338,097</u>	<u>345,487</u>
Less: Provision for Uncollectible Amounts	<u>(9,500)</u>	<u>(9,500)</u>
Net Realizable Value	<u>\$328,597</u>	<u>\$335,987</u>

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

(Continued)

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30, 2024 and 2023:

<u>Asset Category</u>	<u>2024</u>	<u>2023</u>
Land	\$ 250,000	\$ 250,000
Building and Renovations	9,433,814	9,331,263
Office and Program Equipment	1,215,550	1,175,140
Motor Vehicles	190,043	190,043
Construction in Progress*	<u>398,272</u>	<u>-</u>
Subtotal	11,487,679	10,946,446
Accumulated Depreciation	<u>(5,378,105)</u>	<u>(5,071,342)</u>
Property and Equipment, Net	<u>\$ 6,109,574</u>	<u>\$ 5,875,104</u>

*During FY 2024, the Organization started a major renovation of its HVAC system, replacing fourteen heat pumps across the building. This project phase is estimated to cost \$598,922 and is projected to be completed on December 1, 2024. As of June 30, 2024, all equipment associated with this project had been purchased and, including engineering costs, a total of \$398,272, is classified as Construction in Progress. Upon completion, the HVAC improvements will be placed in service and depreciated per the Organization's policies.

NOTE 6 INVESTMENTS

As of June 30, 2024 and 2023, Project Place's investment portfolio was held within the *Designated Funds for Strategic Plan and Other Initiatives* and consists of the following:

<u>Investment Type</u>	<u>Fair Value (Level 1)</u>	
	<u>2024</u>	<u>2023</u>
Schwab Treasury Money Market Fund	\$ 22,521	\$ 447,668
Stock Mutual Funds	246,921	221,772
Bond Mutual Funds	<u>510,772</u>	<u>822,241</u>
Total Investments	<u>\$780,214</u>	<u>\$1,491,681</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.

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, 2024 and 2023, board designated operating reserves were \$198,161 and \$197,170, respectively and are included in *Restricted Deposits and Funded Reserves* on the accompanying Consolidated Statements of Financial Position.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

(Continued)

NOTE 7 *(Continued)*

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, 2024 and 2023, board designated replacement reserves were \$104,221 and \$103,702, 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:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Advance Payments for Commercial Services	\$ -	\$71,326
Rental Payments Received in Advance	<u>2,579</u>	<u>2,579</u>
Total	<u>\$2,579</u>	<u>\$73,905</u>

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.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

(Continued)

NOTE 9 *(Continued)*

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 8.5% and 8.25% as of June 30, 2024 and 2023, respectively. All borrowings are payable on demand; however, as of June 30, 2024 and 2023, there was no outstanding balance and the line-of-credit was not used during the years presented.

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 \$467,679 and \$489,499 for program restrictions as of June 30, 2024 and 2023, 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 \$451,730 and \$298,409 for the years ended June 30, 2024 and 2023, respectively.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

(Continued)

NOTE 10 (Continued)

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. During FY 2024, the Organization borrowed \$500,000 from its reserves to pay for building improvements which were subsequently reimbursed pursuant to a capital grant, and replenished as of the financial statement release date. As of June 30, 2024 and 2023, the *Board Designated Funds for Strategic Plan and Other Initiatives* consists of investments of \$780,214 and \$1,491,681, 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>2024</u>	<u>2023</u>
Gross Product and Service Sales	\$1,065,341	\$ 977,274
Less: Cost of Goods Sold	<u>(207,882)</u>	<u>(140,779)</u>
Net Commercial Products and Services	<u>\$ 857,459</u>	<u>\$ 836,495</u>

NOTE 12 SPECIAL FUND RAISING EVENTS

A summary of special fund raising events is presented below:

	<u>2024</u>	<u>2023</u>
Donations and Sponsorships	\$479,316	\$ 588,401
Donated Event Facilities	<u>70,500</u>	<u>-</u>
Gross Support	549,816	588,401
Less: Direct Costs	(48,835)	(287,946)
Less: Donated Event Facilities	<u>(70,500)</u>	<u>-</u>
Special Event Proceeds, Net of Direct Costs	<u>\$430,481</u>	<u>\$ 300,455</u>

