GT REILLY
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CPAs and Advisors

Single Audit Reporting Package

Interseminarian - Project Place, Inc. and Subsidiaries

June 30, 2016

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Interseminarian - Project Place, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities and changes in net assets, consolidated statements of functional expenses, and consolidated statements cash flows 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 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. Those standards require that we plan and perform the audits 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 auditors' 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 Interseminarian - Project Place, Inc. and Subsidiaries as of June 30, 2016 and 2015, and the changes in its 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2016, on our consideration of Interseminarian - Project Place, Inc. and Subsidiaries' internal control over financial reporting and on our tests of the Corporation's 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 Interseminarian - Project Place, Inc. and Subsidiaries' internal control over financial reporting and compliance.

G. T. Reilly & Company

G.T. Reilly & Company

Milton, Massachusetts
December 14, 2016

Consolidated Statements of Financial Position

June 30

		2016		2015
Assets				
CURRENT ASSETS				
Cash and cash equivalents	**$**	**814,916**	$	451,171
Cash - Security deposits		**2**		2,585
Investments		**169,277**		166,346
Accounts receivable - program and other services, less allowance for doubtful account of $9,500		**207,899**		153,916
Accounts receivable - residents		**3,255**		2,276
Accounts receivable - commercial services		**56,912**		84,023
Contributions receivable		**50,000**		150,000
Inventory		**6,971**		6,463
Prepaid expenses		**11,005**		17,950
TOTAL CURRENT ASSETS		**1,320,237**		1,034,730
PROPERTY AND EQUIPMENT		**10,426,962**		10,385,189
Less accumulated provisions for depreciation		**3,167,028**		2,880,126
		7,259,934		7,505,063
OTHER ASSETS				
Restricted deposits and funded reserves		**237,815**		258,586
	$	**8,817,986**	$	8,798,379
Liabilities and Stockholders' Equity				
CURRENT LIABILITIES				
Accounts payable	**$**	**65,928**	$	95,713
Accrued expenses		**157,211**		110,664
Deferred revenue		**37,825**		19,360
Security deposits		**-**		1,172
TOTAL CURRENT LIABILITIES		**260,964**		226,909
LONG-TERM DEBT, due after one year (Note 8)		**1,900,000**		1,900,000
NET ASSETS (DEFICIENCY)				
Unrestricted		**6,497,530**		6,478,525
Temporarily restricted		**159,492**		192,945
		6,657,022		6,671,470
	$	**8,817,986**	$	8,798,379

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Activities and Changes in Net Assets

Year Ended June 30

	2016			2015		
	Unrestricted	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
OPERATING SUPPORT AND REVENUE						
Gifts and contributions	**$ 455,734**	**$ 194,500**	**$ 650,234**	$ 509,057	$ 150,000	$ 659,057
Contributed services and facilities	**-**	**-**	**-**	2,500	-	2,500
Government grants and contracts	**1,721,016**	**-**	**1,721,016**	1,516,293	-	1,516,293
Commercial products and services	**418,760**	**-**	**418,760**	518,628	-	518,628
Special events	**228,254**	**-**	**228,254**	178,614	-	178,614
Investment income	**4,037**	**-**	**4,037**	4,009	-	4,009
Unrealized investment losses	**(907)**	**-**	**(907)**	(1,250)	-	(1,250)
Rental income	**182,015**	**-**	**182,015**	208,647	-	208,647
Dues income	**29,505**	**-**	**29,505**	6,830	-	6,830
Other income	**24,618**	**-**	**24,618**	7,372	-	7,372
Net assets released from restrictions	**227,953**	**(227,953)**	**-**	96,295	(96,295)	-
TOTAL OPERATING SUPPORT AND REVENUE	**3,290,985**	**(33,453)**	**3,257,532**	3,046,995	53,705	3,100,700
OPERATING EXPENSES						
Program services	**2,447,615**	**-**	**2,447,615**	2,480,541	-	2,480,541
Property management	**127,995**	**-**	**127,995**	188,651	-	188,651
General and administrative	**478,790**	**-**	**478,790**	355,687	-	355,687
Fundraising	**217,580**	**-**	**217,580**	281,216	-	281,216
TOTAL OPERATING EXPENSES	**3,271,980**	**-**	**3,271,980**	3,306,095	-	3,306,095
CHANGE IN NET ASSETS FROM OPERATIONS	**19,005**	**(33,453)**	**(14,448)**	(259,100)	53,705	(205,395)
NONOPERATING						
Forgiveness of note receivable (Note 7)	**-**	**-**	**-**	(5,575,325)	-	(5,575,325)
Forgiveness of mortgage debt (Note 7)	**-**	**-**	**-**	8,607,939	-	8,607,939
Loss on sale of retail commercial space (Note 14)	**-**	**-**	**-**	(193,704)	-	(193,704)
CHANGE IN NET ASSETS FROM NONOPERATING	**-**	**-**	**-**	2,838,910	-	2,838,910
CHANGE IN NET ASSETS	**19,005**	**(33,453)**	**(14,448)**	2,579,810	53,705	2,633,515
NET ASSETS (DEFICIENCY) AT BEGINNING OF YEAR	**6,478,525**	**192,945**	**6,671,470**	3,898,715	139,240	4,037,955
NET ASSETS (DEFICIENCY) AT END OF YEAR	**$ 6,497,530**	**$ 159,492**	**$ 6,657,022**	$ 6,478,525	$ 192,945	$ 6,671,470

The accompanying notes are an integral part of these financial statements.

Interseminarian - Project Place, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended June 30, 2016

	Program Services						Supporting Services				
	Client Services	Education	Training & Employment	Housing	Gatehouse	Total Program	Fundraising	Property Mgmt.	General & Admin	Total Support	Total Expenses
Personnel Expenses											
Salaries	$ 669,380	$ 112,780	$ 234,455	$ 55,999	$ -	$ 1,072,614	$ 97,668	$ -	$ 192,881	$ 290,549	$ 1,363,163
Payroll taxes	57,806	9,736	20,241	4,834	-	92,617	8,432	-	16,652	25,084	117,701
Fringe	57,489	9,686	20,136	4,809	-	92,120	8,388	-	16,565	24,953	117,073
Total Personnel Expenses	784,675	132,202	274,832	65,642	-	1,257,351	114,488	-	226,098	340,586	1,597,937
Operating Expenses											
Occupancy	30,301	9,607	35,197	2,152	47,318	124,575	2,978	104,405	2,722	110,105	234,680
Depreciation	28,689	28,690	43,037	-	114,760	215,176	14,345	-	57,381	71,726	286,902
Program consultants	190,414	1,045	6,955	-	-	198,414	-	-	-	-	198,414
Staff training	857	-	-	-	-	857	-	-	-	-	857
Staff travel	968	-	133	-	-	1,101	393	-	154	547	1,648
Client transportation	500	-	5,328	-	-	5,828	-	-	-	-	5,828
Client wages and payroll related	-	-	324,958	-	-	324,958	-	-	-	-	324,958
Program supplies	16,829	17,616	66,584	587	-	101,616	299	-	-	299	101,915
Fundraising fees	-	-	-	-	-	-	50,496	-	-	50,496	50,496
Audit fees	-	-	-	-	-	-	-	-	42,874	42,874	42,874
Professional fees	-	-	56,474	-	24,003	80,477	13,838	23,027	93,642	130,507	210,984
Insurance	18,049	2,625	12,364	1,261	-	34,299	1,482	-	149	1,631	35,930
Program support	41,174	1,741	34,293	3,633	-	80,841	14,905	-	18,326	33,231	114,072
Other expenses	-	-	1,571	-	5,716	7,287	4,356	564	37,444	42,364	49,651
Bad debt	-	-	-	-	14,834	14,834	-	-	-	-	14,834
Total Operating Expenses	327,781	61,324	586,894	7,633	206,631	1,190,263	103,092	127,996	252,692	483,780	1,674,043
Total Expenses	$ 1,112,456	$ 193,526	$ 861,726	$ 73,275	$ 206,631	$ 2,447,614	$ 217,580	$ 127,996	$ 478,790	$ 824,366	$ 3,271,980

The accompanying notes are an integral part of these financial statements.

