

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

**FINANCIAL REPORT
DECEMBER 31, 2016 and 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, 2016 and 2015, 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, 2016 and 2015, 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.

Report on Summarized Comparative Information

We have previously audited St. Paul's Community Development Corporation's 2015 financial statements, and we have expressed an unmodified opinion on those audited financial statements in our report dated March 29, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 May 11, 2017 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
May 11, 2017



ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2016	2015
CURRENT ASSETS:		
Cash	\$ 68,891	\$ 25,982
Grants receivable	123,131	109,867
Contributions receivable	52,356	126,683
Program service revenue receivable	7,310	-
Other receivable	555	409
Total Current Assets	252,243	262,941
PROPERTY AND EQUIPMENT, NET	533,211	557,802
OTHER ASSETS:		
Security deposits	10,020	10,020
Funds held in escrow	10,465	10,465
	20,485	20,485
	\$ 805,939	\$ 841,228

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 68,898	\$ 92,839
Refundable advances	44,697	110,318
Accrued vacation payable	6,765	7,510
Line of credit	281,020	230,000
Loans and capital lease payable - current maturities	17,776	16,847
Loan payable - WLI Project - current maturities	7,772	7,616
Total Current Liabilities	426,928	465,130
LOANS AND CAPITAL LEASE PAYABLE - NET OF CURRENT MATURITIES	30,090	40,517
LOANS PAYABLE - WLI PROJECT - NET OF CURRENT MATURITIES	219,960	227,732
	676,978	733,379
COMMITMENTS		
NET ASSETS:		
Unrestricted net assets:		
Operations (deficit)	(177,580)	(221,138)
Property	299,861	322,307
Total unrestricted net assets	122,281	101,169
Permanently restricted net assets	6,680	6,680
	128,961	107,849
	\$ 805,939	\$ 841,228

See accompanying notes to financial statements.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2016

(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	Unrestricted			Permanently Restricted	2016 Total	2015 Total
	Operations	Property and Equipment	Total			
SUPPORT AND REVENUES:						
Support:						
Grants and contracts	\$ 1,611,652	\$ -	\$ 1,611,652	\$ -	\$ 1,611,652	\$ 1,747,964
Contributions	107,786	-	107,786	-	107,786	74,955
Total support	<u>1,719,438</u>	<u>-</u>	<u>1,719,438</u>	<u>-</u>	<u>1,719,438</u>	<u>1,822,919</u>
Revenues:						
Special event	46,144	-	46,144	-	46,144	43,120
Program service revenue	133,618	-	133,618	-	133,618	143,187
Shelter nights	24,753	-	24,753	-	24,753	25,464
Other income	-	-	-	-	-	18,961
Total revenues	<u>204,515</u>	<u>-</u>	<u>204,515</u>	<u>-</u>	<u>204,515</u>	<u>230,732</u>
Total Support and Revenues	<u>1,923,953</u>	<u>-</u>	<u>1,923,953</u>	<u>-</u>	<u>1,923,953</u>	<u>2,053,651</u>
EXPENSES:						
Program services	1,634,323	18,332	1,652,655	-	1,652,655	1,918,696
Support services	238,308	11,878	250,186	-	250,186	212,322
Total Expenses	<u>1,872,631</u>	<u>30,210</u>	<u>1,902,841</u>	<u>-</u>	<u>1,902,841</u>	<u>2,131,018</u>
CHANGE IN NET ASSETS	51,322	(30,210)	21,112	-	21,112	(77,367)
NET ASSETS (DEFICIT), BEGINNING 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>
OTHER CHANGES:						
Loan payments	(7,764)	7,764	-	-	-	-
Property and equipment acquisitions	-	-	-	-	-	-
	<u>(7,764)</u>	<u>7,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (177,580)</u>	<u>\$ 299,861</u>	<u>\$ 122,281</u>	<u>\$ 6,680</u>	<u>\$ 128,961</u>	<u>\$ 107,849</u>

