

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

**FINANCIAL REPORT
DECEMBER 31, 2009**

FEDERAL IDENTIFICATION NUMBER 22-3075855

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7-13
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14-15
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	16-17
Schedule of Expenditures of Federal Awards	18
Notes to Schedule of Expenditures of Federal Awards	19
Schedule of Findings and Questioned Costs	20-22
Summary Schedule of Prior Year Audit Findings as Prepared by Management	23



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of St. Paul's Community Development Corporation (the "Organization") as of December 31, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2010 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Organization taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Wiss & Company

WISS & COMPANY, LLP

Livingston, New Jersey
June 16, 2010

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

		December 31,	
ASSETS		2009	2008
CURRENT ASSETS:			
Cash		\$ 116,587	\$ 44,356
Grants receivable		198,052	163,823
Contributions receivable		24,992	9,548
Program revenues receivable		8,447	9,205
Prepaid expenses		2,460	-
Total Current Assets		350,538	226,932
INVESTMENT - 180 CARROLL STREET COOPERATIVE I, INC.		250	250
PROPERTY AND EQUIPMENT, NET		154,037	149,270
OTHER ASSETS:			
WLI Project Costs		350,466	179,476
		\$ 855,291	\$ 555,928
LIABILITIES AND NET DEFICIT			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses		\$ 49,279	\$ 23,378
Accounts payable - St. Paul's Lind Homes		44,363	44,363
Due to St. Paul's Episcopal Church		25,400	112,101
Refundable advances		101,632	5,606
Refundable advances-WLI Project		160,250	25,000
Accrued vacation payable		14,539	14,982
Loan payable -WLI Project		72,726	175,000
Loans payable - current maturities		56,005	56,853
Total Current Liabilities		524,194	457,283
LOANS PAYABLE - NET OF CURRENT MATURITIES		305,463	285,311
LOANS PAYABLE - WLI		155,355	-
		985,012	742,594
NET DEFICIT:			
Unrestricted net deficit:			
Operations deficit		(290,438)	(342,616)
Property and equipment		154,037	149,270
Total unrestricted net deficit		(136,401)	(193,346)
Permanently restricted net assets		6,680	6,680
		(129,721)	(186,666)
		\$ 855,291	\$ 555,928

See accompanying notes to financial statements.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

	Unrestricted					
	Operations	Property and Equipment	Total	Permanently Restricted	2009 Total	2008 Total
SUPPORT AND REVENUE:						
Support:						
Grants and contracts	\$ 1,340,183	\$ -	\$ 1,340,183	\$ -	\$ 1,340,183	\$ 1,294,699
Contributions	<u>82,166</u>	-	<u>82,166</u>	-	<u>82,166</u>	<u>132,882</u>
Total support	<u>1,422,349</u>	-	<u>1,422,349</u>	-	<u>1,422,349</u>	<u>1,427,581</u>
Revenues:						
Special event	40,367	-	40,367	-	40,367	34,788
Program service revenue	72,113	-	72,113	-	72,113	800
Interest income	17	-	17	-	17	53
Shelter nights	34,490	-	34,490	-	34,490	45,629
Other income	<u>98</u>	-	<u>98</u>	-	<u>98</u>	<u>2,102</u>
Total revenues	<u>147,085</u>	-	<u>147,085</u>	-	<u>147,085</u>	<u>83,372</u>
Total Support and Revenues	<u>1,569,434</u>	-	<u>1,569,434</u>	-	<u>1,569,434</u>	<u>1,510,953</u>
EXPENSES:						
Program services	1,301,951	3,386	1,305,337	-	1,305,337	1,225,531
Support services	<u>206,305</u>	<u>847</u>	<u>207,152</u>	-	<u>207,152</u>	<u>206,414</u>
Total expenses	<u>1,508,256</u>	<u>4,233</u>	<u>1,512,489</u>	-	<u>1,512,489</u>	<u>1,431,945</u>
CHANGE IN NET ASSETS	61,178	(4,233)	56,945	-	56,945	79,008
CAPITAL ADDITIONS	(9,000)	9,000	-	-	-	-
NET (DEFICIT) ASSETS, BEGINNING OF YEAR	<u>(342,616)</u>	<u>149,270</u>	<u>(193,346)</u>	<u>6,680</u>	<u>(186,666)</u>	<u>(265,674)</u>
NET (DEFICIT) ASSETS, END OF YEAR	<u>\$ (290,438)</u>	<u>\$ 154,037</u>	<u>\$ (136,401)</u>	<u>\$ 6,680</u>	<u>\$ (129,721)</u>	<u>\$ (186,666)</u>