Interseminarian - Project Place, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended June 30, 2015

	Program Services						Supporting Services				
	Client Services	Education	Training & Employment	Housing	Gatehouse	Total Program	Fundraising	Property Mgmt.	General & Admin	Total Support	Total Expenses
Personnel Expenses											
Salaries	$ 620,293	$ 108,162	$ 202,552	$ 67,817	$ -	$ 998,824	$ 119,367	$ -	$ 64,859	$ 184,226	$ 1,183,050
Payroll taxes	54,958	9,583	17,941	6,007	-	88,489	10,576	-	5,756	16,332	104,821
Fringe	62,029	10,816	20,252	6,781	-	99,878	11,938		6,493	18,431	118,309
Total Personnel Expenses	737,280	128,561	240,745	80,605	-	1,187,191	141,881	-	77,108	218,989	1,406,180
Operating Expenses											
Occupancy	107,098	16,034	71,096	-	-	194,228	10,467	(6,762)	2,844	6,549	200,777
Depreciation	32,069	32,069	48,104	-	128,276	240,518	16,035	-	64,137	80,172	320,690
Program consultants	173,755	320	27,910	-	-	201,985	150	-	533	683	202,668
Staff training	1,200	250	250	-	-	1,700	188	-	100	288	1,988
Staff travel	2,771	-	1,507	-	-	4,278	286	-	319	605	4,883
Meals	257	-	-	-	-	257	1,811	-	579	2,390	2,647
Client transportation	3,000	-	16,218	-	-	19,218	-	-	-	-	19,218
Client wages and payroll related	457	87	375,166	-	-	375,710	-	-	-	-	375,710
Program supplies	25,670	18,336	108,907	609	-	153,522	296	1,041	315	1,652	155,174
Fundraising fees	-	-	-	-	-	-	77,718	-	-	77,718	77,718
Legal fees	-	-	-	-	-	-	-	4,900	-	4,900	4,900
Audit fees	-	-	-	-	-	-	-	17,250	-	17,250	17,250
Professional fees	-	-	15,737	-	-	15,737	16,433	126,031	201,847	344,311	360,048
Insurance	30,712	4,598	20,387	-	-	55,697	816	-	3,003	3,819	59,516
Program support	1,139	102	-	554	-	1,795	11,383	14,302	4,192	29,877	31,672
Interest expense	-	-	-	-	-	-	-	24,107	254	24,361	24,361
Other expenses	3,434	2,130	23,141	-	-	28,705	3,752	772	456	4,980	33,685
Non-reimbursable		-	-	-	-	-	-	7,010	-	7,010	7,010
Total Operating Expenses	381,562	73,926	708,423	1,163	128,276	1,293,350	139,335	188,651	278,579	606,565	1,899,915
Total Expenses	$ 1,118,842	$ 202,487	$ 949,168	$ 81,768	$ 128,276	$ 2,480,541	$ 281,216	$ 188,651	$ 355,687	$ 825,554	$ 3,306,095

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

Year Ended June 30

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	**$ (14,448)**	$ 2,633,515
Adjustments to reconcile changes in net assets to net cash provided from operations:		
Depreciation	**286,902**	320,690
Unrealized investment losses	**907**	1,250
Loss on sale of retail commercial space	**-**	193,704
Forgiveness of note receivable	**-**	5,575,325
Forgiveness of mortgage debt	**-**	(8,607,939)
Changes in operating assets and liabilities:		
Accounts receivable - program services	**(53,983)**	58,936
Accounts receivable - residents	**(979)**	(975)
Contributions receivable	**100,000**	(60,760)
Accounts receivable - commercial services	**27,111**	33,334
Inventories	**(508)**	-
Prepaid expense	**6,945**	1,377
Restricted deposits and funded reserves	**20,771**	60,354
Accounts payable	**(29,785)**	3,585
Accrued expenses	**46,547**	486
Deferred revenue	**18,465**	(65,842)
Security deposits	**1,411**	(3,968)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	**409,356**	143,072
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, equipment and building improvements	**(41,773)**	(43,483)
Proceeds from sale of commercial space	**-**	610,000
Purchase of investments	**(3,838)**	(3,683)
NET CASH (APPLIED TO) PROVIDED FROM INVESTING ACTIVITIES	**(45,611)**	562,834
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	**-**	(610,000)
RESULTING IN A NET INCREASE IN CASH	**363,745**	95,906
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**451,171**	355,265
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 814,916**	$ 451,171

SUPPLEMENTAL CASH FLOW INFORMATION

	2016	2015
Cash paid during the year for interest	**$ -**	$ 24,361

The accompanying notes are an integral part of these financial statements.

Notes to Consolidating Financial Statements

June 30, 2016

Note 1 – Nature of Activities and Significant Accounting Policies

Principles of Consolidation – The consolidating financial statements include the accounts of Interseminarian – Project Place, Inc. and its 100%-owned subsidiary, Project Place Gatehouse, Inc. and 67%-owned subsidiary, 1145 Washington Street Condominium Trust, collectively referred to as "the Corporation". All significant balances between classes of net assets and intercompany balances and transactions among entities have been eliminated in the accompanying consolidated financial statements.

Minority Interest in Subsidiary- The loss applicable to the minority interest in the 1145 Washington Street Condominium Trust (the "Trust") is charged against the majority interest. The allocable portion of the minority interest's loss in the Trust is approximately $700 for the year ended June 30, 2016 ($3,000 for the six-months ended June 30, 2015). In addition, fees paid to the Trust for common area expenses will be adjusted annually to ensure sufficient funding for Trust obligations and the owner's intention of operating the Trust on a break even basis.

Nature of Activities and Regulations – Interseminarian – Project Place, Inc. ("IPP") is a nonprofit, nonpartisan organization founded and incorporated in 1967, supporting homeless men and women in their transition to permanent housing and permanent employment through job training and employment, transitional housing, case management, career counseling and educational services.

Project Place Gatehouse, Inc. (the "Subsidiary") is a nonprofit, nonpartisan Corporation founded and incorporated in February 2007. Interseminarian – Project Place, Inc. previously owned 80% of the Subsidiary. The other owner was Madison Park Development Corporation, who also previously owned 20%. The Subsidiary developed and operates a parcel of land with a building containing approximately 25,000 square feet. The facility houses the agency offices, program activities and 14 units of subsidized low-income housing. The Subsidiary also housed commercial rental space (see Notes 11 & 15). The Subsidiary's facility was constructed primarily with funding obtained through a new market tax credit program administered by the Massachusetts Housing and Investment Corporation (MHIC). MHIC's financing agreements had subjected the Corporation to certain regulations and operating provisions. With the termination of the MHIC financing program as of December 31, 2014, the MHIC's regulations and operating provisions no longer apply. The debt previously held by MHIC was re-assigned and has either been forgiven by the assignee or the existing terms remain intact with the new lender (see Note 8).

