

**ST. PAUL'S COMMUNITY  
DEVELOPMENT CORPORATION**

**FINANCIAL REPORT  
DECEMBER 31, 2015**

**FEDERAL IDENTIFICATION NUMBER 22-3075855**



**McIntee Fusaro Del Corral, LLC**  
*Certified Public Accountants & Forensic Consultants*

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**McIntee Fusaro Del Corral, LLC**  
*Certified Public Accountants & Forensic Consultants*

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
St. Paul's Community Development Corporation  
Paterson, New Jersey

**Report on the Financial Statements**

We have audited the accompanying financial statements of St. Paul's Community Development Corporation, a non-profit organization (the "Organization"), which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015 and 2014, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance on pages 21-23 as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and *New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the other information such as the notes to schedules of expenditures of federal awards and state financial assistance, schedule of findings and questioned costs and summary schedule of prior year audit findings are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2016 on our consideration of the Organization's 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 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 the Organization's internal control over financial reporting and compliance.



McIntee Fusaro Del Corral, LLC

Fairfield, New Jersey  
March 29, 2016



**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**

**STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	December 31,	
	2015	2014
<b>CURRENT ASSETS:</b>		
Cash	\$ 25,982	\$ 22,131
Grants receivable	109,867	144,233
Contributions receivable	126,683	21,502
Other receivable	409	1,351
Prepaid expenses	-	1,516
Total Current Assets	262,941	190,733
<b>PROPERTY AND EQUIPMENT, NET</b>	557,802	595,143
<b>OTHER ASSETS:</b>		
Security deposits	10,020	25,271
Funds held in escrow	10,465	10,465
	20,485	35,736
	\$ 841,228	\$ 821,612

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 92,839	\$ 84,661
Due to St. Paul's Episcopal Church	-	17,000
Refundable advances	110,318	89,498
Accrued vacation payable	7,510	8,212
Line of credit	230,000	120,000
Loans and capital lease payable - current maturities	16,847	16,847
Loan payable - WLI Project - current maturities	7,616	7,467
Total Current Liabilities	465,130	343,685
<b>LOANS AND CAPITAL LEASE PAYABLE - NET OF CURRENT MATURITIES</b>	40,517	57,364
<b>LOANS PAYABLE - WLI PROJECT - NET OF CURRENT MATURITIES</b>	227,732	235,347
	733,379	636,396
<b>COMMITMENTS</b>		
<b>NET ASSETS:</b>		
Unrestricted net assets:		
Operations (deficit)	(221,138)	(173,793)
Property	322,307	352,329
Total unrestricted net assets	101,169	178,536
Permanently restricted net assets	6,680	6,680
	107,849	185,216
	\$ 841,228	\$ 821,612

*See accompanying notes to financial statements.*

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2015

(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

	Unrestricted			Permanently Restricted	2015 Total	2014 Total
	Operations	Property and Equipment	Total			
SUPPORT AND REVENUES:						
Support:						
Grants and contracts	\$ 1,747,964	\$ -	\$ 1,747,964	\$ -	\$ 1,747,964	\$ 1,884,137
Contributions	74,955	-	74,955	-	74,955	93,128
Total support	<u>1,822,919</u>	<u>-</u>	<u>1,822,919</u>	<u>-</u>	<u>1,822,919</u>	<u>1,977,265</u>
Revenues:						
Special event	43,120	-	43,120	-	43,120	10,863
Program service revenue	143,187	-	143,187	-	143,187	137,701
Shelter nights	25,464	-	25,464	-	25,464	21,847
Other income	18,961	-	18,961	-	18,961	23
Total revenues	<u>230,732</u>	<u>-</u>	<u>230,732</u>	<u>-</u>	<u>230,732</u>	<u>170,434</u>
Total Support and Revenues	<u>2,053,651</u>	<u>-</u>	<u>2,053,651</u>	<u>-</u>	<u>2,053,651</u>	<u>2,147,699</u>
EXPENSES:						
Program services	1,888,485	30,211	1,918,696	-	1,918,696	1,961,442
Support services	205,192	7,130	212,322	-	212,322	203,509
Total Expenses	<u>2,093,677</u>	<u>37,341</u>	<u>2,131,018</u>	<u>-</u>	<u>2,131,018</u>	<u>2,164,951</u>
CHANGE IN NET ASSETS	(40,026)	(37,341)	(77,367)	-	(77,367)	(17,252)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(173,793)</u>	<u>352,329</u>	<u>178,536</u>	<u>6,680</u>	<u>185,216</u>	<u>202,468</u>
OTHER CHANGES:						
Loan payments	(7,319)	7,319	-	-	-	-
Property and equipment acquisitions	-	-	-	-	-	-
	<u>(7,319)</u>	<u>7,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (221,138)</u>	<u>\$ 322,307</u>	<u>\$ 101,169</u>	<u>\$ 6,680</u>	<u>\$ 107,849</u>	<u>\$ 185,216</u>