See accompanying notes to financial statements.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 56,945	\$ 79,008
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	4,233	21,937
Changes in operating assets and liabilities:		
Grants receivable	(34,229)	(24,212)
Contributions receivable	(15,444)	1,459
Program revenues receivable	758	8,135
Prepaid expenses	(2,460)	500
Accounts payable and accrued expenses	25,901	(46,949)
Due to St. Paul's Episcopal Church	(86,701)	15,824
Refundable advances	96,026	(10,199)
Refundable advances - WLI Project	135,250	-
Accrued vacation payable	(443)	4,139
Net cash flows from operating activities	179,836	49,642
CASH FLOWS FROM INVESTING ACTIVITIES:		
Pre-development costs - WLI Project	(4,512)	2,075
Construction costs - WLI Project	(166,478)	-
Additions to property and equipment	(9,000)	-
Net cash flows from investing activities	(179,990)	2,075
CASH FLOWS FROM FINANCING ACTIVITY -		
Payment of loans	72,385	(52,723)
NET CHANGE IN CASH	72,231	(1,006)
CASH, BEGINNING OF YEAR	44,356	45,362
CASH, END OF YEAR	\$ 116,587	\$ 44,356
SUPPLEMENTAL CASH FLOW INFORMATION -		
Interest paid	\$ 23,660	\$ 30,326

See accompanying notes to financial statements.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR DECEMBER 31, 2009

(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

	Program Services							Support Services			2009 Total Expenses	2008 Total Expenses	
	Food Pantry	Emergency Men's Shelter	Adult Education	Americorps	Housing Develop- ment	Partnership for Healthy Living	Outreach Programs	Total Program Expenses	Management and General	Fund Development			Total Support Services
Salaries	\$ 34,046	\$ 123,867	\$ 274,912	\$ 54,365	\$ 10,772	\$ 9,206	\$ 74,457	\$ 581,625	\$ 81,616	\$ 6,000	\$ 87,616	\$ 669,241	\$ 642,831
Payroll taxes and benefits	16,956	41,442	90,186	59,151	1,971	1,768	14,407	225,881	25,534	1,563	27,097	252,978	229,195
Telephone	1,601	1,958	4,470	861	745	620	3,068	13,323	1,489	1,233	2,722	16,045	16,474
Food	11,069	-	-	-	-	-	-	11,069	-	-	-	11,069	13,105
Occupancy	11,610	18,431	42,398	6,882	6,638	5,954	15,709	107,622	12,559	9,213	21,772	129,394	85,794
Supplies and equipment	4,071	8,722	14,220	2,586	1,211	831	2,677	34,318	2,581	3,483	6,064	40,382	50,499
Professional fees	250	250	500	-	1,000	-	-	2,000	20,850	-	20,850	22,850	20,003
Insurance	2,762	3,307	7,664	1,512	1,634	1,362	3,813	22,054	2,773	2,135	4,908	26,962	29,437
Postage and printing	3,664	5,275	9,570	2,164	1,829	1,424	3,605	27,531	2,682	4,276	6,958	34,489	32,401
Travel	1,625	79	1,229	1,504	45	-	13,093	17,575	-	21	21	17,596	12,727
Interest	2,375	2,850	6,621	1,787	1,425	1,146	3,325	19,529	2,223	1,908	4,131	23,660	30,326
Direct fundraising expenses	-	-	-	-	-	-	-	-	-	19,212	19,212	19,212	11,968
Program expenses	34	5,108	5,151	6,480	245	-	-	17,018	-	-	-	17,018	20,150
Other	93	1,463	2,478	2,526	286	-	1,007	7,853	3,999	955	4,954	12,807	13,919
Stipends	-	-	-	214,553	-	-	-	214,553	-	-	-	214,553	201,179
Total expenses before depreciation	90,156	212,752	459,399	354,371	27,801	22,311	135,161	1,301,951	156,306	49,999	206,305	1,508,256	1,410,008
Depreciation	423	508	1,185	212	254	-	804	3,386	508	339	847	4,233	21,937
TOTAL EXPENSES - 2009	<u>\$ 90,579</u>	<u>\$ 213,260</u>	<u>\$ 460,584</u>	<u>\$ 354,583</u>	<u>\$ 28,055</u>	<u>\$ 22,311</u>	<u>\$ 135,965</u>	<u>\$ 1,305,337</u>	<u>\$ 156,814</u>	<u>\$ 50,338</u>	<u>\$ 207,152</u>	<u>\$ 1,512,489</u>	
TOTAL EXPENSES - 2008	<u>\$ 92,984</u>	<u>\$ 235,248</u>	<u>\$ 414,822</u>	<u>\$ 314,394</u>	<u>\$ 27,041</u>	<u>\$ 25,331</u>	<u>\$ 115,711</u>	<u>\$ 1,225,531</u>	<u>\$ 164,911</u>	<u>\$ 41,503</u>	<u>\$ 206,414</u>		<u>\$ 1,431,945</u>