Conversion to Condominium Trust – The Corporation's sale of the building's retail commercial space (see Notes 11 & 15) resulted in the formation of The 1145 Washington Street Condominium Trust. The condo-minimum trust consists of land and buildings divided into a restaurant/retail condominium unit (approximately 2,400 square feet), and an office/commercial/residential condominium unit.

Generally, each of the unit owners will be responsible for the proper maintenance and repair of its respective unit and common areas to which it has exclusive rights. Operating costs applicable to the entire building, which include electricity, gas, water and sewer and property insurance, will be allocated and assessed among the unit owners in accordance with the percentages of interests in the general common elements (13.81%).

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

Income Taxes – Interseminarian – Project Place, Inc. and Project Place Gatehouse, Inc. are exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. In addition, Interseminarian – Project Place, Inc. qualifies for the charitable contribution deduction under Section 107(b) (1) (A) and has been classified as an organization that is not a private foundation under Section 509(a) (2).

Note 1 – Significant Accounting Policies (Cont.)

During the year ended June 30, 2015, as a means of increased efficiencies, the Board of Directors voted to change Project Place Gatehouse, Inc.'s tax year from December 31st to June 30th.

Financial Statement Presentation – The Corporation reports information regarding its financial position and activities according to three classes of net assets determined by donor-imposed restrictions as follows: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions and Donor Restrictions – Use-restricted contributions are reported in the statement of activities as temporarily restricted support when received, if they are received with donor stipulations that limit, specify or otherwise restrict the use of such contributions. When a donor restriction expires, either by use of the funds for the specified purpose or by the expiration of a time restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions (see Note 9).

Endowment funds established by donor restrictions to permanently maintain the principal, while allowing the use of income generated therefrom, are classified as permanently restricted net assets. Income derived from the investment of endowment funds is reported as unrestricted revenue or as restricted revenue depending on the terms of the donor instrument. The Corporation had no permanently restricted net assets at either June 30, 2016 or 2015.

Accounting Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statements of Cash Flows – For the purpose of the consolidating statements of cash flows, the Corporation considers bank checking accounts, bank money market accounts and certificates of deposit with maturities of less than three months to be cash and equivalents.

Accounts Receivable – Accounts receivable are stated net of an allowance for doubtful accounts, which is reported on the face of the Corporation's statement of financial position. The allowance is established via a provision for bad debts charged to operations. On a periodic basis, management evaluates its accounts receivable and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible, based on evaluations of the collectability of individual accounts, the Corporation's history of prior loss experience and on current economic conditions. Accounts are written off and charged against the allowance when management believes that the collectability of the specific account is unlikely.

Contributions Receivable – Under generally accepted accounting principles, contributions, including unconditional promises to give, are recognized as revenues in the period made. Contributions receivable that are, in effect, "unconditional promises to give" are recorded at the present value of future cash flows. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair values (see Note 3).

Inventory – Inventory consists of vending machine soft drinks and snack items used in the Pepsi Project program and are stated at the lower of cost or market value.

Investments – Investments in marketable equity securities with readily determinable fair values (including mutual funds) and all debt securities are reported at fair value, with realized and unrealized gains and losses reflected in the statement of activities (see Note 2).

Note 1 – Significant Accounting Policies (Cont.)

Fair Value Measurements – The Corporation follows Accounting Standards Codification (ASC) Topic 820, "Fair Value Measurements and Disclosures", for assets and liabilities that are measured at fair value on a recurring basis. This standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Corporations assets that are measured at fair value consists of investments (Note 2).

The Corporation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Under generally accepted accounting principles, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances quoted market prices are not available, therefore fair values are based upon estimates using present value or other valuation techniques. Inputs to valuation techniques refer to assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources; or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available to management.

Generally accepted accounting principles establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value, and gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 – Observable inputs such as quoted prices in active markets.

Level 2 – Inputs other than Level 1 inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable markets.

Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, which are significant to the fair value measurement.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The methods used for valuing the assets and liabilities are not necessarily an indication of the risks associated with those assets.

Property and Equipment – Property and equipment are stated at cost if purchased and at fair value if received as a contribution. Depreciation is provided over the estimated useful lives of the individual assets using straight-line and accelerated methods.

The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are capitalized. The Corporation capitalizes expenditures for equipment in excess of $5,000 having an estimated useful life exceeding one year.

Support and Revenue Recognition – Government contracts and grants are recorded when services are provided and costs are incurred. Unrestricted grants and contributions are recorded as revenue and support when received or unconditionally committed.

Rental Income – The Corporation receives rental income from individual tenants and commercial rental space, which is recognized as the rents are earned. Rental payments received in advance are deferred. All leases between the Corporation and the tenants are operating leases. The Corporation receives substantially all of its revenue from its rental activity in Boston, Massachusetts (see Note 11).

Through December 24, 2014, the facility housed commercial real estate that was leased to a non-related third party. The lease agreement included a tenant option to purchase the commercial space at the end of the lease term. At the expiration of the lease term the commercial tenant exercised its option and purchased the rental space (see Note 15).

Note 1 – Significant Accounting Policies (Cont.)

Consolidated Statement of Functional Expenses – The Corporation's consolidated statement of activities reports expenses by its major program and supporting activities. Certain expenses have been allocated among the programs benefited. A statement of functional expenses is included to report expenses by their natural classification.

Evaluation of Subsequent Events – In accordance with generally accepted accounting principles, management has evaluated subsequent events involving the Corporation for potential recognition or disclosure in the accompanying financial statements. Subsequent events are events or transactions that occurred after June 30, 2016 (the date of the accompanying financial statements) up through December 14, 2016, the date the accompanying financial statements were available to be issued.

Note 2 – Investments

Investments consist of the following at June 30:

	2016			2015		
	Fair Value	**Unrealized Gain**	**Cost**	Fair Value	Unrealized Gain	Cost
Mutual Funds	**$ 169,277**	**$ 21,787**	**$ 147,490**	$ 166,346	$ 22,694	$ 143,652

The Corporation's investment securities are considered valued using Level 1 within the fair value hierarchy inputs as they are based on quoted market prices in active markets (see Note 1).

The Corporation recorded unrealized losses of $907 and $1,250 for the years ended June 30, 2016 and 2015 respectively. There were no sales of investments during either 2016 or 2015. At June 30, 2016, the Corporation's investments consist of six different mutual funds (26% equity, 74% bonds) held at the Vanguard Group.

Risks and Uncertainties – The Corporation's investments in mutual funds are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with these investment securities, and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Statements of Financial Position and the Statements of Activities.

Note 3 – Contributions Receivable

Contributions receivable, by donor, consist of the following at June 30:

	2016	2015
Baupost Group, L.L.C.	**$ 50,000**	$ 100,000
Cummings Foundation	**-**	50,000
	$ 50,000	$ 150,000

At both June 30, 2016 and 2015, the Corporation's contributions receivable represent amounts due within one year.

Note 4 – Property and Equipment

Property and equipment consist of the following at June 30:

	Estimated Useful Life		2016		2015
Land		$	**250,000**	$	250,000
Building and improvements	10-40 years		**9,084,178**		9,042,405
Office and program equipment	5-10 years		**987,549**		987,549
Motor vehicles	5-7 years		**105,235**		105,235
			10,426,962		10,385,189
Less accumulated depreciation			**3,167,028**		2,880,126
		$	**7,259,934**	$	7,505,063

Depreciation expense was $286,902 and $320,690 for the years ended June 30, 2016 and 2015, respectively.

