Audited
Financial Statements

Interseminarian – Project Place, Inc.
and Subsidiary

June 30, 2010

G.T. Reilly & Company
Certified Public Accountants/Business Consultants

Interseminarian – Project Place, Inc. and Subsidiary

Audited Financial Statements

June 30, 2010

G.T. Reilly & Company
Certified Public Accountants/Business Consultants

G. T. Reilly & Company
Internationaly,
Moore Stephens Reilly, P.C.
Reilly Consulting Group Inc.
ReillyTech
Reilly Benefits
Reilly Small Business Group

424 Adams Street
Milton, MA 02186-4358
617 696-8900
617 698-1803 fax
www.gtreilly.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidating statements of financial position of Interseminarian – Project Place, Inc. (a nonprofit organization) and Subsidiary as of June 30, 2010 and 2009, and the related consolidating statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These consolidating financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidating 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, as 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 consolidating financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidating financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidating financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Interseminarian – Project Place, Inc. and Subsidiary as of June 30, 2010 and 2009, and the changes in their net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2010 on our consideration of Interseminarian – Project Place, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

G. T. Reilly & Company

G. T. Reilly & Company

Milton, Massachusetts
November 10, 2010

An independent firm associated with
MOORE STEPHENS

Consolidating Statements of Financial Position

June 30, 2010

	Project Place	Gatehouse	Intercompany Eliminations	Consolidated
Assets				
CURRENT ASSETS				
Cash and cash equivalents	$ 289,947	$ 76,384	$ -	$ 366,331
Cash - Security deposits	-	2,884	-	2,884
Investments	131,464	-	-	131,464
Accounts receivable - program services, less				-
allowance for doubtful account of $9,500	98,725	-	-	98,725
Accounts receivable - residents	-	6,589	-	6,589
Accounts receivable - commercial services	41,290	-	-	41,290
Contributions receivable	100,000	-	-	100,000
Inventory	3,986	-	-	3,986
Prepaid expenses	22,458	15,331	-	37,789
Intercompany loan	107,458	-	(107,458)	-
TOTAL CURRENT ASSETS	795,328	101,188	(107,458)	789,058
PROPERTY AND EQUIPMENT	221,698	10,893,123	(250,000)	10,864,821
Less accumulated provisions for depreciation	145,328	1,100,216	-	1,245,544
	76,370	9,792,907	(250,000)	9,619,277
OTHER ASSETS				
Restricted deposits and funded reserves	-	263,146	-	263,146
Notes receivable - MHIC	5,575,325	-	-	5,575,325
Investment in Gatehouse	120,000	-	(120,000)	-
	5,695,325	263,146	(120,000)	5,838,471
	$ 6,567,023	$ 10,157,241	$ (477,458)	$ 16,246,806
Liabilities and Stockholders' Equity				
CURRENT LIABILITIES				
Accounts payable	$ 28,092	$ 23,993	$ -	$ 52,085
Accrued expenses	124,263	8,011	-	132,274
Deferred revenue	43,572	-	-	43,572
Security deposits	-	5,360	-	5,360
Intercompany loan	-	107,458	(107,458)	-
TOTAL CURRENT LIABILITIES	195,927	144,822	(107,458)	233,291
LONG-TERM DEBT, due after one year	-	11,103,039	-	11,103,039
NET ASSETS (DEFICIENCY)				
Unrestricted	6,152,299	(1,090,620)	(370,000)	4,691,679
Temporarily restricted	218,797	-	-	218,797
	6,371,096	(1,090,620)	(370,000)	4,910,476
	$ 6,567,023	$ 10,157,241	$ (477,458)	$ 16,246,806

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

Consolidating Statements of Financial Position

June 30, 2009

	Project Place	Gatehouse	Intercompany Eliminations	Consolidated
Assets				
CURRENT ASSETS				
Cash and cash equivalents	$ 111,184	$ 71,020	$ -	$ 182,204
Cash - Security deposits	-	5,625	-	5,625
Investments	121,276	-	-	121,276
Accounts receivable - program services, less				-
allowance for doubtful account of $9,500	77,830	-	-	77,830
Accounts receivable - residents	-	7,190	-	7,190
Accounts receivable - commercial services	38,247	-	-	38,247
Contributions receivable	216,000	-	-	216,000
Inventory	4,101	-	-	4,101
Prepaid expenses	22,010	17,025	-	39,035
Intercompany loan	36,135	-	(36,135)	-
TOTAL CURRENT ASSETS	626,783	100,860	(36,135)	691,508
PROPERTY AND EQUIPMENT	214,688	10,890,149	(250,000)	10,854,837
Less accumulated provisions for depreciation	126,449	761,833	-	888,282
	88,239	10,128,316	(250,000)	9,966,555
OTHER ASSETS				
Restricted deposits and funded reserves	-	266,150	-	266,150
Notes receivable - MHIC	5,575,325	-	-	5,575,325
Investment in Gatehouse	120,000	-	(120,000)	-
	5,695,325	266,150	(120,000)	5,841,475
	$ 6,410,347	$ 10,495,326	$ (406,135)	$ 16,499,538