See accompanying notes to financial statements.

**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**

**STATEMENTS OF CASH FLOWS**

	<u>Year Ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (77,367)	\$ (17,252)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	37,341	37,275
Changes in operating assets and liabilities:		
Grants receivable	34,366	2,065
Contributions receivable	(105,181)	15,153
Other receivable	942	(1,351)
Program service revenue receivable	-	5,100
Prepaid expenses	1,516	678
Security deposits	15,251	(8,350)
Accounts payable and accrued expenses	8,178	8,734
Due to St. Paul's Episcopal Church	(17,000)	(20,222)
Refundable advances	20,820	5,184
Accrued vacation payable	(702)	3,699
Net cash flows from operating activities	<u>(81,836)</u>	<u>30,713</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY -</b>		
Property and equipment additions	<u>-</u>	<u>-</u>
Net cash flows from investing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of loans/capital lease	(24,313)	(42,540)
Borrowings on the line of credit	110,000	330,000
Payment on the line of credit	<u>-</u>	<u>(310,000)</u>
Net cash flows from financing activities	<u>85,687</u>	<u>(22,540)</u>
<b>NET CHANGE IN CASH</b>	3,851	8,173
<b>CASH, BEGINNING OF YEAR</b>	<u>22,131</u>	<u>13,958</u>
<b>CASH, END OF YEAR</b>	<u>\$ 25,982</u>	<u>\$ 22,131</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ 15,774</u>	<u>\$ 11,707</u>