Note 5 – Board Restricted Deposits and Funded Reserves

Operating Reserve – As part of the original mortgage loan agreement, the Corporation was required to maintain a reserve for operating shortfalls. The Corporation's $200,000 deposit requirement was fulfilled by maintaining a deposit of $100,000 in a money market account held at Commerce Bank and $100,000 in a money market account held at Eastern Bank.

Although the funds are now unencumbered, management intends to continue to maintain the existing funds in pre-established depository accounts. Management also intends to use the funds for the future cash needs of the building and its equipment.

A summary of activity in the operating reserves is as follows for the years ended June 30:

		2016		2015
Balance at July 1st	$	**189,113**	$	215,789
Withdrawals		**-**		(26,915)
Deposits		**6,373**		-
Interest income		**93**		239
Balance at June 30th	$	**195,579**	$	189,113

Replacement Reserve – The Corporation was also required to maintain a reserve for significant repairs and replacements for capital items, as well as for permanent improvements and betterments. The reserve funds are held by Eastern Bank. Annual additions to the replacement reserve fund in the amount of $18,750 for the first payment and escalating 2.5% per annum thereafter were required pursuant to the fourth mortgage note payable.

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

Effective for 2015, the trustees of the newly-formed 1145 Washington Street Condominium Trust (Note 1) will be required to establish and maintain a replacement reserve fund with respect to the operation, management, maintenance, replacement and repair of the general common elements of all unit holders.

Note 5 – Restricted Deposits and Funded Reserves (Cont.)

A summary of activity in the replacement reserve is as follows for the years ended June 30:

	2016	2015
Balance at July 1st	**$ 69,473**	$ 103,151
Withdrawals	**(27,266)**	(33,723)
Interest income	**29**	45
Balance at June 30th	**$ 42,236**	$ 69,473

Note 6 – Deferred Revenue

Deferred revenue consists of the following at June 30:

	2016	2015
Advance payments of commercial services	**$ 13,470**	$ -
Sponsorship receipts for golf tournament held in July	**19,241**	19,360
Rental payments in advance	**5,114**	-
	$ 37,825	$ 19,360

Note 7 – Long-Term Debt

The Corporation had entered into a new market tax credit arrangement in connection with the construction of its mixed use facility in December of 2005. The 2014 exit to the arrangements required the complete unwinding of the relationships between the legal entities in the original structure, necessitating purchase agreements, forgiveness agreements, and assignments. The unwinding process was completed as of December 31, 2014. The remaining long-term debt of $1.9 million at both June 30, 2016 and 2015 is non-interest bearing with no principle payments required.

Long-term debt consists of the following at June 30:

	2016	2015
Second mortgage note payable - The MHIC New Markets CDE II LLC Series 4 note requires no monthly payments and the note does not bear interest. The principal balance is due June 6, 2036. The land, building, furniture and fixtures are pledged as collateral for the note. During December 2014, this note was assigned to the Department of Neighborhood Development of the City of Boston. with the same terms when held by MHIC. There was no interest expensed or accrued for either year ended June 30, 2016 or 2015.	**$ 700,000**	$ 700,000
Second mortgage note payable - The MHIC New Markets CDE II LLC Series 4 note requires no monthly payments and the note does not bear interest. The principal balance is due June 21, 2036. The land, building, furniture and fixtures are pledged as collateral for the note. There was no interest expensed or accrued for either year ended June 30, 2016 or 2015. During December 2014, this note was assigned to Commercial Economic Development Assistance Corporation (CEDAC) with the same terms when held by MHIC.	**600,000**	600,000

Note 7 – Long-Term Debt (Cont.)

	2016	2015
Second mortgage note payable - The MHIC New Markets CDE II LLC Series 4 note requires no monthly payments and the note does not bear interest. The principal balance is due July 21, 2036. The land, building, furniture and fixtures are pledged as collateral for the note. There was no interest expensed or accrued for either year ended June 30, 2016 or 2015. During December 2014, this note was assigned to the Dept. of Housing and Community Development of the City of Boston with the same terms when held by MHIC.	**600,000**	600,000
	1,900,000	1,900,000
Less current maturities	**-**	-
	$ 1,900,000	$ 1,900,000

The following is a summary of debt forgiven and reported as income during the year ended June 30, 2015 on the statement of activities and changes in net assets:

First Mortgage Note Payable – forgiven by Mass Housing Investment Corporation	$ 90,000
Second Mortgage Note Payable – forgiven by City of Boston	114,900
Third Mortgage Note Payable – forgiven by Interseminarian Project Place	3,400,000
Third Mortgage Note Payable – forgiven by Interseminarian Project Place	2,175,325
Fourth Mortgage Note Payable – forgiven by Mass Housing Investment Corporation	2,827,714
	$8,607,939

Land, building, furniture and fixtures pledged as collateral are located at 1145 Washington Street, Boston, Massachusetts.

The three remaining mortgage notes payable totaling $1,900,000 mature on June 6, 2036.

Interest charged on the notes for the years ended June 30, 2015 was $24,107. There was no mortgage interest expense for the year ended June 30, 2016.

Note 8 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	2016	2015
Program operating support	**$ 159,492**	$ 192,945

Temporarily restricted grants and donations were used for the following purposes and programs during the year ended June 30:

	2016	2015
Program operating support	**$ 227,953**	$ 96,295

Note 9 – Pension Plans

The Corporation adopted a Tax Sheltered Annuity Plan under IRC Section 403(b) in 1996 for all employees who wish to participate. The Corporation did not contribute to the plan in the years ended June 30, 2016 and 2015, and incurred no plan administration expense. An insurance company bears all of the risks associated with the plan.

The Corporation implemented a 401(k) Salary Deferral Plan in January 2000. The Corporation contributes 50% of the employees' contributions up to 5% of employees' gross salary. Contributions by the Corporation for both years ended June 30, 2016 and 2015 were approximately $13,500 and $13,000, respectively.

Note 10 – Rental Income

During 2007, the Corporation moved its principle program and administrative facilities to its own premises at 1145 Washington Street, Boston Massachusetts. The completion and occupancy of Project Place-Gatehouse (the Subsidiary), allowed the Corporation to offer 14 units of affordable residential housing and approximately 1,700 square feet of commercial restaurant space for lease. The Corporation had rented the commercial retail space and continues to rent office space and low income residential units under noncancellable operating leases.

The leases for residential units are for twelve-month terms.

The lease for retail commercial space was for a term of 7 years expiring November 15, 2014. The tenant was required to pay its proportionate share of real estate taxes and liability and property insurance as additional rent. The tenant had the option to purchase the commercial space at the end of the lease term at a to-be-determined price. At the expiration of the lease term the commercial tenant exercised its option and purchased the rental space. The rental space sold approximated 9.3% of the total building space and sale proceeds were applied to existing debt (see Note 8). As of November 15, 2014, there are no lease agreements with the former tenant of the retail commercial space.

Gross rental income, excluding in-kind rents (Occupancy Lease, Note 11), for the years ended June 30, 2016 and 2015 approximated $182,000 and $209,000, respectively.

Future minimum residential housing rental income from the Washington Street facility under noncancellable leases in excess of one year is expected to approximate $97,000 for the year ended June 30, 2017.