	Project Place	Gatehouse	Intercompany Eliminations	Consolidated
Liabilities and Stockholders' Equity				
CURRENT LIABILITIES				
Accounts payable	$ 34,170	$ 32,402	$ -	$ 66,572
Accrued expenses	121,960	9,186	-	131,146
Deferred revenue	31,389	19,134	-	50,523
Security deposits	-	6,670	-	6,670
Intercompany loan	-	36,135	(36,135)	-
Current maturities of long-term debt	224,587	-	-	224,587
TOTAL CURRENT LIABILITIES	412,106	103,527	(36,135)	479,498
LONG-TERM DEBT, due after one year	-	11,103,039	-	11,103,039
NET ASSETS (DEFICIENCY)				
Unrestricted	5,782,241	(711,240)	(370,000)	4,701,001
Temporarily restricted	216,000	-	-	216,000
	5,998,241	(711,240)	(370,000)	4,917,001
	$ 6,410,347	$ 10,495,326	$ (406,135)	$ 16,499,538

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

Consolidating Statement of Activities and Changes in Net Assets

Year Ended June 30, 2010

	Project Place		Gatehouse		
	Unrestricted	Temporarily Restricted	Unrestricted	Intercompany Eliminations	Total
SUPPORT AND REVENUE					
Gifts and contributions	$ 498,449	$ 218,797	$ 20,383	$ -	$ 737,629
Contributed services and facilities	179,280	-	-	(178,080)	1,200
Government grants and contracts	1,044,079	-	-	-	1,044,079
Commercial products and services	309,189	-	-	(31,200)	277,989
Special events	175,679	-	-	-	175,679
Investment income	5,159	-	1,495	-	6,654
Unrealized investment gains	5,266	-	-	-	5,266
Rental income	-	-	248,985	-	248,985
Other income (loss)	-	-	(21,699)	-	(21,699)
Net assets released from restrictions	216,000	(216,000)	-	-	-
TOTAL SUPPORT AND REVENUE	2,433,101	2,797	249,164	(209,280)	2,475,782
EXPENSES					
Program services	1,645,865	-	628,544	(172,596)	2,101,813
Property management	30,343	-	-	-	30,343
General and administrative	144,090	-	-	(16,294)	127,796
Fundraising	242,745	-	-	(20,390)	222,355
TOTAL EXPENSES	2,063,043	-	628,544	(209,280)	2,482,307
CHANGE IN NET ASSETS	370,058	2,797	(379,380)	-	(6,525)
NET ASSETS (DEFICIENCY) AT BEGINNING OF YEAR	5,782,241	216,000	(711,240)	(370,000)	4,917,001
NET ASSETS (DEFICIENCY) AT END OF YEAR	$ 6,152,299	$ 218,797	$ (1,090,620)	$ (370,000)	$ 4,910,476

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

Consolidating Statement of Activities and Change in Net Assets

Year Ended June 30, 2009

	Project Place		Gatehouse		
	Unrestricted	Temporarily Restricted	Unrestricted	Intercompany Eliminations	Total
SUPPORT AND REVENUE					
Gifts and contributions	$ 360,811	$ -	$ -	$ -	$ 360,811
Contributed services and facilities	178,080	-	-	(178,080)	-
Government grants and contracts	712,071	-	-	-	712,071
Commercial products and services	387,462	-	-	(31,200)	356,262
Special events	207,945	-	-	-	207,945
Investment income	4,950	-	5,569	-	10,519
Unrealized investment losses	(8,891)	-	-	-	(8,891)
Rental income	11,250	-	241,286	-	252,536
Other income (loss)	817	-	(14,629)	-	(13,812)
Net assets released from restrictions	60,000	(60,000)	-	-	-
TOTAL SUPPORT AND REVENUE	1,914,495	(60,000)	232,226	(209,280)	1,877,441
EXPENSES					
Program services	1,414,149	-	653,438	(172,596)	1,894,991
Property management	48,317	-	-	-	48,317
General and administrative	161,210	-	-	(16,294)	144,916
Fundraising	259,244	-	-	(20,390)	238,854
TOTAL EXPENSES	1,882,920	-	653,438	(209,280)	2,327,078
CHANGE IN NET ASSETS	31,575	(60,000)	(421,212)	-	(449,637)
NET ASSETS (DEFICIENCY) AT BEGINNING OF YEAR	5,750,666	276,000	(290,028)	(370,000)	5,366,638
NET ASSETS (DEFICIENCY) AT END OF YEAR	$ 5,782,241	$ 216,000	$ (711,240)	$ (370,000)	$ 4,917,001