*See accompanying notes to financial statements.*

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR DECEMBER 31, 2015

(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

	Program Services								Support Services			2015 Total Expenses	2014 Total Expenses	
	Food Pantry	Emergency Men's Shelter	Adult Education	Americorps	Oureach and Direct Services Programs	Passaic Youthbuild	Paterson Public Schools	WLI Program	Total Program Expenses	Management and General	Fund and Community Development			Total Support Services
Salaries	\$ 43,760	\$ 145,112	\$ 214,226	\$ 80,540	\$ 67,038	\$ 144,417	\$ 92,518	\$ 2,730	\$ 790,341	\$ 57,720	\$ 34,125	\$ 91,845	\$ 882,186	\$ 861,025
Payroll taxes and benefits	9,975	30,403	39,337	36,533	15,382	35,574	14,016	-	181,220	58,928	4,666	63,594	244,814	249,658
Telephone	1,879	1,879	3,227	2,367	3,207	6,439	-	-	18,998	-	-	-	18,998	21,235
Food	10,419	-	4,540	-	-	-	-	-	14,959	-	-	-	14,959	13,485
Occupancy	33,809	47,430	82,862	1,855	1,952	191,964	1,198	-	361,070	8,474	-	8,474	369,544	363,576
Supplies and equipment	10,881	8,726	10,494	3,405	3,066	4,253	1,938	-	42,763	2,757	1,248	4,005	46,768	69,146
Professional fees	1,600	2,800	3,200	10,600	1,800	4,800	6,520	-	31,320	1,600	-	1,600	32,920	28,900
Insurance	2,222	8,731	6,223	1,700	3,617	5,610	3,025	-	31,128	5,004	1,395	6,399	37,527	38,950
Postage and printing	900	992	9,399	8,505	2,001	9,332	285	-	31,414	1,381	2,794	4,175	35,589	36,097
Travel	1,906	66	3,200	3,182	12,090	1,203	4,215	-	25,862	109	-	109	25,971	29,971
Interest	879	1,538	1,758	879	989	2,637	1,428	4,788	14,896	878	-	878	15,774	15,397
Direct fundraising expenses	-	-	-	-	-	-	-	-	-	-	20,850	20,850	20,850	307
Program expenses	155	8,956	21,611	12,285	244	13,996	48,037	9,210	114,494	-	10	10	114,504	111,459
Other	271	660	1,162	1,230	177	881	294	-	4,675	2,403	850	3,253	7,928	11,499
Stipends	-	-	-	214,689	-	10,656	-	-	225,345	-	-	-	225,345	276,971
Total expenses before depreciation	118,656	257,293	401,239	377,770	111,563	431,762	173,474	16,728	1,888,485	139,254	65,938	205,192	2,093,677	2,127,676
Depreciation	-	9,820	1,986	-	-	11,688	-	6,717	30,211	7,130	-	7,130	37,341	37,275
TOTAL EXPENSES - 2015	<u>\$ 118,656</u>	<u>\$ 267,113</u>	<u>\$ 403,225</u>	<u>\$ 377,770</u>	<u>\$ 111,563</u>	<u>\$ 443,450</u>	<u>\$ 173,474</u>	<u>\$ 23,445</u>	<u>\$ 1,918,696</u>	<u>\$ 146,384</u>	<u>\$ 65,938</u>	<u>\$ 212,322</u>	<u>\$ 2,131,018</u>	
TOTAL EXPENSES - 2014	<u>\$ 96,287</u>	<u>\$ 281,758</u>	<u>\$ 372,201</u>	<u>\$ 380,258</u>	<u>\$ 118,141</u>	<u>\$ 538,649</u>	<u>\$ 149,827</u>	<u>\$ 24,321</u>	<u>\$ 1,961,442</u>	<u>\$ 157,905</u>	<u>\$ 4,564</u>	<u>\$ 203,509</u>		<u>\$ 2,164,951</u>

See accompanying notes to financial statements.



# ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### **Nature of the Organization and Summary of Significant Accounting Policies:**

***Nature of the Organization*** - St. Paul's Community Development Corporation (the "Organization") was incorporated on November 1, 1990 as a not-for-profit organization to alleviate the conditions of hunger, poverty, illiteracy and unemployment in the City of Paterson, New Jersey. St. Paul's Community Development Corporation was founded by St. Paul's Episcopal Church. St. Paul's Episcopal Church has been a staple religious organization in the City of Paterson, New Jersey since 1817. St. Paul's Community Development Corporation provides emergency services to persons in need and by designing long-term approaches to achieving social and economic improvement at the grassroots level. The general programs are: Food Pantry, Emergency Men's Shelter, Workforce Development, Outreach Programs, YouthBuild, Paterson Public Schools and AMERICORPS. The Organization maintains three offices in Paterson, New Jersey providing program and/or administrative services and one office in Wayne, New Jersey providing program services.

***Basis of Presentation*** - The Organization has adopted Statement of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958, "Financial Statements for Not-for-Profit Organizations." Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

The Organization has adopted FASB ASC 958-605, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

***Basis of Accounting*** - The financial statements of the Organization are prepared on the accrual basis of accounting.

### ***Support and Revenues:***

**Unrestricted:** All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished in the reporting period in which the support is recognized. Special event, program service revenue, interest income, shelter nights and other income are recognized when earned.