See accompanying notes to financial statements.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 1 - 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 by providing emergency services to all 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, Adult Education, Affordable Housing Development, Partnership for Healthy Living, Outreach Programs, and AMERICORPS. St. Paul's Community Development Corporation maintains one office providing program and administrative services in Paterson, New Jersey.

Basis of Presentation - The Organization has adopted FASB ASC 958-205, "Financial Statements for Not-for-Profit Organizations." Under FASB ASC 958-205, 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.

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.

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 Statement of Activities as net assets released from restrictions. There were no temporarily restricted assets as of December 31, 2009 and 2008.

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. Tracey Lind was the former Rector of St. Paul's Episcopal Church and the President of the Board of Directors for St. Paul's Community Development Corporation.

Refundable Advances - The Organization records restricted 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.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Property and Equipment - Property and equipment acquired by the Organization are stated at cost and are considered to be owned by the Organization. Depreciation of all such items is computed on a straight-line basis over the estimated useful lives of the assets generally as follows:

Building	40 years
Equipment	5 years
Vehicles	3 years
Leasehold improvements	Life of lease

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. 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. In addition, 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.

Contributions Receivable - 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. No provision is made for uncollectible amounts since management expects to collect the entire contributions receivable.

Credit Risk - The Organization maintains its cash in bank deposit accounts in financial institutions, which are insured by Federal Deposit Insurance Corporation up to \$250,000 each. At times, such balances may exceed federally insured limits (FDIC). The Organization believes it is not exposed to any significant credit risk on cash.

Comparative Information - The statement of activities and the statement 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, 2008 from which the summarized information was derived.

Donated Materials and Services - The Organization received donated food, clothing, furniture, and toys from various donors. Volunteers, including the Rector of St. Paul's Episcopal Church, have contributed their time to the Organization. The value of the volunteer services, food, clothing, furniture, and toys could not be reasonably determined and therefore no value for donated items has been included in the accompanying financial statements.