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

Consolidating Statement of Functional Expenses

Year Ended June 30, 2010

	Program Services						Supporting Services				
	Client Services	Education	Training & Employment	Housing	Gatehouse	Total Program	Fundraising	Property Mgmt.	Admin.& General	Total Support	Total Expenses
Personell Expenses											
Salaries	$ 439,883	$ 99,986	$ 186,231	$ 82,698	$ 145	$ 808,943	$ 93,084	$ 14,941	$ 39,866	$ 147,891	$ 956,834
Payroll taxes	48,587	10,011	21,060	8,624	-	88,282	13,675	1,066	7,236	21,977	110,259
Fringe	24,719	6,002	10,964	4,679	-	46,364	10,692	-	9,854	20,546	66,910
Total Personnel Expenses	513,189	115,999	218,255	96,001	145	943,589	117,451	16,007	56,956	190,414	1,134,003
Operating Expenses											
Occupancy	72,052	4,599	51	1,040	438,325	516,067	4,924	8,047	10,121	23,092	539,159
Program consultants	32,062	-	-	-	-	32,062	563	-	-	563	32,625
Stipends	-	-	1,189	-	-	1,189	-	-	-	-	1,189
Staff training	146	-	330	160	-	636	30	-	-	30	666
Staff travel	1,694	-	-	-	-	1,694	449	-	747	1,196	2,890
Meals	-	8,431	1,220	-	-	9,651	-	-	-	-	9,651
Client transportation	9,212	-	1,150	-	-	10,362	-	-	-	-	10,362
Direct client wages	-	-	219,566	3,449	-	223,015	-	-	-	-	223,015
Program supplies	7,258	382	75,166	-	-	82,806	1,519	232	254	2,005	84,811
Fundraising fees	-	-	-	-	-	-	68,630	-	13	68,643	68,643
Legal fees	-	-	-	-	2,555	2,555	-	-	-	-	2,555
Audit fees	-	-	-	-	6,750	6,750	-	-	23,000	23,000	29,750
Professional fees	26,629	5,326	42,606	5,326	63,595	143,482	-	5,326	21,303	26,629	170,111
Directors/officers insurance	-	-	-	-	-	-	-	-	1,700	1,700	1,700
Program support	6,435	2,007	9,141	5,603	4,887	28,073	24,304	731	3,793	28,828	56,901
Interest expense	-	-	-	-	81,088	81,088	-	-	5,565	5,565	86,653
Other expenses	1,167	2	14,574	1	-	15,744	4,435	-	4,344	8,779	24,523
Non-reimbursable	-	-	3,050	-	-	3,050	50	-	-	50	3,100
Total Operating Expenses	156,655	20,747	368,043	15,579	597,200	1,158,224	104,904	14,336	70,840	190,080	1,348,304
Total Expenses	$ 669,844	$ 136,746	$ 586,298	$ 111,580	$ 597,345	$ 2,101,813	$ 222,355	$ 30,343	$ 127,796	$ 380,494	$ 2,482,307