**Temporarily Restricted:** Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. There were no temporarily restricted net assets as of December 31, 2015 and 2014.

**Permanently Restricted:** Amounts received that are to be held in perpetuity are reported as permanently restricted support. Permanently restricted net assets represent endowment funds received for the Tracey Lind Endowment Fund. The Very Reverend Tracey Lind was the former Rector of St. Paul's Episcopal Church and the President of the Board of Directors for the Organization.

# ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

**Estimates and Uncertainties** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results, as determined at a later date, could differ from these estimates.

**Refundable Advances** - The Organization records grant/contract support as a refundable advance until it is expended for the purpose of the grant/contract, at which time it becomes unconditional and is recognized as support.

**Property and Equipment** – Property and Equipment acquired by the Organization is stated at cost and is considered to be owned by the Organization. Individual items acquired with cost equal to or in excess of \$5,000 are capitalized. Depreciation of all such items is computed on a straight-line basis over the estimated useful lives of the assets generally as follows:

Buildings and improvements	40 years
Vehicles & Equipment	5 years

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes** - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal or state income taxes in the accompanying financial statements. The Organization has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a)(1) of the Internal Revenue Code.

Other significant tax positions include its determination of whether any amounts are subject to unrelated business income tax (UBIT). Management has determined that the Organization had no activities subject to UBIT in the years ended December 31, 2015 or 2014. All significant tax positions have been considered by management and it has been determined that all tax positions would be sustained upon examination by taxing authorities. The Organization is required to file form 990 (Return of Organization Exempt from Income Tax), which is subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of the tax return. The forms 990 for 2012 through 2014 are open to examination by the IRS as of December 31, 2015.

# ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

***Grants and Contributions Receivable*** - Grants and contributions receivable, all due within one year, represent unconditional transfers of cash to the Organization in a voluntary nonreciprocal transfer by an entity without directly receiving any value in exchange. The Organization determines the need for an allowance based on history of write-offs, levels of past due accounts and its relationships with, and economic status of its grantors and contributors. No provision is made for uncollectible amounts since management expects to collect the entire grants and contributions receivable.

### **Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):**

***Concentration of Credit Risk*** - The Organization maintains its cash in financial institutions which are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000 each. At times, such balances may be in excess of the FDIC insurance limits. The Organization believes it is not exposed to any significant credit risk on cash.

***Comparative Information*** - The statements of activities and changes in net assets and the statements of functional expenses include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014 from which the summarized information was derived.

***Long-Lived Assets*** - The Organization evaluates all long-lived assets for impairment. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying amount is not fully recoverable, an impairment loss is recognized to reduce the carrying amount to fair value, and is charged to expense in the period of impairment. At December 31, 2015 and 2014, management has determined that these assets are not impaired.

***Subsequent Events*** - Management has reviewed and evaluated all events and transactions from December 31, 2015 through March 29, 2016, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements. The effects of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet date have been recognized in the accompanying financial statements.

**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2 - Summary of Grants/Contracts Support:**

For the year ended December 31, 2015, the Organization was funded through the following grants and contracts:

Funding Source	Recognized Support
State of NJ - Department of State (AMERICORPS) *	\$ 195,955
YouthBuild USA (AMERICORPS)	2,642
Emergency Food and Shelter National Board	43,417
State of New Jersey - Department of State - OFBI *	84,841
County of Passaic (CEAS) *	75,596
County of Passaic and Workforce Development Center *	322,615
City of Paterson - Department of Community Development	83,577
City of Paterson - Department of Human Services	4,000
Paterson Public Schools	263,661
Youthbuild - DOL *	190,954
NJ Administrative Office of the Courts	10,725
ACTS/VIM	10,000
George Ohl Trust	10,000
Henry & Marilyn Taub Foundation	10,000
United Givers Plan of Packanack Lake	1,285
Talcott Fund	10,000
Bank of America Charitable Foundation	20,000
Frances and Edwin Cummings Memorial Fund	40,000
Alleluia Fund	6,768
Lydia Collins deForest Charitable Trust	20,000
Oritani Bank Charitable Foundation	10,000
Turrell Fund	10,000
The Copper Beech Foundation, Inc.	225,000
The Lillian P. Schenck Charitable Foundation	10,000
TD Charitable Foundation	10,000
Anonymous	20,000
Gertrude Butts Fund	25,000
PNC Bank Foundation	15,000
Alexander and Suzanne Rhea Foundation	2,000
Emergency Food Coalition	6,000
Others	8,928
	<u>\$ 1,747,964</u>