Note 11 – Related Party Transactions

Occupancy Costs – Interseminarian - Project Place, Inc. (IPP) leases approximately 14,850 feet of office and program space from its subsidiary, Project Place Gatehouse, Inc. The lease agreement is for a seven-year term and is predominantly treated as an in-kind donation between the two organizations. The lease agreement does require Interseminarian - Project Place, Inc. to pay a nominal monthly rental of $10, including its share of operating expenses. The approximate value of the contributed office and program space was $178,000 for both the years ended June 30, 2016 and 2015.

In addition, effective January of 2015 Interseminarian - Project Place, Inc. (IPP) and Project Place Gatehouse Inc. (PPGH) are required to pay a monthly condo fee to 1145 Washington Street Condominium Trust (The Trust) in order to cover their pro rata share of estimated common area expenses. For the year ended June 30, 2016, condo fees, paid by IPP and PPGH to the trust, totaled $58,620 and $34,856, respectively. At June 30, 2016, the net amount the Trust owed IPP was approximately $50,000, and the net amount the Trust owed PGH was approximately $28,000. At June 30, 2015, the net amount the Trust owed IPP was approximately $13,000, and the net amount the Trust owed PGH was approximately $18,400.

Note 11 – Related Party Transactions (Cont.)

Program Costs – During both fiscal 2016 and 2015, Interseminarian - Project Place, Inc. also provided janitorial and maintenance services to its subsidiary for a fee through its Clean Corners-Bright Hopes job training program. For the years ended June 30, 2016 and 2015, program janitorial and maintenance services charged by IPP to its subsidiary were $31,200 and $21,091, respectively.

Loans – From time to time, IPP receives from or makes loans to PPGH.

Loans payable to the parent corporation at June 30 consist of the following:

	2016	2015
Non-interest bearing loan to Project Place Gatehouse, Inc. with no established payment terms	**$ 148,920**	$ 213,847

All of the above-mentioned intercompany transactions are eliminated in the consolidating financial statements.

Note Receivable – During December, 2014, as part of the unwinding process (Note 3), Interseminarian - Project Place, Inc. forgave $5,575,325 in notes receivable due from Project Place Gatehouse, Inc. The notes forgiven were recorded as nonoperating income from forgiveness of debt by Project Place Gatehouse, Inc. The inter-company transaction was a non-monetary event.

Note 12 – Bank Line of Credit

On July 12, 2013, the Corporation obtained a $300,000 line of credit with a local financial institution. The credit line is collateralized by substantially all assets of the Corporation and borrowings bear interest according to a variable interest rate. All borrowings are payable on demand.

There were no outstanding borrowings at either June 30, 2016 or 2015.

Note 13 – Financial Instruments and Concentrations of Credit Risk

The Corporation's financial instruments that may be subject to concentrations of credit risk consist of cash in banks, accounts and contributions receivable, investments and mortgage notes payable.

The Corporation maintains its cash deposits with five high-quality financial institutions. At times the amounts on deposit at any institution may exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. As of June 30, 2016, based on bank balance amounts, the Corporation's cash balances exceeded FDIC coverage by approximately $370,000 and $30,000.

At both June 30, 2016 and 2015, approximately all of the Corporation's accounts receivable for program services are due from the U.S. Department of Labor, departments of the City of Boston and local municipal and governmental agencies, respectively. At June 30, 2016, $50,000 of the Corporation's contribution receivable was due from one donor (see Note 3).

As part of the unwinding process (see Note 7), the Subsidiary remains obligated for three mortgage loans totaling $1,900,000. The mortgage notes of $700,000, $600,000 and $600,000 were assigned to the City of Boston Department of Neighborhood Development, Community Economic Development Assistance Corporation (CEDAC), and the City of Boston Department of Housing and Community Development, respectively. All three mortgages do not require the payment of principal until the year 2036.

Note 14 - Loss on Sale of Real Property

As mentioned in Note 11, the Subsidiary's retail commercial tenant exercised its option to purchase space at appraised value. Sales proceeds of $610,000 were used to extinguish existing mortgage debt of $700,000 due December 31, 2014. The remaining $90,000 of debt was forgiven by the noteholder. The cancellation of the $90,000 in mortgage debt was recorded by the Subsidiary as other income during the year ended June 30, 2015. The sales price was based on a bank and an independent appraisal.

The net book value of the real property sold to the former retail commercial tenant approximated $774,000 and related closing costs and sale expenses approximated $30,000, resulting in a loss on sale of approximately $194,000. The loss on sale was primarily due to the allocation of the building's net book value, which was subject to a 40-year depreciable life.

Note 15 – Surplus Revenue Recognition (Unaudited)

The Commonwealth of Massachusetts Not-For-Profit Provider Surplus Revenue Retention Policy pursuant to 808 CMR 1.19(3) of the Pricing, Reporting and Auditing for Social Programs, allows a provider to retain for future use a portion of annual net surplus. This net surplus, from the revenues and expenses associated with services provided to Purchasing Agencies which are subject to 808 CMR 1.00, may not exceed 5% of said provider's revenue annually. Furthermore, the cumulative amount of the provider's net surplus may not exceed 20% of the provider's prior year's revenues from Purchasing Agencies.

Excess surplus revenues may be recouped by the Commonwealth via price reductions in future agreements, by the return of such funds to the Commonwealth, or by the Commonwealth stipulating the use of such funds.

According to the Division's accounting and reporting policies, surplus revenue retention within the allowable limits is to be reported or disclosed as a component of unrestricted fund balance. Any surplus revenue retained in excess of the aforementioned limits is to be reported as an unrestricted liability.

The Corporation has no surplus revenue that would be required to be reported as a liability at both June 30, 2016 and 2015. The following represents the components of unrestricted net assets:

	Unrestricted Net Assets	Commonwealth of Massachusetts Cumulative Revenue Surplus	Total
Balance at June 30, 2014	$ 4,606,627	$ (707,912)	$ 3,898,715
Change in Net Assets	2,682,567	(102,757)	2,579,810
Balance at June 30, 2015	7,289,194	(810,669)	6,478,525
Change in Net Assets	19,005	-	19,005
Balance at June 30, 2016	$ 7,308,199	$ (810,669)	$ 6,497,530

CONSOLIDATING FINANCIAL STATEMENTS

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Independent Auditors' Report On
Consolidating Financial Statements

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

Our report on our audit of the consolidated financial statements of Interseminarian – Project Place, Inc. and Subsidiaries appears on Page 1. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position as of June 30, 2016 and 2015, and the related consolidating statements of activities and changes in nets assets and cash flows for the year then ended, are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements of Interseminarian – Project Place Inc. and Subsidiaries. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating statements are fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