NOTE 13 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, 2024 and 2023, 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, 2024 and 2023 were \$21,803 and \$15,770, respectively.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

(Continued)

NOTE 14 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 initial installment of \$25,000 paid in FY 2021 was not conditional; however, the grant is renewable for up to eight additional years in \$25,000 installments in the sole discretion of the Foundation. For each of the years ended June 30, 2024 and 2023, the Organization was awarded installments of \$25,000, which are recognized as *Gifts, Grants, and Contributions* in the accompanying Consolidated Statement of Activities. As of June 30, 2024, the conditional amount of the commitment was \$125,000. As the terms of the conditions have not been met, the support has not been recognized in the accompanying consolidated financial statements.

Employee Retention Tax Credit:

The Employee Retention Tax Credit ("ERTC") was introduced by the U.S. CARES Act in 2020 and is a refundable tax credit against certain employment taxes. During the year ended June 30, 2024, Project Place applied for approximately \$304,173 of ERTCs. Management has accounted for the ERTC as a conditional grant commitment which is conditional upon review and approval by the IRS and, accordingly, will recognize revenue upon ultimate receipt of the funds.

NOTE 15 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 16 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, 2024 and 2023, the Organization had cash balances of \$837,172 and \$242,644, respectively, in excess of FDIC insured limits.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

(Continued)

NOTE 16 *(Continued)*

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.

Accounts Receivable, Net:

As of June 30, 2024 and 2023, \$245,708 and \$192,711, representing 75% and 57%, respectively, of total *Accounts Receivable, Net* was due from one vendor. As of the financial statement release date, all such amounts had been collected.

Grants Receivable, Program Services:

As of June 30, 2024 and 2023, \$499,800 and \$174,370, representing 44% and 61%, respectively, of total *Grants Receivable, Program Services* was due from one government agency. As of the financial statement release date, all such amounts had been collected.

Government Funded Contract Revenue:

Government Grants and Contracts accounted for 50% and 42% of total support and revenue for the years ended June 30, 2024 and 2023, respectively.

Aggregate funding from the Department of Housing and Community Development was \$919,578 and \$441,287 for the years ended June 30, 2024 and 2023, respectively, and accounted for approximately 38% and 28% of total *Government Grants and Contracts* revenue for those years.

NOTE 17 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2024 and 2023, 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 Statements of Financial Position date.

INTERSEMINARIAN - PROJECT PLACE, INC., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Summarized Comparative Consolidated Information for 2023)

(Continued)

NOTE 17 *(Continued)*

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 597,345	\$ 1,057,217
Accounts and Grants Receivable	1,466,300	619,797
Board Designated Funds For Strategic Plan and Other Initiatives	780,214	1,491,681
Restricted Deposits and Funded Reserves	<u>302,382</u>	<u>300,872</u>
Total Financial Assets	3,146,241	3,469,567
Less Amounts Not Available To Be Used Within One Year:		
Board Designated Funds for Strategic Plan and Other Initiatives	(780,214)	(1,491,681)
Restricted Deposits and Funded Reserves	<u>(302,382)</u>	<u>(300,872)</u>
Financial Assets Available To Meet General Expenditures Within One Year	<u>\$2,063,645</u>	<u>\$ 1,677,014</u>

NOTE 18 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 29, 2024, 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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2024