\* Approximately 50% and 58% of the Organization's total grants/contract support was provided by the State of New Jersey & YouthBuild DOL, and the County of Passaic for the years ended December 31, 2015 and 2014, respectively. Refer to Note 3 for the concentrations of risk on grants receivable.

**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3 - Grants Receivable:**

Grants receivable is comprised of the following which in total constitutes 100% of the grants receivable in 2015 and 2014:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
County of Passaic	\$ 66,933	\$ 44,347
State of New Jersey	32,083	47,791
Department of Labor - YouthBuild	-	4,344
City of Paterson	<u>10,851</u>	<u>47,751</u>
	<u>\$ 109,867</u>	<u>\$ 144,233</u>

**Note 4 - Property and Equipment:**

Property and equipment is comprised of the following:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 186,536	\$ 186,536
Buildings and improvements	508,220	508,220
Furniture and equipment	7,943	7,943
Vehicles	<u>58,439</u>	<u>58,439</u>
	761,138	761,138
Less: Accumulated depreciation and amortization	<u>203,336</u>	<u>165,995</u>
	<u>\$ 557,802</u>	<u>\$ 595,143</u>

Depreciation and amortization expense totaled \$37,341 and \$37,275 for the years ended December 31, 2015 and 2014, respectively.

**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5 - Refundable Advances:**

Refundable advances were comprised of the following:

	December 31,	
	<u>2015</u>	<u>2014</u>
State of New Jersey - Department of State (AMERICORPS)	\$ 48,448	\$ 28,284
Paterson Public Schools	58,250	58,327
Whole Kids Foundation	2,000	-
City Green	1,620	-
Passaic County - WorkFirst New Jersey	-	2,887
	<u>\$ 110,318</u>	<u>\$ 89,498</u>

**Note 6 - Loans Payable:**

St. Paul's Episcopal Church

On December 31, 2009, the Organization signed a note agreement amounting to \$149,000 to St. Paul's Episcopal Church (the "Church"). This loan represents the balance of various loans made by the Church to the Organization. The loan bears interest at 7% per annum and requires principal payments of \$5,000 every April, July and October of each year until the loan is repaid in full. As of December 31, 2015 and 2014, this loan had a balance of \$55,000 and \$70,000 of which \$15,000 and \$15,000 is classified as current, respectively.

# ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### Note 6 - Loans Payable (continued):

#### Panasonic Business Finance

The Organization entered into a capital lease agreement with Panasonic Business Finance, whereby the Organization leased equipment totaling \$7,943. Principal monthly lease payments are \$148 with a lease term of 48 months. This loan had a balance of \$2,364 and \$4,212 as of December 31, 2015 and 2014, of which \$1,847 and \$1,847 is classified as current, respectively.

Loans payable mature as follows:

<u>Year Ending December 31,</u>	
2016	\$ 16,847
2017	15,517
2018	15,000
2019	<u>10,000</u>
	57,364
Less: Current	<u>16,847</u>
	<u>\$ 40,517</u>

### Note 7 - Loan Payable - WLI Project:

The Organization purchased land at 447-449 Van Houten Street, Paterson, New Jersey on June 30, 2006 to house the WLI Project - Women Living Independently Project. In February 2007, the Organization entered into a financing agreement with the New Jersey Housing and Mortgage Finance Agency for a construction and permanent loan of \$276,278. The loan had an interest rate of 0% during the construction period, and 2% per annum during the mortgage term of 30 years. The loan requires monthly principal and interest payments of \$1,021 until its maturity on March 31, 2040. As of December 31, 2010, the Organization had completed its work on the building.