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

Consolidating Statement of Functional Expenses

Year Ended June 30, 2009

	Program Services						Supporting Services				
	Client Services	Education	Training & Employment	Housing	Gatehouse	Total Program	Fundraising	Property Mgmt.	Admin. & General	Total Support	Total Expenses
Personell Expenses											
Salaries	$ 253,115	$ 120,658	$ 202,104	$ 84,270	$ 518	$ 660,665	$ 89,142	$ 18,885	$ 32,136	$ 140,163	$ 800,828
Payroll taxes	27,840	12,502	27,558	8,859	45	76,804	12,287	1,375	9,255	22,917	99,721
Fringe	12,175	2,759	8,586	2,978	27	26,525	6,741	-	7,416	14,157	40,682
Total Personnel Expenses	293,130	135,919	238,248	96,107	590	763,994	108,170	20,260	48,807	177,237	941,231
Operating Expenses											
Occupancy	33,908	12,698	(6,106)	3,196	466,049	509,745	25,339	17,579	18,189	61,107	570,852
Program consultants	12,518	-	-	-	-	12,518	-	-	50	50	12,568
Stipends	530	-	1,325	-	-	1,855	-	-	-	-	1,855
Staff training	125	-	-	45	-	170	-	-	687	687	857
Staff travel	143	-	-	-	-	143	38	-	-	38	181
Meals	-	7,419	-	-	-	7,419	-	-	-	-	7,419
Client transportation	4,504	-	1,050	-	-	5,554	-	-	-	-	5,554
Direct client wages	-	-	262,604	-	-	262,604	-	-	-	-	262,604
Program supplies	2,251	421	84,973	2,344	-	89,989	44	1,378	1,632	3,054	93,043
Fundraising fees	25	-	-	-	-	25	82,660	3,588	-	86,248	86,273
Legal fees	-	-	-	-	2,266	2,266	-	-	-	-	2,266
Audit fees	-	-	-	-	12,000	12,000	-	-	22,000	22,000	34,000
Professional fees	19,180	4,420	35,360	4,420	55,575	118,955	-	4,420	22,100	26,520	145,475
Directors/officers insurance	-	-	-	-	-	-	-	-	1,672	1,672	1,672
Program support	3,366	5,161	4,928	6,365	4,301	24,121	21,194	1,092	3,311	25,597	49,718
Interest expense	-	-	-	-	81,088	81,088	-	-	14,828	14,828	95,916
Other expenses	4	1	8	1	369	383	1,409	-	3,926	5,335	5,718
Non-reimbursable	-	-	2,162	-	-	2,162	-	-	7,714	7,714	9,876
Total Operating Expenses	76,554	30,120	386,304	16,371	621,648	1,130,997	130,684	28,057	96,109	254,850	1,385,847
Total Expenses	$ 369,684	$ 166,039	$ 624,552	$ 112,478	$ 622,238	$ 1,894,991	$ 238,854	$ 48,317	$ 144,916	$ 432,087	$ 2,327,078

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

Consolidating Statements of Cash Flows

Year Ended June 30, 2010

	Project Place	Gatehouse	Intercompany Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Changes in net assets	$ 372,855	$ (379,380)	$ -	$ (6,525)
Adjustments to reconcile changes in net assets to net cash provided from (applied to) operations:				
Depreciation	18,879	339,798	-	358,677
Unrealized investment gain	(5,266)	-	-	(5,266)
Loss on disposal of building components	-	22,936	-	22,936
Changes in operating assets and liabilities:				
Accounts receivable - program services	(20,895)	-	-	(20,895)
Accounts receivable - residents	-	601	-	601
Contributions receivable	116,000		-	116,000
Accounts receivable - commercial services	(3,043)	-	-	(3,043)
Inventories	115	-	-	115
Prepaid expense	(447)	1,694	-	1,247
Restricted deposits and funded reserves	-	3,004	-	3,004
Accounts payable	(6,078)	(8,409)	-	(14,487)
Accrued expenses	2,303	(1,175)	-	1,128
Deferred revenue	12,181	(19,134)	-	(6,953)
Security deposits	-	1,431	-	1,431
NET CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES	486,604	(38,634)	-	447,970
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(7,010)	(27,325)	-	(34,335)
Intercompany loan	(71,323)	-	71,323	-
Purchase of investments	(4,921)	-	-	(4,921)
NET CASH APPLIED TO INVESTING ACTIVITIES	(83,254)	(27,325)	71,323	(39,256)
CASH FLOWS FROM FINANCING ACTIVITIES				
Intercompany loan	-	71,323	(71,323)	-
Repayment of long-term debt	(224,587)	-	-	(224,587)
NET CASH (APPLIED TO) PROVIDED FROM FINANCING ACTIVITIES	(224,587)	71,323	(71,323)	(224,587)
RESULTING IN A NET INCREASE IN CASH	178,763	5,364	-	184,127
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	111,184	71,020	-	182,204
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 289,947	$ 76,384	$ -	$ 366,331