Subsequent Events - Management has reviewed and evaluated all events and transactions from December 31, 2009 through June 16, 2010 the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements and no disclosures have come to the attention of management.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Grants/Contracts Support:

For the year ended December 31, 2009, the Organization was funded through the following grants and contracts:

<u>Funding Source</u>	<u>Recognized Support</u>
State of New Jersey - Department of State (AMERICORPS)	\$ 242,394
Emergency Food and Shelter National Board	49,398
State of New Jersey - Department of State	130,232
State of New Jersey - Department of Community Affairs	35,000
County of Passaic (CEAS)	59,404
County of Passaic Human Services Department	529,343
City of Paterson Emergency Shelter Grant	18,930
State of NJ Neighborhood Revitalization Tax Credit Planning Grant	13,502
City of Paterson - Department of Human Services	11,029
Administrative Court of New Jersey	4,501
Columbia Bank Foundation	10,000
Bank of America	10,000
The Copper Beech Foundation, Inc.	125,000
Hudson City Savings Bank	10,000
John F. Kidde Fund	4,500
The Lillian P. Schenck Charitable Foundation	8,000
JP Morgan Chase Foundation	15,000
Henry and Marilyn Taub Foundation	19,000
Broadway Cares	7,500
Church and Dwight Company	7,500
PNC Bank	20,000
Alexander and Suzanne Rhea Foundation	4,000
Hermance Family Foundation	2,500
Others	3,450
	<u>\$ 1,340,183</u>

Approximately 74% of the Organization's total grants/contract support was provided by the State of New Jersey and the County of Passaic.

Note 3 - Grants Receivable:

Grants receivable is comprised of the following:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
County of Passaic	\$ 98,277	\$ 65,162
State of New Jersey	94,308	96,861
City of Paterson	5,467	1,800
	<u>\$ 198,052</u>	<u>\$ 163,823</u>

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 4 - Investment - 180 Carroll Street Cooperative I, Inc.:

The Organization in conjunction with Episcopal Community Development, Inc. developed the 180 Carroll Street Co-Op. The land and building were contributed to the Organization and recorded at fair market value at the time of the contribution and were rehabilitated to provide seven co-ops for low-income residents. The Organization received one share (14.286%) in 180 Carroll Street Cooperative I, Inc. for \$250. In consideration for the \$250 paid, the Organization leases apartment 1C at 180 Carroll Street from 180 Carroll Street Cooperative I, Inc. for the term January 1, 1998 to December 31, 2008. The rent payable each year equals the proportion of the Organization's cash requirements based on the number of shares outstanding. The apartment is sublet to an individual whose rent payment covers the cash requirements due. On May 18, 1999, the Organization sold the land and building at the 180 Carroll Street to the 180 Carroll Street Cooperative I, Inc.

Note 5 - Property and Equipment:

Property and equipment are comprised as follows:

	December 31,	
	2009	2008
Land	\$ 27,920	\$ 27,920
Buildings	178,330	169,330
Vehicles	24,590	24,590
Leasehold improvements - shelter	867,568	867,568
	1,098,408	1,089,408
Less: Accumulated depreciation and amortization	944,371	940,138
	\$ 154,037	\$ 149,270

Depreciation and amortization expense totaled \$4,233 and \$21,397 for the years ended December 31, 2009 and 2008, respectively.

Note 6 - Refundable Advances:

The Organization records restricted grant/contract support as refundable advances until they are expended for the purpose of the grant/contract. Refundable advances were comprised of the following:

	December 31,	
	2009	2008
State of New Jersey -Department of State (AMERICORPS)	\$ 51,632	\$ 5,606
Wachovia Consumer Education	50,000	-
	\$ 101,632	\$ 5,606

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 7 - Refundable Advances-WLI Project:

Refundable advances for the Women Living Independently (WLI) Project were comprised of the following:

	December 31,	
	2009	2008
City of Paterson-HOME Grant	\$ 135,000	\$ -
JP Morgan Chase	25,000	25,000
Miscellaneous donations	250	-
	\$ 160,250	\$ 25,000

City of Paterson-HOME Grant

On February 24, 2009, the Organization entered into an agreement with the City of Paterson, through the HOME Program of the U.S. Department of Housing and Urban Development to receive funds in the amount of \$150,000 for the Organization's Women Living Independently project. The Organization will develop a five unit single room occupancy (SRO) assisted rental units to provide housing for five homeless women with very low to no income at all. As of December 31, 2009, the Organization received \$135,000 from the City of Paterson-Home Grant program.