	<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>		
<u>ASSETS</u>					
<u>CURRENT ASSETS:</u>					
Cash and Cash Equivalents	\$ 414,468	\$ 146,124	\$ 36,753	\$ -	\$ 597,345
Accounts Receivable, Net	322,964	5,633	-	-	328,597
Grants Receivable, Program Services	1,137,703	-	-	-	1,137,703
Prepaid Expenses and Other Assets	59,553	625	7,202	-	67,380
Total Current Assets	<u>1,934,688</u>	<u>152,382</u>	<u>43,955</u>	<u>-</u>	<u>2,131,025</u>
<u>PROPERTY AND EQUIPMENT:</u>					
Property and Equipment	761,158	10,976,521	-	(250,000)	11,487,679
Less: Accumulated Depreciation	<u>(640,639)</u>	<u>(4,843,716)</u>	<u>-</u>	<u>106,250</u>	<u>(5,378,105)</u>
Net Property and Equipment	<u>120,519</u>	<u>6,132,805</u>	<u>-</u>	<u>(143,750)</u>	<u>6,109,574</u>
<u>OTHER ASSETS:</u>					
Board Designated Funds for Strategic Plan and Other Initiatives	780,214	-	-	-	780,214
Restricted Deposits and Funded Reserves	-	302,382	-	-	302,382
Investment in Gatehouse	120,000	-	-	(120,000)	-
Due from Related Party	-	216,658	65,215	(281,873)	-
Total Other Assets	<u>900,214</u>	<u>519,040</u>	<u>65,215</u>	<u>(401,873)</u>	<u>1,082,596</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,955,421</u>	<u>\$ 6,804,227</u>	<u>\$ 109,170</u>	<u>\$ (545,623)</u>	<u>\$ 9,323,195</u>
<u>LIABILITIES AND NET ASSETS</u>					
<u>CURRENT LIABILITIES:</u>					
Accounts Payable and Accrued Expenses	\$ 191,820	\$ 879	\$ 31,388	\$ -	\$ 224,087
Accrued Payroll and Related Costs	119,635	-	-	-	119,635
Deferred Revenue	-	2,579	-	-	2,579
Due to Related Party	281,873	-	-	(281,873)	-
Total Current Liabilities	<u>593,328</u>	<u>3,458</u>	<u>31,388</u>	<u>(281,873)</u>	<u>346,301</u>
<u>LONG-TERM LIABILITIES:</u>					
Deferred Payment Debt	-	1,900,000	-	-	1,900,000
Total Long-Term Liabilities	<u>-</u>	<u>1,900,000</u>	<u>-</u>	<u>-</u>	<u>1,900,000</u>
<u>TOTAL LIABILITIES</u>	<u>593,328</u>	<u>1,903,458</u>	<u>31,388</u>	<u>(281,873)</u>	<u>2,246,301</u>
<u>NET ASSETS:</u>					
Net Assets Without Donor Restrictions:					
Operating	993,681	365,582	77,782	(120,000)	1,317,045
Board Designated	780,214	302,382	-	-	1,082,596
Invested in Property and Equipment	120,519	4,232,805	-	(143,750)	4,209,574
Total Net Assets Without Donor Restrictions	1,894,414	4,900,769	77,782	(263,750)	6,609,215
Net Assets With Donor Restrictions	467,679	-	-	-	467,679
Total Net Assets	<u>2,362,093</u>	<u>4,900,769</u>	<u>77,782</u>	<u>(263,750)</u>	<u>7,076,894</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,955,421</u>	<u>\$ 6,804,227</u>	<u>\$ 109,170</u>	<u>\$ (545,623)</u>	<u>\$ 9,323,195</u>

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

	<u>PROJECT PLACE</u>		<u>GATEHOUSE</u>		<u>1145</u> <u>WASHINGTON</u> <u>STREET TRUST</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u> <u>TOTAL</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>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>							
<i>Support and Revenues:</i>							
Government Grants and Contracts	\$ 2,445,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,445,591
Commercial Products and Services, Net of Cost of Goods	857,459	-	-	-	-	-	857,459
Rental Income	-	-	173,250	-	-	-	173,250
Gifts, Grants and Contributions	446,815	429,910	9,650	-	-	-	886,375
Special Event Proceeds, Net of Direct Costs	430,481	-	-	-	-	-	430,481
Dues Income	-	-	-	-	189,468	(189,468)	-
Miscellaneous Revenues	-	-	416	-	-	-	416
Investment Return	89,679	-	837	-	1,913	-	92,429
<i>Reclassification of Net Assets-Released from Restrictions:</i>							
Satisfaction of Donor Restrictions	451,730	(451,730)	-	-	-	-	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>4,721,755</u>	<u>(21,820)</u>	<u>184,153</u>	<u>-</u>	<u>191,381</u>	<u>(189,468)</u>	<u>4,886,001</u>
<u>EXPENSES:</u>							
<i>Program Services:</i>							
Program Services	3,387,740	-	406,269	-	151,860	(179,731)	3,766,138
<i>Supporting Services:</i>							
Administrative	720,781	-	-	-	5,926	(6,827)	719,880
Fund Raising	444,541	-	-	-	7,951	(9,160)	443,332
<u>TOTAL EXPENSES</u>	<u>4,553,062</u>	<u>-</u>	<u>406,269</u>	<u>-</u>	<u>165,737</u>	<u>(195,718)</u>	<u>4,929,350</u>
<u>CHANGE IN NET ASSETS</u>	<u>168,693</u>	<u>(21,820)</u>	<u>(222,116)</u>	<u>-</u>	<u>25,644</u>	<u>6,250</u>	<u>(43,349)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>1,725,721</u>	<u>489,499</u>	<u>5,122,885</u>	<u>-</u>	<u>52,138</u>	<u>(270,000)</u>	<u>7,120,243</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 1,894,414</u>	<u>\$ 467,679</u>	<u>\$ 4,900,769</u>	<u>\$ -</u>	<u>\$ 77,782</u>	<u>\$ (263,750)</u>	<u>\$ 7,076,894</u>