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

Consolidating Statements of Cash Flows

Year Ended June 30, 2009

	Project Place	Gatehouse	Intercompany Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Changes in net assets	$ (28,425)	$ (421,212)	$ -	$ (449,637)
Adjustments to reconcile changes in net assets to net cash provided from (applied to) operations:				
Depreciation	27,954	339,950	-	367,904
Unrealized investment losses	8,891	-	-	8,891
Loss on disposal of building components	-	14,629	-	14,629
Changes in operating assets and liabilities:				
Accounts receivable - program services	71,748	-	-	71,748
Accounts receivable - residents	-	(7,190)	-	(7,190)
Contributions receivable	25,000	-	-	25,000
Accounts receivable - commercial services	(23,597)	-	-	(23,597)
Inventories	2,384	-	-	2,384
Prepaid expenses	7,572	3,825	(15,600)	(4,203)
Restricted deposits and funded reserves	-	12,058	-	12,058
Accounts payable	(18)	15,319	-	15,301
Accrued expenses	(3,241)	4,591	-	1,350
Deferred revenue	(41,258)	12,408	15,600	(13,250)
Rent deposits	-	(1,593)	-	(1,593)
NET CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES	47,010	(27,215)	-	19,795
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	-	(34,883)	-	(34,883)
Intercompany loan	(32,570)	-	32,570	-
Purchase of investments	(4,856)	-	-	(4,856)
NET CASH APPLIED TO INVESTING ACTIVITIES	(37,426)	(34,883)	32,570	(39,739)
CASH FLOWS FROM FINANCING ACTIVITIES				
Intercompany loan	-	32,570	(32,570)	-
Repayment of long-term debt	(35,413)	-	-	(35,413)
NET CASH (APPLIED TO) PROVIDED FROM FINANCING ACTIVITIES	(35,413)	32,570	(32,570)	(35,413)
RESULTING IN A NET (DECREASE) INCREASE IN CASH	(25,829)	(29,528)	-	(55,357)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	137,013	100,548	-	237,561
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 111,184	$ 71,020	$ -	$ 182,204

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

Notes to Consolidating Financial Statements

June 30, 2010

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 80%-owned subsidiary, Project Place Gatehouse, Inc. 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 consolidating financial statements.

Minority Interest in Subsidiary – Losses applicable to the minority interest in the subsidiary are charged against the majority interest, since such previous losses reduced the minority equity interest to zero, and since there is no obligation of the minority interest to fund such losses. However, if future earnings do materialize, the majority interest would be credited with income applicable to the minority interest to the extent of such minority interest losses previously absorbed. Total cumulative minority interest losses absorbed by the subsidiary at June 30, 2010 and 2009 were approximately $ and $142,000, respectively.

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

Effective March 1, 2007, the Project Place Gatehouse, Inc. ("the Subsidiary"), a nonprofit, nonpartisan organization founded and incorporated in February 2007, became the successor subsidiary when Project Place Gatehouse LLC, a limited liability company formed in October 2004, merged into Project Place Gatehouse, Inc. Interseminarian – Project Place, Inc. owns 80% of the Subsidiary. The other owner is Madison Park Development Corporation, who owns a 20% interest. The subsidiary developed and is operating a parcel of land with a building containing approximately 25,000 square feet. The facility houses the agency offices, program activities, commercial real estate space and 14 units of subsidized low-income housing.

Income Taxes – Interseminarian – Project Place, Inc. is 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).

Effective March 1, 2007, the Subsidiary reorganized under Massachusetts not-for-profit statutes. The Subsidiary applied for not-for-profit status with the Internal Revenue Service and, as such, is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Subsidiary 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).

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.

Note 1 – Significant Accounting Policies (Cont.)

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, 2010 or 2009.

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.

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, 2010 (the date of the accompanying financial statements) up through November 10, 2010, the date the accompanying financial statements were available to be issued.

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 collectibility 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 collectibility 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 value (see Note 3).

Inventory – Inventory consists of vending machine soft drinks 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).

Fair Value Measurements - Effective July 1, 2008, the Corporation adopted the Financial Accounting Standards Board's (FASB) Statement No. 157 (FAS No. 157), "Fair Value Measurements" (which since has been codified into Accounting Standards Codification (ASC Topic 820), for assets and liabilities that are measured and recorded at fair value on a recurring basis, and to determine fair value disclosures. ASC Topic 820 applies to certain other existing accounting pronouncements that require or permit fair value measurements. It does not establish or change any existing requirements for fair value accounting.

Note 1 – Significant Accounting Policies (Cont.)