G. T. Reilly & Company

G.T. Reilly & Company

Milton, Massachusetts
December 14, 2016

Consolidating Statement of Financial Position

June 30, 2016

	Project Place	Gatehouse	1145 Washington Street Trust	Intercompany Eliminations	Consolidated
Assets					
CURRENT ASSETS					
Cash and cash equivalents	$ 643,220	$ 98,883	$ 72,813	$ -	$ 814,916
Cash - Security deposits	-	2	-	-	2
Investments	169,277	-	-	-	169,277
Accounts receivable - program and other services, less allowance for doubtful account of $9,500	207,899	-	-	-	207,899
Accounts receivable - residents	-	3,255	-	-	3,255
Accounts receivable - commercial services	55,432	1,480	-	-	56,912
Contributions receivable	50,000	-	-	-	50,000
Inventory	6,971	-	-	-	6,971
Prepaid expenses	7,686	3,319	-	-	11,005
Intercompany loan	198,522	27,998	(77,600)	(148,920)	-
TOTAL CURRENT ASSETS	1,339,007	134,937	(4,787)	(148,920)	1,320,237
PROPERTY AND EQUIPMENT	459,299	10,217,663	-	(250,000)	10,426,962
Less accumulated provisions for depreciation	388,630	2,778,398	-	-	3,167,028
	70,669	7,439,265	-	(250,000)	7,259,934
OTHER ASSETS					
Restricted deposits and funded reserves	-	237,815	-	-	237,815
Investment in Gatehouse	120,000	-	-	(120,000)	-
	120,000	237,815		(120,000)	237,815
	$ 1,529,676	$ 7,812,017	$ (4,787)	$ (518,920)	$ 8,817,986
Liabilities and Stockholders' Equity					
CURRENT LIABILITIES					
Accounts payable	$ 65,889	$ 39	$ -	$ -	$ 65,928
Accrued expenses	137,132	13,816	6,263	-	157,211
Deferred revenue	32,711	2,857	2,257	-	37,825
Intercompany loan	-	148,920	-	(148,920)	-
TOTAL CURRENT LIABILITIES	235,732	165,632	8,520	(148,920)	260,964
LONG-TERM DEBT, due after one year	-	1,900,000	-	-	1,900,000
NET ASSETS (DEFICIENCY)					
Unrestricted	1,134,452	5,746,385	(13,307)	(370,000)	6,497,530
Temporarily restricted	159,492	-	-	-	159,492
	1,293,944	5,746,385	(13,307)	(370,000)	6,657,022
	$ 1,529,676	$ 7,812,017	$ (4,787)	$ (518,920)	$ 8,817,986

The accompanying notes are an integral part of these financial statements.

Consolidating Statement of Financial Position

June 30, 2015

	Project Place	Gatehouse	1145 Washington Street Trust	Intercompany Eliminations	Consolidated
Assets					
CURRENT ASSETS					
Cash and cash equivalents	$ 404,051	$ 47,120	$ -	$ -	$ 451,171
Cash - Security deposits	-	2,585	-	-	2,585
Investments	166,346	-	-	-	166,346
Accounts receivable - program services, less allowance for doubtful account of $9,500	150,814	-	20,497	(17,395)	153,916
Accounts receivable - residents	-	2,276	-	-	2,276
Accounts receivable - commercial services	84,405	(382)	-	-	84,023
Contributions receivable	150,000	-	-	-	150,000
Inventory	6,463	-	-	-	6,463
Prepaid expenses	10,760	3,929	3,261	-	17,950
Intercompany loan	226,816	18,374	(31,343)	(213,847)	-
TOTAL CURRENT ASSETS	1,199,655	73,902	(7,585)	(231,242)	1,034,730
PROPERTY AND EQUIPMENT	459,299	10,175,890	-	(250,000)	10,385,189
Less accumulated provisions for depreciation	351,492	2,528,634	-	-	2,880,126
	107,807	7,647,256	-	(250,000)	7,505,063
OTHER ASSETS					
Restricted deposits and funded reserves	-	258,586	-	-	258,586
Investment in Gatehouse	120,000	-	-	(120,000)	-
	120,000	258,586	-	(120,000)	258,586
	$ 1,427,462	$ 7,979,744	$ (7,585)	$ (601,242)	$ 8,798,379

	Project Place	Gatehouse	1145 Washington Street Trust	Intercompany Eliminations	Consolidated
Liabilities and Stockholders' Equity					
CURRENT LIABILITIES					
Accounts payable	$ 98,226	$ 14,174	$ 708	$ (17,395)	$ 95,713
Accrued expenses	100,664	10,000	-	-	110,664
Deferred revenue	19,360	-	-	-	19,360
Security deposits	-	1,172	-	-	1,172
Intercompany loan	-	213,847	-	(213,847)	-
TOTAL CURRENT LIABILITIES	218,250	239,193	708	(231,242)	226,909
LONG-TERM DEBT, due after one year	-	1,900,000	-	-	1,900,000
NET ASSETS (DEFICIENCY)					
Unrestricted	1,016,267	5,840,551	(8,293)	(370,000)	6,478,525
Temporarily restricted	192,945	-	-	-	192,945
	1,209,212	5,840,551	(8,293)	(370,000)	6,671,470
	$ 1,427,462	$ 7,979,744	$ (7,585)	$ (601,242)	$ 8,798,379

The accompanying notes are an integral part of these financial statements.

Consolidating Statement of Activities and Changes in Net Assets

Year Ended June 30, 2016

	Project Place		Gatehouse	1145 Washington Street Trust		
	Unrestricted	Temporarily Restricted	Unrestricted	Unrestricted	Intercompany Eliminations	Total
OPERATING SUPPORT AND REVENUE						
Gifts and contributions	$ 427,734	$ 194,500	$ 28,000	$ -	$ -	$ 650,234
Contributed services and facilities	178,200	-	-	-	(178,200)	-
Government grants and contracts	1,721,016	-	-	-	-	1,721,016
Commercial products and services	449,960	-	-	-	(31,200)	418,760
Special events	228,254	-	-	-	-	228,254
Investment income	3,881	-	156	-	-	4,037
Unrealized investment losses	(907)	-	-	-	-	(907)
Rental income	-	-	182,015	-	-	182,015
Dues income	-		-	122,981	(93,476)	29,505
Other income (loss)	22,749	-	1,869	-	-	24,618
Net assets released from restrictions	227,953	(227,953)	-	-	-	-
TOTAL OPERATING SUPPORT AND REVENUE	3,258,840	(33,453)	212,040	122,981	(302,876)	3,257,532
OPERATING EXPENSES						
Program services	2,444,285	-	306,206	-	(302,876)	2,447,615
Property management	-	-	-	127,995	-	127,995
General and administrative	478,790	-	-	-	-	478,790
Fundraising	217,580	-	-	-	-	217,580
TOTAL OPERATING EXPENSES	3,140,655	-	306,206	127,995	(302,876)	3,271,980
CHANGE IN NET ASSETS	118,185	(33,453)	(94,166)	(5,014)	-	(14,448)
NET ASSETS (DEFICIENCY) AT BEGINNING OF YEAR	1,016,267	192,945	5,840,551	(8,293)	(370,000)	6,671,470
NET ASSETS (DEFICIENCY) AT END OF YEAR	$ 1,134,452	$ 159,492	$ 5,746,385	$ (13,307)	$ (370,000)	$ 6,657,022