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

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>		
<u>ASSETS</u>					
<u>CURRENT ASSETS:</u>					
Cash and Cash Equivalents	\$ 868,288	\$ 113,742	\$ 75,187	\$ -	\$ 1,057,217
Accounts Receivable, Net	287,417	4,994	43,576	-	335,987
Grants Receivable, Program Services	283,810		-	-	283,810
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>
<u>PROPERTY AND EQUIPMENT:</u>					
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>
<u>OTHER ASSETS:</u>					
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>
<u>TOTAL ASSETS</u>	<u>\$ 3,228,088</u>	<u>\$ 7,034,351</u>	<u>\$ 126,754</u>	<u>\$ (985,577)</u>	<u>\$ 9,403,616</u>
<u>LIABILITIES AND NET ASSETS</u>					
<u>CURRENT LIABILITIES:</u>					
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>
<u>LONG-TERM LIABILITIES:</u>					
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>
<u>TOTAL LIABILITIES</u>	<u>1,012,868</u>	<u>1,911,466</u>	<u>74,616</u>	<u>(715,577)</u>	<u>2,283,373</u>
<u>NET ASSETS:</u>					
Net Assets Without Donor Restrictions					
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	1,725,721	5,122,885	52,138	(270,000)	6,630,744
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>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 3,228,088</u>	<u>\$ 7,034,351</u>	<u>\$ 126,754</u>	<u>\$ (985,577)</u>	<u>\$ 9,403,616</u>

INTERSEMINARIAN - PROJECT PLACE, INC. AND SUBSIDIARIES

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>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>		
<u>SUPPORT, REVENUES</u>							
<u>AND RECLASSIFICATIONS:</u>							
<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	298,409	(298,409)	-	-	-	-	-
<u>TOTAL SUPPORT, REVENUES</u>	<u>3,630,120</u>	<u>166,591</u>	<u>223,024</u>	<u>-</u>	<u>189,559</u>	<u>(388,725)</u>	<u>3,820,569</u>
<u>AND RECLASSIFICATIONS</u>							
<u>FUNCTIONAL EXPENSES:</u>							
<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	566,391	-	-	-	-	(37,669)	528,722
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>4,183,089</u>	<u>-</u>	<u>452,136</u>	<u>-</u>	<u>120,436</u>	<u>(394,975)</u>	<u>4,360,686</u>
<u>CHANGE IN NET ASSETS</u>	<u>(552,969)</u>	<u>166,591</u>	<u>(229,112)</u>	<u>-</u>	<u>69,123</u>	<u>6,250</u>	<u>(540,117)</u>
<u>NET ASSETS (DEFICIT) - BEGINNING OF YEAR</u>	<u>2,278,690</u>	<u>322,908</u>	<u>5,351,997</u>	<u>-</u>	<u>(16,985)</u>	<u>(276,250)</u>	<u>7,660,360</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 1,725,721</u>	<u>\$ 489,499</u>	<u>\$ 5,122,885</u>	<u>\$ -</u>	<u>\$ 52,138</u>	<u>\$ (270,000)</u>	<u>\$ 7,120,243</u>