ASC Topic 820 defines fair value 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. It establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers consist of: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Corporation's investment securities, are considered valued using Level 1 inputs as they are based on quoted market prices in active markets (see Note 2).

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 $500 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).

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 provide expenses by their natural classification.

Note 2 – Investments

Investments consist of the following at June 30:

	2010			2009		
	Market Value	**Unrealized Gain**	**Cost**	Market Value	Unrealized Gain	Cost
Mutual funds	**$131,464**	**$ 9,358**	**$122,106**	$121,276	$ 4,091	$117,185

The Corporation recorded unrealized gains of $5,266 and unrealized losses of $8,891 for the years ended June 30, 2010 and 2009, respectively. There were no realized gains or losses during either 2010 or 2009. At June 30, 2010, the Corporation's investments consist of six different mutual funds 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

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

	2010	2009
Bank of America	**$ 100,000**	$ -
Boston Redevelopment Authority	**-**	216,000
	$ 100,000	$ 216,000

At both June 30, 2010 and 2009, 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	**2010**	2009
Land		**$ 250,000**	$ 250,000
Building and improvements	10-40 years	**9,765,682**	9,762,708
Office and program equipment	5-10 years	**763,309**	756,299
Motor vehicles	5-7 years	**85,830**	85,830
		10,864,821	10,854,837
Less accumulated depreciation		**1,245,544**	888,282
		$ 9,619,277	$ 9,966,555

Depreciation expense was $358,677 and $367,904 for the years ended June 30, 2010 and 2009, respectively.

Note 5 – Restricted Deposits and Funded Reserves

Operating Reserves – The Corporation is required to maintain a reserve for operating shortfalls. During 2008, the Corporation fulfilled its initial $200,000 deposit requirement by making an initial deposit of $100,000 into a money market account held at Mercantile Bank, and purchasing an 11-month Certificate of Deposit (CD), earning 4.98%, in the amount of $100,000 at Citizens Bank. Upon maturity, the $100,000 Certificate of Deposit at Citizens Bank was transferred to a money market account held at Wainwright Bank. Future annual deposits will be made in the amount of the net cash flow after the development service fee and deposits to the replacement reserves pursuant to the fourth mortgage loan.

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

	2010	2009
Balance at July 1st	**$ 211,582**	$ 206,488
Interest income	**1,407**	5,094
Balance at June 30th	**$ 212,989**	$ 211,582

There were no required annual deposits for either of the years ended June 30, 2010 or 2009.

Replacement Reserves – The Corporation is 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 Wainwright Bank and Trust Company. Annual additions to the replacement reserve fund in the amount of $18,750 for the first payment and escalating 2.5% per annum thereafter are required pursuant to the fourth mortgage loan.

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:

	2010	2009
Balance at July 1st	**$ 54,568**	$ 71,620
Annual deposit	**19,892**	19,312
Withdrawals	**(24,351)**	(36,914)
Interest income	**73**	475
Bank service charges	**(25)**	(25)
Balance at June 30th	**$ 50,157**	$ 54,568

Note 6 – Notes Receivable

Notes receivable consist of the following at June 30:

	2010	2009
Borrowings from a bank (see Note 8) to fund the "Gatehouse" project were advanced to the Massachusetts Housing and Investment Corporation (MHIC). Payments of interest only are due monthly at 5.9% through April 30, 2007 and 0.0% interest thereafter. The note matures on December 31, 2035.	**$3,400,000**	$3,400,000
Amounts advanced to the Massachusetts Housing and Investment Corporation (MHIC) to fund the "Gatehouse" project. The stated interest rate of the note is 0.0%. The note matures on December 31, 2035.	**2,175,325**	2,175,325
	$5,575,325	$5,575,325

Note 7 – Deferred Revenue

Deferred revenue consists of the following at June 30:

	2010	2009
Advance payment of commercial services	**$ 26,467**	$ 10,836
Receipts for golf tournament held in July	**17,105**	20,550
Rental income received in advance	**-**	19,137
	$ 43,572	$ 50,523

Note 8 – Long-Term Debt

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

	2010	2009
Notes payable – Massachusetts Housing and Investment Corporation (MHIC) with interest in varying amounts from 0% to 7.1%. The notes are collateralized by real estate known as the "Gatehouse" project. The project financing is from various sources and is managed by MHIC.	**$11,103,039**	$11,103,039
Note payable to a bank with interest at 5.9%, originally maturing on December 22, 2007. The note was collateralized by all business assets of Interseminarian-Project Place, Inc. and an assignment of capital campaign pledges. The proceeds from the note were used to fund development expenditures of the "Gatehouse" project up to a maximum amount of $3,400,000. The note was a bridge loan whose maturity was extended to December 22, 2009, at which time the note was paid in full.	**-**	224,587
Total long-term debt	**11,103,039**	11,327,626
Less current maturities	**-**	224,587
	$11,103,039	$11,103,039

Note 8 – Long-Term Debt (Cont.)