Consolidating Statement of Activities and Change in Net Assets

Year Ended June 30, 2015

	Project Place		Gatehouse	1145 Washington Street Trust		
	Unrestricted	Temporarily Restricted	Unrestricted	Unrestricted	Intercompany Eliminations	Total
OPERATING SUPPORT AND REVENUE						
Gifts and contributions	$ 464,557	$ 150,000	$ 44,500	$ -	$ -	$ 659,057
Contributed services and facilities	180,580	-	-	-	(178,080)	2,500
Government grants and contracts	1,516,293	-	-	-	-	1,516,293
Commercial products and services	539,719	-	-	-	(21,091)	518,628
Special events	178,614	-	-	-	-	178,614
Investment income	3,683	-	326	-	-	4,009
Unrealized investment gains	(1,250)	-	-	-	-	(1,250)
Rental income	-	-	208,647	-	-	208,647
Dues income	-	-	-	47,500	(40,670)	6,830
Other income (loss)	5,271	-	2,101	-	-	7,372
Net assets released from restrictions	96,295	(96,295)	-	-	-	-
TOTAL OPERATING SUPPORT AND REVENUE	2,983,762	53,705	255,574	47,500	(239,841)	3,100,700
OPERATING EXPENSES						
Program services	2,250,072	-	371,865	-	(141,396)	2,480,541
Property management	39,735	-	161,892	48,785	(61,761)	188,651
General and administrative	364,973	-	-	7,008	(16,294)	355,687
Fundraising	301,606	-	-	-	(20,390)	281,216
TOTAL OPERATING EXPENSES	2,956,386	-	533,757	55,793	(239,841)	3,306,095
CHANGE IN NET ASSETS FROM OPERATIONS	27,376	53,705	(278,183)	(8,293)	-	(205,395)
NONOPERATING						
Forgiveness of note receivable (Note 7)	(5,575,325)	-	-	-	-	(5,575,325)
Forgiveness of mortgage debt (Note 7)	-	-	8,607,939	-	-	8,607,939
Loss on sale of retail commercial space	-	-	(193,704)	-	-	(193,704)
CHANGE IN NET ASSETS FROM NON-OPERATING SUPPORT AND REVENUE	(5,575,325)	-	8,414,235	-	-	2,838,910
CHANGE IN NET ASSETS	(5,547,949)	53,705	8,136,052	(8,293)	-	2,633,515
NET ASSETS (DEFICIENCY) AT BEGINNING OF YEAR	6,564,216	139,240	(2,295,501)	-	(370,000)	4,037,955
NET ASSETS (DEFICIENCY) AT END OF YEAR	$ 1,016,267	$ 192,945	$ 5,840,551	$ (8,293)	$ (370,000)	$ 6,671,470

The accompanying notes are an integral part of these financial statements.

Consolidating Statement of Cash Flows

Year Ended June 30, 2016

	Project Place	Gatehouse	1145 Washington Street Trust	Intercompany Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Changes in net assets	$ 84,732	$ (94,166)	$ (5,014)	$ -	$ (14,448)
Adjustments to reconcile changes in net assets					
to net cash provided from operations:					
Depreciation	37,138	249,764	-	-	286,902
Unrealized investment loss	907	-	-	-	907
Changes in operating assets and liabilities:					
Accounts receivable - program services	(57,085)	-	20,497	(17,395)	(53,983)
Accounts receivable - residents	-	(979)	-	-	(979)
Contributions receivable	100,000	-	-	-	100,000
Accounts receivable - commercial services	28,973	(1,862)	-	-	27,111
Inventories	(508)	-	-	-	(508)
Prepaid expense	3,074	610	3,261	-	6,945
Restricted deposits and funded reserves	-	20,771	-	-	20,771
Accounts payable	(32,337)	(14,135)	(708)	17,395	(29,785)
Accrued expenses	36,468	3,816	6,263	-	46,547
Deferred revenue	13,351	2,857	2,257	-	18,465
Security deposits	-	1,411	-	-	1,411
NET CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES	214,713	168,087	26,556	-	409,356
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, equipment and building improvements	-	(41,773)	-	-	(41,773)
Intercompany loan	28,294	(9,624)	46,257	(64,927)	-
Purchase of investments	(3,838)	-	-	-	(3,838)
NET CASH (APPLIED TO) PROVIDED FROM INVESTING ACTIVITIES	24,456	(51,397)	46,257	(64,927)	(45,611)
CASH FLOWS FROM FINANCING ACTIVITIES					
Intercompany loan	-	(64,927)	-	64,927	-
RESULTING IN A NET INCREASE IN CASH	239,169	51,763	72,813	-	363,745
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	404,051	47,120	-	-	451,171
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 643,220	$ 98,883	$ 72,813	$ -	$ 814,916

The accompanying notes are an integral part of these financial statements.

Consolidating Statement of Cash Flows

Year Ended June 30, 2015

	Project Place	Gatehouse	1145 Washington Street Trust	Intercompany Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Changes in net assets	$ (5,494,244)	$ 8,136,052	$ (8,293)	$ -	$ 2,633,515
Adjustments to reconcile changes in net assets					
to net cash provided from (applied to) operations:					
Depreciation	59,154	261,536	-	-	320,690
Unrealized investment gains	1,250	-	-	-	1,250
Loss on sale of retail commercial space	-	193,704	-	-	193,704
Forgiveness of note receivable	5,575,325	-	-	-	5,575,325
Forgiveness of mortgage debt	-	(8,607,939)	-	-	(8,607,939)
Changes in operating assets and liabilities:					
Accounts receivable - program services	96,828	-	(20,497)	(17,395)	58,936
Accounts receivable - residents	-	(975)	-	-	(975)
Contributions receivable	(60,760)	-	-	-	(60,760)
Accounts receivable - commercial services	32,952	382	-	-	33,334
Prepaid expenses	4,242	396	(3,261)	-	1,377
Restricted deposits and funded reserves	-	60,354	-	-	60,354
Accounts payable	895	(15,413)	708	17,395	3,585
Accrued expenses	11,401	(10,915)	-	-	486
Deferred revenue	(61,130)	(4,712)	-	-	(65,842)
Security deposits	-	(3,968)	-	-	(3,968)
NET CASH PROVIDED FROM (APPLIED TO) OPERATING ACTIVITIES	165,913	8,502	(31,343)	-	143,072
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, equipment and building improvements	(30,271)	(13,212)	-	-	(43,483)
Proceeds from sale of commercial space	-	610,000	-	-	610,000
Intercompany loan	(42,818)	(18,374)	31,343	29,849	-
Purchase of investments	(3,683)	-	-	-	(3,683)
NET CASH (APPLIED TO) PROVIDED FROM INVESTING ACTIVITIES	(76,772)	578,414	31,343	29,849	562,834
CASH FLOWS FROM FINANCING ACTIVITIES					
Intercompany loan	-	29,849	-	(29,849)	-
Repayment of long-term debt	-	(610,000)		-	(610,000)
NET CASH PROVIDED FROM (APPLIED TO) FINANCING ACTIVITIES	-	(580,151)		(29,849)	(610,000)
RESULTING IN A NET INCREASE (DECREASE) IN CASH	89,141	6,765	-	-	95,906
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	314,910	40,355	-	-	355,265
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 404,051	$ 47,120	$ -	$ -	$ 451,171

SUPPLEMENTAL CASH FLOW INFORMATION

	Project Place	Gatehouse	1145 Washington Street Trust	Intercompany Eliminations	Consolidated
Cash paid during the year for interest	$ 254	$ 24,107	$ -	$ -	$ 24,361

The accompanying notes are an integral part of these financial statements.

OTHER FINANCIAL INFORMATION

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Independent Auditors' Report on the
Schedule of Expenditures of Federal Awards

Board of Directors
Interseminarian - Project Place, Inc. and Subsidiary

We have audited the consolidated financial statements of Interseminarian - Project Place, Inc. and Subsidiaries as of and for the year ended June 30, 2016, and have issued our report thereon on Page 1, dated December 14, 2016, which contains an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2016, 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, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 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 consolidated 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.