The WLI project was completed in 2010 and passed the final inspection on March 22, 2010.

Note 8 - Loans Payable:

Loan from New Jersey Community Capital

a) On October 21, 2003, the Organization entered into an agreement with New Jersey Community Capital for a permanent loan of \$285,000. The term is for 5 years with monthly payments of principal and interest at 7% based on a ten year amortization schedule. The proceeds were used to refinance the outstanding principal balance and any accrued interest on the existing loans with PNC bank and Wachovia bank. The loan is guaranteed by the Rector, Wardens, and Vestry of St. Paul's Episcopal Church.

On February 1, 2008, New Jersey Community Capital modified the loan agreement and the outstanding loan balance of \$188,722 as of this date was extended. The new repayment term for the balance was effective from March 1, 2008 to January 1, 2014 with an interest rate of 7.94% per annum. The outstanding loan balance at December 31, 2009 was \$136,064, of which \$30,090 is classified as the current portion of the loan balance.

Loan from St. Paul's Episcopal Church

b) On December 31, 2009, the Organization issued a note 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, 2009, this loan had a balance of \$149,000 of which \$15,000 is classified as current.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

c) On December 31, 2009, the Organization issued a note amounting to \$76,404 to the Church. This loan represents the balance of 2008 cost sharing payments due to the church from the Organization. The loan bears interest at 7% per annum and requires annual principal payments of \$10,915 beginning September 2010. As of December 31, 2009, this loan had a balance of \$76,404 of which \$10,915 is classified as current.

Loans payable mature as follows:

<u>Year Ending December 31,</u>	
2010	\$ 56,005
2011	58,483
2012	61,165
2013	64,068
2014	25,918
Thereafter	<u>95,829</u>
	361,468
Less: Current	<u>56,005</u>
	<u>\$ 305,463</u>

Note 9 - 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. As of December 31, 2009, the Organization incurred predevelopment costs of \$183,988 and construction costs of \$166,478. The land was purchased for \$158,616 and a loan of \$175,000 was obtained from the Corporation for Supportive Housing (CSH). The loan matured on March 31, 2010 and no extension was granted for the loan. CSH will not treat the loan delinquent as long as it is paid within the year. As of December 31, 2009, the loan with the CSH has an outstanding balance of \$67,646. This was fully paid as of June 2, 2010.

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 bears an interest rate of 0% during the estimated construction period of 6 months 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 1, 2040. As of December 31, 2009, the Organization has drawn down \$160,435 of which \$5,080 is classified as current.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Loans payable mature as follows:

<u>Year Ending December 31,</u>	
2010	\$ 72,726
2011	6,893
2012	7,032
2013	7,174
2014	7,319
Thereafter	<u>126,937</u>
	228,081
Less: Current	<u>72,726</u>
	<u>\$ 155,355</u>

Note 10 - Related Party Transactions:

The Organization is the outreach and advocacy arm of St. Paul's Episcopal Church. Monthly expenses incurred by St. Paul's Episcopal Church on behalf of the Organization are allocated on predetermined percentages. These expenses include utilities, maintenance, property and liability insurance and other operating expense. The Rector of St. Paul's Episcopal Church is also the President of the Board of Directors of the Organization and the Rector contributed time to the Organization for fundraising, program development, organizational leadership, and oversight. As of December 31, 2009 and 2008, the Organization owed St. Paul's Episcopal Church \$25,400 and \$112,101, respectively.

In addition, the Organization leases space in the basement hall of St. Paul's Episcopal Church which is used as a homeless shelter with associated services and offices. The term of the lease was for a period of 10 years commencing on March 1, 1998 to February 28, 2008 at an annual rental of one dollar per year. The lease has not been renewed and is on a month to month basis.