Maturities of long-term debt at June 30, 2010 are as follows:

Year Ended June 30	
2014	$ 700,000
2015	-
Thereafter	10,403,039
	$11,103,039

There are no maturities of long-term debt for the years 2011 through 2013.

Interest charged on the notes for the years ended June 30, 2010 and 2009 was $86,653 and $95,916, respectively.

Note 9 – Temporarily Restricted Net Assets

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

	2010	2009
General operating support	**$ 218,979**	$ -
Capital campaign	**-**	216,000
	$ 218,797	$ 216,000

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

	2010	2009
Capital Campaign	**$ 216,000**	$ -
Program Services	**-**	60,000
	$ 216,000	$ 60,000

Note 10 – Pension Plans

The Corporation adopted a Tax Sheltered Annuity Plan under IRC Section 403(b) in 1996 for all employees who wish to participate in the plan. The Corporation did not contribute to the plan in the years ended June 30, 2010 and 2009, 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 the years ended June 30, 2010 and 2009 were approximately $7,200 and $3,700, respectively.

Note 11 – Rental Income

During 2007, the Corporation moved its principal 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. Effective November 17, 2007, the Corporation entered into a commercial restaurant lease agreement. The lease is for a seven-year term and contains two, five-year options to renew. The lease agreement requires monthly payments of $3,064 for the first 36 months and $3,340 monthly payments for the remaining term. The lessee is also obligated for its proportionate share of operating costs. The residential housing lease agreements for program participants are generally for terms not to exceed twelve months.

Rental income was approximately $249,000 and $241,000 for the years ended June 30, 2010 and 2009, respectively.

Future minimum rental income from the Washington Street facility under noncancellable leases in excess of one year are as follows:

Year Ended June 30	Commercial Space	Residential Housing	Total
2011	$ 38,856	$ 170,000	$ 208,856
2012	40,079	-	40,079
2013	40,079	-	40,079
2014	40,079	-	40,079
2015	15,030	-	15,030
	$ 174,123	$ 170,000	$ 344,123

Note 12 – Related Party Transactions

Occupancy Costs – Effective April 1, 2007, 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 $179,000 for both the years ended June 30, 2010 and 2009.

Program Costs – During both fiscal 2010 and 2009, 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 both the years ended June 30, 2010 and 2009, program janitorial and maintenance services charged by IPP to its subsidiary were $31,200.

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

Note 13 – Supplemental Cash Flow Activity

	Project Place	Gatehouse	Eliminations	Consolidated
Year Ended June 30, 2010				
Cash paid for interest	**$ 5,565**	**$ 75,327**	**$ -**	**$ 80,892**
Year Ended June 30, 2009				
Cash paid for interest	$ 14,828	$ 81,088	$ -	$ 95,916

Note 14 – Bank Line of Credit

On June 2, 2010, the Corporation obtained a new $150,000 line of credit with a local financial institution. The credit line is collateralized by substantially all assets of the Corporation and borrowings bear interest at 1% over the bank's prime lending rate. All borrowings are payable on demand. There were no outstanding borrowings at June 30, 2010.

Prior to June 2, 2010, the Corporation also had a $150,000 line of credit with a different financial institution. All borrowings on this note were paid in full and the note was cancelled effective June 30, 2010.

Note 15 – 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 receivable and investments.

The Corporation maintains its cash deposits with four high-quality financial institutions. At June 30, 2010, bank deposits exceed the Federal Deposit Insurance Corporation insurance limit by approximately $23,000.

At both June 30, 2010 and 2009, approximately all of the Corporation's accounts receivable for program services are due from departments of the City of Boston and local municipal and governmental agencies. At June 30, 2010, the Corporation's contribution receivable of $100,000 is due from one donor (see Note 3).

The composition of the Corporation's investments is summarized in Note 2.