G. T. Reilly & Company

G.T. Reilly & Company

Milton, Massachusetts
December 14, 2016

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
U.S. Dept. of Housing and Urban Development			
Passed-through the City of Boston Economic Development and Industrial Corporation Jobs and Community Services Dept.:			
Community Development Block Program for Entitlement Communities	14.218	C-39904	$ 59,322
Passed-through the City of Boston Development of Neighborhood Development Public Facilities Dept.:			
Continuum of Care Program	14.267	C-3697-13	153,059
Total U.S. Dept. of Housing and Urban Development			212,381
U.S. Dept. of Labor			
Employment & Training Administration			
Re-integration of Ex-Offenders	17.270	PE-24415-13-60-A-25	366,048
Re-Integration of Ex-Offenders – Non Youth	17.270	PE-25938-14-60-A-25	322,313
Homeless Veterans Reintegration Project	17.805	HV-23331-12-60-5-25	115,781
Total U.S. Dept. of Labor			804,142
Substance Abuse & Mental Health Services Administration, Center for Substance Abuse Treatment			
Passed-through the Commonwealth of Massachusetts			
Access to Recovery Program	Note 2	Note 2	133,609
U.S. Department of Agriculture			
Passed-through the University of Massachusetts Medical School			
SNAP/E and T	Note 2	Note 2	24,184
Emergency Fund Assistance Program:			
Passed-through the Greater Boston Food Bank	10.569	Note 2	20,000
Total US. Dept. of Agriculture			44,184
TOTAL FEDERAL AWARDS EXPENDITURES			$1,194,316

SUMMARY BY CFDA NUMBER:	
14.218	$ 59,322
14.267	153,059
17.720	688,361
17.805	115,781
10.569	20,000
Note 2	133,609
Note 2	24,184
	$1,194,316

The accompanying notes are an integral part of these financial statements.

Notes to Schedule of Expenditures of Federal Awards

June 30, 2016

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Interseminarian – Project Place, Inc. and Subsidiary and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Agency or Pass-Through Number

Some of the primary recipients/grantors were not able to provide the CFDA number and pass-through entity identifying number.

Note 3 – Subrecipients

Interseminarian – Project Place, Inc. and Subsidiaries provided federal awards to subrecipients, which are included in the schedule as follows:

U.S. Department of Labor

CFDA #17.270

South End Community Health Center	$ 87,132
Jewish Vocational Services	54,469
United South End Settlements	26,539
Best Corp.	18,580
Community Work Service	10,494
Occupational Drug Testing, LLC	1,200
Total Expenditures to Subrecipients	$198,414

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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
Interseminarian – Project Place, Inc. and Subsidiaries

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 Interseminarian – Project Place, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Interseminarian – Project Place, Inc. and Subsidiaries' 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 Interseminarian – Project Place, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Interseminarian – Project Place, Inc. and Subsidiaries' 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 Interseminarian – Project Place, Inc. and Subsidiaries' 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 Interseminarian – Project Place, Inc. and Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

G. T. Reilly & Company

G.T. Reilly & Company

Milton, Massachusetts
December 14, 2016

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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Interseminarian – Project Place, Inc. and Subsidiary

Report on Compliance for Each Major Federal Program

We have audited Interseminarian – Project Place, Inc. and Subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Interseminarian – Project Place, Inc. and Subsidiary's major federal programs for the year ended June 30, 2016. Interseminarian – Project Place, Inc. and Subsidiaries' major federal programs are identified in the summary of auditor's 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 Interseminarian – Project Place, Inc. and Subsidiaries' 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 Interseminarian – Project Place, Inc. and Subsidiaries' 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 Interseminarian – Project Place, Inc. and Subsidiaries' compliance.

Opinion on Each Major Federal Program

In our opinion, Interseminarian – Project Place, Inc. and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The result of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-1 and 2016-2. Our opinion on each major federal program is not modified with respect to these matters.

Interseminarian – Project Place, Inc. and Subsidiaries' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Interseminarian – Project Place, Inc. and Subsidiaries' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Interseminarian – Project Place, Inc. and Subsidiaries 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 Interseminarian – Project Place, Inc. and Subsidiaries' 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 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 Interseminarian – Project Place, Inc. and Subsidiaries' 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-1 and 2016-2.

Interseminarian – Project Place, Inc. and Subsidiaries' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Interseminarian – Project Place, Inc. and Subsidiaries' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

G. T. Reilly & Company

G.T. Reilly & Company

Milton, Massachusetts
December 14, 2016

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2016

Summary of Auditors' Results

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Interseminarian - Project Place, Inc. and Subsidiaries

2. No significant deficiencies relating to the audit of the financial statements were reported in the 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.

3. There were no instances of noncompliance material to the financial statements of Interseminarian - Project Place, Inc. and Subsidiary, which would be required to be reported in accordance with Government Auditing Standards, disclosed during the audit.

4. There were significant deficiencies relating to the audit of the major federal award program reported in the Independent Auditors' Report on Compliance with Requirements That Could Have a Direct Effect on its Major Program and Internal Control Over Compliance in Accordance with Uniform Guidance.

5. The auditors' report on compliance for its major federal award program for Interseminarian - Project Place, Inc. and Subsidiaries expresses an unmodified opinion.

6. The audit did not disclose any audit findings relating to the major federal award program for Interseminarian - Project Place, Inc. and Subsidiary that are required to be reported.

7. The program tested as a major program: CFDA #17.270.

8. The threshold for distinguishing Types A and B programs was $750,000.

9. The Interseminarian - Project Place, Inc. and Subsidiaries was not determined to be a low-risk auditee.

Findings – Financial Statement Audit

None

Schedule of Findings and Questioned Costs (Cont.)

For the Year Ended June 30, 2016

Findings - Major Federal Award Program Audit

U.S. Department of Labor
Employment and Training Administration
Re-integration of Ex-offenders
Training to Work 2 Adult Re-entry Grant
PE – 25938-14-60-A-25
CFDA #17.270

Compliance and Other Matters

Noncompliance

2016-01 Condition - Interseminarian - Project Place, Inc. (the grantee) did not have contractual agreements in place with its subrecipients.

Criteria – The Uniform Administrative Requirements at 29 CFR Part 95.21 (b)(3) requires grantees to have effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes. In addition, 29 CFR Part 95.48 requires grantees to define a sound and complete agreement when contracting. The grant agreement also provides additional administrative requirements for managing subawards.

Cause – The grantee established a Memorandum of Understanding (MOU) for partners as required by the Solicitation for Grant Application (SGA). The grantee was utilizing the MOUs as the binding agreement with subawardees. The approved budget for the grant agreement authorized contractual costs to be incurred via two contractual agreements with the local American Job Center (AJC) and the United South End Settlement House. The grantee did not have a contractual agreement with the partners.

Recommended Required Action – The grantee must prepare contractual agreements for the subawardees. The agreements must include all the required requirements as indicated in the grant agreement 29 CFR Part 95.48, and Appendix A.

Management Response – Subrecipient signed contracts have been obtained and are in compliance with federal regulations.

2016-02 Condition - Interseminarian - Project Place, Inc. (the grantee) had not monitored its recipients.

Criteria - The Uniform Administrative Requirements at 29 CFR Part 95.47 require grantees to have a system in place to ensure the terms, condition and performance of contractors is evaluated. In addition, Part 95.51 requires grantees to conduct monitoring for each project, subaward, function or activity supported by the award.

Cause – Due to grantee oversight, the subrecipients had not been monitored.

Schedule of Findings and Questioned Costs (Cont.)

For the Year Ended June 30, 2016

Recommmendation/Required Action – The grantee must design and implement a system to monitor all grant activities and a method to report and resolve issues raised as a result of monitoring. Specifically, the grantee needs to develop a monitoring schedule, policies and procedures, a documented process for providing subrecipients with notice of findings and concerns, and a documented process for resolution.

Management Response – Internal monthly desk audits were performed throughout the grant cycle and site visits were conducted with subrecipients during September 2016, and will be held annually to fulfill compliance requirements.

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2016

There were no prior audit findings.