The New Jersey Housing and Mortgage Finance Agency is holding escrow funds of \$10,465 for taxes, working capital and insurance.

**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**Note 7 - Loan Payable - WLI Project (continued):**

Loan Payable - WLI Project matures as follows:

<u>Year Ending December 31,</u>	
2016	\$ 7,616
2017	7,772
2018	7,928
2019	8,088
Thereafter	<u>203,944</u>
	235,348
Less: Current	<u>7,616</u>
	<u><u>\$ 227,732</u></u>

**Note 8 - Commitments:**

*Leases* - The Organization had a lease with St. Paul's Church (a related party) in Paterson, New Jersey that expired in December 2015, at a monthly rate of \$5,000. The Organization is currently renting space from St. Paul's Church on a month to month basis. In addition, the Organization has a lease for space in Paterson, New Jersey through June 2016, at a monthly rate of \$5,260. Future minimum annual rental payments are as follows:

<u>Year Ending December 31,</u>	
2016	<u><u>\$ 31,563</u></u>

Rent expense for the years ended December 31, 2015 and 2014 was \$307,536 and \$233,679 respectively, and is included in occupancy in the statements of functional expense.

*Line of Credit* - The Organization has a \$300,000 line of credit available from a bank expiring on September 25, 2016. Borrowings under the line bear interest at the Bank's prime rate plus 1% (3.25% plus 1% at December 31, 2015), collateralized by substantially all assets of the Organization. As of December 31, 2015 and 2014, this line had a balance of \$230,000 and \$120,000, respectively.



**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**Note 9 - Special Events:**

Special events consists of the following:

	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
<b>2015</b>			
Dinner Auction	\$ <u>43,120</u>	\$ <u>20,850</u>	\$ <u>22,270</u>
<b>2014</b>			
On-Line Auction	\$ 9,533	\$ 307	\$ 9,226
Other	<u>1,330</u>	<u>-</u>	<u>1,330</u>
	<u>\$ 10,863</u>	<u>\$ 307</u>	<u>\$ 10,556</u>



**McIntee Fusaro Del Corral, LLC**  
*Certified Public Accountants & Forensic Consultants*

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
St. Paul's Community Development Corporation  
Paterson, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of St. Paul's Community Development Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered St. Paul's Community Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Paul's Community Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Paul's Community Development Corporation's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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



**McIntee Fusaro Del Corral, LLC**

Fairfield, New Jersey  
March 29, 2016





**McIntee Fusaro Del Corral, LLC**  
*Certified Public Accountants & Forensic Consultants*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
St. Paul's Community Development Corporation  
Paterson, New Jersey

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

We have audited St. Paul's Community Development Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of St. Paul's Community Development Corporation's major federal program for the year ended December 31, 2015. St. Paul's Community Development Corporation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of St. Paul's Community Development Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Paul's Community Development Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of St. Paul's Community Development Corporation's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, St. Paul's Community Development Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

## **Report on Internal Control Over Compliance**

Management of St. Paul's Community Development Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered St. Paul's Community Development Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of St. Paul's Community Development Corporation's internal control over compliance.

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

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

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



## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of St. Paul's Community Development Corporation as of and for the year ended December 31, 2015, and have issued our report thereon dated March 29, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards.