See accompanying notes to financial statements.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 21,112	\$ (77,367)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	30,210	37,341
Changes in operating assets and liabilities:		
Grants receivable	(13,264)	34,366
Contributions receivable	74,327	(105,181)
Other receivable	(146)	942
Program service revenue receivable	(7,310)	-
Prepaid expenses	-	1,516
Security deposits	-	15,251
Accounts payable and accrued expenses	(23,941)	8,178
Due to St. Paul's Episcopal Church	-	(17,000)
Refundable advances	(65,621)	20,820
Accrued vacation payable	(745)	(702)
Net cash flows from operating activities	<u>14,622</u>	<u>(81,836)</u>
CASH FLOWS FROM INVESTING ACTIVITY -		
Property and equipment additions	<u>(5,619)</u>	<u>-</u>
Net cash flows from investing activities	<u>(5,619)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of loans/capital lease	(17,114)	(24,313)
Borrowings on the line of credit	435,000	110,000
Payment on the line of credit	<u>(383,980)</u>	<u>-</u>
Net cash flows from financing activities	<u>33,906</u>	<u>85,687</u>
NET CHANGE IN CASH	42,909	3,851
CASH, BEGINNING OF YEAR	<u>25,982</u>	<u>22,131</u>
CASH, END OF YEAR	<u>\$ 68,891</u>	<u>\$ 25,982</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	<u>\$ 16,932</u>	<u>\$ 15,774</u>

See accompanying notes to financial statements.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR DECEMBER 31, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	Program Services								Support Services			2016 Total Expenses	2015 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	\$ 57,994	\$ 159,840	\$ 305,075	\$ 64,713	\$ 58,767	\$ -	\$ 109,917	\$ 3,000	\$ 759,306	\$ 88,443	\$ 11,172	\$ 99,615	\$ 858,921	\$ 882,186
Payroll taxes and benefits	11,009	26,387	62,347	35,048	19,948	-	15,321	-	170,060	68,626	4,556	73,182	243,242	244,814
Telephone	1,878	1,878	4,128	2,291	2,772	-	-	-	12,947	1,967	-	1,967	14,914	18,998
Food	2,153	-	5,102	-	-	-	-	-	7,255	-	-	-	7,255	14,959
Occupancy	39,172	53,440	95,485	2,048	1,780	-	856	-	192,781	14,936	-	14,936	207,717	369,544
Supplies and equipment	9,453	14,095	10,635	2,288	820	-	1,460	-	38,751	2,813	1,345	4,158	42,909	46,768
Professional fees	2,000	2,000	2,000	29,000	1,500	-	9,700	1,500	47,700	7,000	-	7,000	54,700	32,920
Insurance	1,887	9,498	8,258	1,773	3,019	-	3,136	-	27,571	5,313	1,392	6,705	34,276	37,527
Postage and printing	1,798	1,863	9,637	8,312	1,952	-	9,502	-	33,064	347	2,291	2,638	35,702	35,589
Travel	1,373	117	3,585	4,941	7,202	-	1,516	-	18,734	290	69	359	19,093	25,971
Interest	1,353	1,691	3,382	1,353	902	-	1,691	4,638	15,010	1,922	-	1,922	16,932	15,774
Direct fundraising expenses	-	-	-	-	-	-	-	-	-	-	12,900	12,900	12,900	20,850
Program expenses	-	853	35,521	13,475	-	-	25,252	10,635	85,736	7,062	-	7,062	92,798	114,504
Other	140	626	1,284	1,140	221	-	530	-	3,941	5,036	828	5,864	9,805	7,928
Stipends	-	-	-	221,467	-	-	-	-	221,467	-	-	-	221,467	225,345
Total expenses before depreciation	130,210	272,288	546,439	387,849	98,883	-	178,881	19,773	1,634,323	203,755	34,553	238,308	1,872,631	2,093,677
Depreciation	-	2,455	9,160	-	-	-	-	6,717	18,332	11,878	-	11,878	30,210	37,341
TOTAL EXPENSES - 2016	<u>\$ 130,210</u>	<u>\$ 274,743</u>	<u>\$ 555,599</u>	<u>\$ 387,849</u>	<u>\$ 98,883</u>	<u>\$ -</u>	<u>\$ 178,881</u>	<u>\$ 26,490</u>	<u>\$ 1,652,655</u>	<u>\$ 215,633</u>	<u>\$ 34,553</u>	<u>\$ 250,186</u>	<u>\$ 1,902,841</u>	
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>

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, 2016 and 2015.

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, 2016 or 2015. 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 2013 through 2015 are open to examination by the IRS as of December 31, 2016.