On February 9, 2009, the Organization entered into an understanding with the St. Paul's Episcopal Church to pay \$44,250 for the Church's overall supervision of the Organization's programs and office space to ensure its maintenance, security and safety. The agreement will terminate at the end of the year. For the year ending December 31, 2009, the occupancy fee of \$44,250 was recorded as part of the occupancy expense of \$129,394.

Note 11 - Special Event:

The Organization had one special event (Annual Dinner/Auction) for the years ended December 31, and the results of that special event are as follows:

	<u>2009</u>	<u>2008</u>
Gross revenues	\$ 40,367	\$ 34,788
Gross expenses	<u>19,212</u>	<u>11,968</u>
	<u>\$ 21,155</u>	<u>\$ 22,820</u>



**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 the financial statements of St. Paul's Community Development Corporation as of and for the year ended December 31, 2009, and have issued our report thereon dated June 16, 2010. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Paul's Community Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Paul's Community Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Paul's Community Development Corporation's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of St. Paul's Community Development Corporation's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Paul's Community Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Wiss & Company

WISS & COMPANY, LLP

Livingston, New Jersey
June 16, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE OF NEW JERSEY
DEPARTMENT OF TREASURY CIRCULAR LETTER 04-04-OMB**

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

Compliance

We have audited the compliance of St. Paul's Community Development Corporation with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. St. Paul's Community Development Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of St. Paul's Community Development Corporation's management. Our responsibility is to express an opinion on St. Paul's Community Development Corporation's compliance based on our audit.

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 of America and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on St. Paul's Community Development Corporation's compliance with those requirements.

In our opinion, St. Paul's Community Development Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

Management of St. Paul's Community Development Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered St. Paul's Community Development Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of St. Paul's Community Development Corporation's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



WISS & COMPANY, LLP

Livingston, New Jersey
June 16, 2010

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Federal Expenditures</u>
United States Corporation for National and Community Services/Passed through the State of New Jersey/Department of State			
- Americorps	94.006	N/A	\$ 208,453
- Americorps ARRA			<u>33,941</u>
			<u>242,394</u>
United States Department of Homeland Security/ Passed through the United Way of Passaic County			
- Emergency Food and Shelter Program	97.024	N/A	49,398
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	524,374
United States Department of Health and Human Services/Passed through the SONJ Department of State			
- Office Of Faith Based Initiatives	93.558	N/A	<u>96,232</u>
 Total			 <u>\$ 912,398</u>

N/A = Not available

See accompanying notes to schedule of expenditures of federal awards.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2009

1. General

The accompanying schedule of expenditures of federal awards present the activities of all federal programs of St. Paul's Community Development Corporation. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedules of expenditures of federal awards.

2. Basis of Accounting

The amounts reported as expenditures in the accompanying schedules of expenditures of federal awards assistance generally were obtained from the appropriate federal reports for the applicable program and period. These reports are periodically reconciled to the general ledger, which is the source of the financial statements.

3. Relationship to Federal and State Financial Reports

The information reported in the accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133 and *Audits of States, Local Governments, and Non-Profit Organizations*.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2009

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency (ies) identified that are not considered to be material weaknesses?	_____ 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:	Unqualified		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported	

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ Yes	_____ <u>X</u> No
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Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>	<u>Amount</u>
United States Corporation for National and Community Services/Passed through the State of New Jersey/Department of State		
- Americorps	94.006	\$ 208,453
- Americorps ARRA	94.006	<u>33,941</u>
		<u>\$ 242,394</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
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Auditee qualified as low-risk auditee:	<u>X</u> Yes	_____ No
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ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED DECEMBER 31, 2009

Section II. Financial Statements Findings and Questioned Costs

NONE

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED DECEMBER 31, 2009

Section III. Federal Award Findings and Questioned Costs

NONE

ST. PAUL'S COMMUNITY DEVELOPMENT COPRORATION

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AS PREPARED BY MANAGEMENT**

YEAR ENDED DECEMBER 31, 2009

There were no audit findings noted in prior year.