McIntee Fusaro Del Corral, LLC

Fairfield, New Jersey  
March 29, 2016



**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
United States Corporation for National and Community Services/Passed through the State of New Jersey/Department of State - Americorps	94.006	N/A	\$ 195,955
United States Corporation for National and Community Services/Passed through - YouthBUILD USA (Americorps)	94.006	N/A	2,642
United States Department of Homeland Security/ Passed through the United Way of Passaic County - Emergency Food and Shelter Program	97.024	N/A	43,417
United States Department of Labor - Youthbuild Passaic	17.274	N/A	190,954
United States Department of Education Office of Innovation and Improvement/ Pass through Paterson Public Schools - Fund for the Improvement of Education	84.215J	N/A	263,661
United States Department of Housing and Urban Development/ Pass through City of Paterson Division of Housing - Emergency Solutions Grant Program	14.231	N/A	29,155
United States Department of Health and Human Services/Passed through the County of Passaic/ Department of Human Services - Workfirst New Jersey	93.558	N/A	322,615
United States Department of Health and Human Services/Passed through New Jersey Department of State - Office Of Faith Based Initiatives Sanction Program	93.558	N/A	69,887

*See accompanying notes to schedules of expenditures of federal awards and state financial assistance.*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
United States Department of Housing and Urban Development/Passed through City of Paterson Department of Community Development - Culinary Program	14.231	N/A	32,444
United States Department of Housing and Urban Development/Passed through City of Paterson Department of Community Development -Energy Efficient Building Maintenance Program	14.231	N/A	<u>21,978</u>
Total Expenditures of Federal Awards			<u>\$ 1,172,708</u>

N/A = Not available

*See accompanying notes to schedules of expenditures of federal awards and state financial assistance.*



**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2015**

State Grantor/Program Title	Grant Number	Grant Amount	Grant Period	Current Year Expenditures
State of New Jersey, Department of State, New Jersey Office of Faith Based Initiatives Sanction Program	15OFBI012ASO OFBI16SAP-008	15,000 23,750	10/1/14-9/30/15 10/1/15-9/30/16	11,123 <u>3,831</u> <u>14,954</u>
State of New Jersey, Department of State, Administrative Office of the Courts - Intensive Supervision Program	N/A N/A	N/A** N/A**	7/1/14-6/30/15 7/1/15-6/30/16	5,850 <u>4,875</u> <u>10,725</u>
State of New Jersey, Passaic County Human Services Department Homeless Grant	SH15016 SH16016	70,978 70,978	7/1/14-6/30/15 7/1/15-6/30/16	40,107 <u>35,489</u> <u>75,596</u>
Total Expenditures of State Financial Assistance				<u>\$ 101,275</u>

N/A- Not available

\*\* - The grant is on a per client reimbursement with no limit on clients serviced.

*See accompanying notes to schedules of expenditures of federal awards and state financial assistance.*

**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2015**

**1. General**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activities of all federal awards and state financial assistance programs of St. Paul's Community Development Corporation received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and the State of New Jersey, Department of the Treasury, OMB Circular Letter 15-08. Because the schedules present only a selected portion of the operations of St. Paul's Community Development Corporation, it is not intended to and does not present the financial position, changes in net assets or cash flows of St. Paul's Community Development Corporation.

**2. Summary of Significant Accounting Policies:**

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED DECEMBER 31, 2015**

**Section I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u>    X    </u> No	
Significant deficiency (ies) identified?	_____ Yes	<u>    X    </u> None reported	
Non-compliance material to financial statements noted?	_____ Yes	<u>    X    </u> No	

**Federal Awards**

Internal Control over major programs:	Unmodified		
Material weakness(es) identified?	_____ Yes	<u>    X    </u> No	
Significant deficiency(ies) identified?	_____ Yes	<u>    X    </u> None Reported	
Type of auditors' report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ Yes	<u>    X    </u> No	

Identification of major program:

<u>Name of Federal Program</u>	<u>CFDA Number</u>	<u>Amount</u>
United States Department of Education Office of Innovation and Improvement Passed Through Paterson Public Schools - Fund for the Improvement of Education	84.215J	<u>\$ 263,661</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee:     X     Yes                      No

**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED DECEMBER 31, 2015**

**Section II. Financial Statements Findings**

NONE

**Section III. Federal Award Findings and Questioned Costs**

NONE

**ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**YEAR ENDED DECEMBER 31, 2014**

There were no audit findings noted in the prior year.