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, 2015 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, 2016 and 2015, management has determined that these assets are not impaired.

Subsequent Events - Management has reviewed and evaluated all events and transactions from December 31, 2016 through May 11, 2017, 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, 2016, the Organization was funded through the following grants and contracts:

Funding Source	Recognized Support
State of NJ - Department of State (AMERICORPS) *	\$ 216,326
Emergency Food and Shelter National Board	50,849
State of New Jersey - Department of State - OFBI *	94,663
County of Passaic (CEAS) *	74,489
County of Passaic and Workforce Development Center *	406,767
City of Paterson - Department of Community Development	56,877
City of Paterson - Department of Human Services	6,000
Paterson Public Schools	323,733
NJ Administrative Office of the Courts	22,400
ACTS/VIM	10,000
Wells Fargo Foundation	1,000
The Children's Aid Society	10,000
United Givers Plan of Packanack Lake	1,235
Radburn Foundation Fund	4,250
Bank of America Charitable Foundation	20,000
M & T Bank	10,000
Investors Foundation	2,500
Marshalls	1,650
The Judy Taub Gold Fund	5,000
Rea Charitable Trust	10,000
Horizon Landscape Co.	5,000
Frank and Lydia Bergen Foundation	10,000
Alleluia Fund	6,000
Lydia Collins deForest Charitable Trust	20,000
Oritani Bank Charitable Foundation	10,000
Turrell Fund	10,000
The Copper Beech Foundation, Inc.	175,000
The Lillian P. Schenck Charitable Foundation	10,000
City Green	1,620
Whole Kids Foundation	2,000
Gertrude Butts Fund	5,000
PNC Bank Foundation	15,000
Alexander and Suzanne Rhea Foundation	3,000
Emergency Food Coalition	3,485
Others	7,808
	<u>\$ 1,611,652</u>

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

* Approximately 49% and 50% of the Organization's total grants/contract support was provided by the State of New Jersey, and the County of Passaic for the years ended December 31, 2016 and 2015, respectively. Refer to Note 3.

Note 3 - Grants Receivable:

Grants receivable is comprised of the following which in total constitutes 100% of the grants receivable in 2016 and 2015:

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
County of Passaic	\$ 68,103	\$ 66,933
State of New Jersey	41,390	32,083
City of Paterson	<u>13,638</u>	<u>10,851</u>
	<u>\$ 123,131</u>	<u>\$ 109,867</u>

Note 4 - Property and Equipment:

Property and equipment is comprised of the following:

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 186,536	\$ 186,536
Buildings and improvements	513,839	508,220
Furniture and equipment	7,943	7,943
Vehicles	<u>58,439</u>	<u>58,439</u>
	766,757	761,138
Less: Accumulated depreciation and amortization	<u>(233,546)</u>	<u>(203,336)</u>
	<u>\$ 533,211</u>	<u>\$ 557,802</u>

Depreciation and amortization expense totaled \$30,210 and \$37,341 for the years ended December 31, 2016 and 2015, respectively.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 5 - Refundable Advances:

Refundable advances were comprised of the following:

	December 31,	
	2016	2015
State of New Jersey - Department of State (AMERICORPS)	\$ 41,740	\$ 48,448
Paterson Public Schools	-	58,250
Whole Kids Foundation	-	2,000
WLI Program	2,957	-
City Green	-	1,620
	\$ 44,697	\$ 110,318

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, 2016 and 2015, this loan had a balance of \$40,000 and \$55,000 of which \$15,000 and \$15,000 is classified as current, respectively.

Public Service Electric & Gas

On August 25, 2016, the Organization signed two loan agreements with Public Service Electric & Gas (PSE&G) for energy efficient improvements at properties located at 451 and 456 Van Houten Street, Paterson, NJ. The total amount of the loans is \$8,330. The loan bears 0% interest and is being paid over thirty six months through an additional monthly charge of \$231.37 to the Organization's PSE&G bill. These loans had a combined balance of \$7,866 at December 31, 2016.

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 -0- and \$2,364 as of December 31, 2016 and 2015, of which \$-0- and \$1,847 is classified as current, respectively.

Loans payable mature as follows:

<u>Year Ending December 31,</u>	
2017	\$ 17,776
2018	17,776
2019	<u>12,314</u>
	47,866
Less: Current	<u>(17,776)</u>
	<u>\$ 30,090</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.

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>	
2017	\$ 7,772
2018	7,928
2019	8,088
2020	8,250
Thereafter	<u>195,694</u>
	227,732
Less: Current	<u>(7,772)</u>
	<u>\$ 219,960</u>

Note 8 - Commitments:

Leases - The Organization had a lease with St. Paul's Episcopal Church that expired in December 2016. The Organization has renewed its lease for one year at a monthly rate of \$5,797. In addition, the Organization rents space to conduct their programs on a month to month basis.

The Organization also has a lease for office equipment that expires in February 2019, at a monthly rate of \$2,616.37.

Future minimum annual rental payments are as follows:

<u>Year Ending December 31,</u>	
2017	\$ 100,965
2018	31,396
2019	<u>5,244</u>
	<u>\$ 137,605</u>

Rent expense for the years ended December 31, 2016 and 2015 was \$177,578 and \$338,398 respectively.

Line of Credit - The Organization has a \$300,000 line of credit available from a bank expiring on September 25, 2017. Borrowings under the line bear interest at the Bank's prime rate plus 1% (3.25% plus 1% at December 31, 2016), collateralized by substantially all assets of the Organization. As of December 31, 2016 and 2015, this line had a balance of \$281,020 and \$230,000, respectively.

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 9 – Employee Benefits:

The Organization has a 401(k) plan that covers substantially all full time employees who have completed one year of service. Employees may elect to defer up to the maximum allowable deferral limit permitted by the Internal Revenue Code. The Organization may make discretionary matching contributions of the employee's base salary not to exceed the employee's contribution.

Employer contribution expense for the years ended December 31, 2016 and 2015 was \$15,111 and \$15,460, respectively.

Note 10 - Special Events:

Special events consists of the following:

	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
2016			
Dinner Auction	<u>\$ 46,144</u>	<u>\$ 12,900</u>	<u>\$ 33,244</u>
2015			
Dinner Auction	<u>\$ 43,120</u>	<u>\$ 20,850</u>	<u>\$ 22,270</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, 2016, 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 May 11, 2017.

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
May 11, 2017





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, 2016. 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, 2016.

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.



McIntee Fusaro Del Corral, LLC

Fairfield, New Jersey
May 11, 2017



ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2016

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	\$ 216,326
United States Department of Homeland Security/ Passed through the United Way of Passaic County - Emergency Food and Shelter Program	97.024	N/A	50,849
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	247,400
United States Department of Housing and Urban Development/Passed through City of Paterson Division of Housing - Emergency Solutions Grant Program	14.231	N/A	21,826
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	354,783
- WIOA	93.558	N/A	<u>51,984</u>
			<u>406,767</u>
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	73,245
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>35,051</u>
 Total Expenditures of Federal Awards			 <u>\$ 1,051,464</u>

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.
N/A = Not available

ST. PAUL'S COMMUNITY DEVELOPMENT CORPORATION

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2016

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	OFBI16SAP-008	23,750	10/1/15-9/30/16	\$ 19,919
	OFBI17SAP-008	9,700	10/1/16-9/30/17	<u>1,499</u>
				<u>21,418</u>
State of New Jersey, Department of State, Administrative Office of the Courts - Intensive Supervision Program	N/A	N/A**	7/1/15-6/30/16	11,650
	N/A	N/A**	7/1/16-6/30/17	<u>10,750</u>
				<u>22,400</u>
State of New Jersey, Department of Education/Passed through Paterson Public Schools - Fund for the Improvement of Education	N/A	N/A**	7/1/16-6/30/17	<u>76,333</u>
State of New Jersey, Passaic County Human Services Department Homeless Grant	SH16016	70,978	7/1/15-6/30/16	35,489
	SH17016	78,000	7/1/16-6/30/17	<u>39,000</u>
				<u>74,489</u>
Total Expenditures of State Financial Assistance				<u>\$ 194,640</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, 2016

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, 2016. 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, 2016

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 Health and Human Services/ Passed Through the County of Passaic Department of Human Services - Workfirst New Jersey and WIOA	93.558	<u>\$ 406,767</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, 2016

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, 2015

There were no audit findings noted in the prior year.