Note 16 – Surplus Revenue Recognition

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, 2010 and 2009. The following represents the components of unrestricted net assets:

	Unrestricted Net Assets	Commonwealth of Massachusetts Cumulative Revenue Surplus	Total
Balance at July 1, 2008	$5,090,640	$ -	$5,090,640
Change in Net Assets	(389,637)	-	(389,637)
Balance at June 30, 2009	4,701,003	-	4,701,003
Change in Net Assets	(9,324)	-	(9,324)
Balance at June 30, 2010	$4,691,679	$ -	$4,691,679

OTHER FINANCIAL INFORMATION

G.T. Reilly & Company
Certified Public Accountants/Business Consultants

G. T. Reilly & Company
Internationaly,
Moore Stephens Reilly, P.C.
Reilly Consulting Group Inc.
ReillyTech
Reilly Benefits
Reilly Small Business Group

424 Adams Street
Milton, MA 02186-4358
617 696-8900
617 698-1803 fax
www.gtreilly.com

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Our report on the basic financial statements of Interseminarian - Project Place, Inc. and Subsidiary appears on page one. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Interseminarian - Project Place, Inc. and Subsidiary, taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2010 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 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.

G. T. Reilly & Company

G. T. Reilly & Company

Milton, Massachusetts
November 10, 2010

An independent firm associated with
MOORE STEPHENS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010

Federal Grant/Pass-Through Grantor/Program or Cluster Title	Federal CFDA No.	Pass-Through Entity I.D. No.	Federal Expenditures
U.S. Department of Housing & Urban Development:			
Passed through the City of Boston's Dept of			
Neighborhood Development			
Supportive Housing Program:			
Maintenance Business Employment	14.235	C-26180-09/C-28832-10	$ 48,014
Paid Work Program		C-26969-09/C-29673-10	37,806
Permanent Employment & Housing Assistance		C-27245-09/C-30074-10	55,528
Emergency Shelter Grant –			
Homelessness Prevention	14.231	C-29260-10	26,796
Passed through the City of Boston's			
Economic Development & Industrial Corporation			
Public Facilities Department			
Community Development Block Grant	14.218	C-29008	27,500
		C-29007	45,000
Passed through Victory Programs Inc.			
ReVision House			
Employment Specialist/Job Developer	14.231	6150-172	36,704
			277,348
U.S. Department of Education:			
Passed through the Commonwealth of Massachusetts			
Suffolk County Sheriff's Department –			
Community Re-entry for Women Program	84.225a	1115-10/1120-10	206,530
U.S. Department of Labor:			
Homeless Veterans' Reintegration Project	17.805	HV19093-09-60-5-25	252,142
Federal Emergency Management Administration:			
Passed through the United Way	97.024	(Not provided)	4,150
Total Expenditures for Federal Awards			$740,170

By CFDA #	
14.235	$141,348
14.231	63,500
14.218	72,500
84.225A	206,530
17.805	252,142
97.024	4,150
	$740,170

Note to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2010

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 on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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.

G.T. Reilly
& Company
Certified Public Accountants/Business Consultants

G. T. Reilly & Company
Internationally,
Moore Stephens Reilly, P.C.
Reilly Consulting Group Inc.
ReillyTech
Reilly Benefits
Reilly Small Business Group

424 Adams Street
Milton, MA 02186-4358
617 696-8900
617 698-1803 fax
www.gtreilly.com

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 Subsidiary

We have audited the financial statements of Interseminarian - Project Place, Inc. and Subsidiary (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Interseminarian - Project Place, Inc. and Subsidiary internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Interseminarian - Project Place, Inc. and Subsidiary's internal control over financial reporting. Accordingly, we do not express an opinion the effectiveness of the Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

An independent firm associated with
MOORE STEPHENS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Interseminarian - Project Place, Inc. and Subsidiary's financial statements are free of 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.*

This report is intended solely for the information and use of the Board of Directors and management of Interseminarian - Project Place, Inc. and Subsidiary, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

G. T. Reilly & Company

G.T. Reilly & Company

Milton, Massachusetts
November 10, 2010

G.T. Reilly & Company
Certified Public Accountants/Business Consultants

G. T. Reilly & Company
Internationaly, Moore Stephens Reilly, P.C.
Reilly Consulting Group Inc.
ReillyTech
Reilly Benefits
Reilly Small Business Group

424 Adams Street
Milton, MA 02186-4358
617 696-8900
617 698-1803 fax
www.gtreilly.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited Interseminarian - Project Place, Inc. and Subsidiary's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Interseminarian - Project Place, Inc. and Subsidiary's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of Interseminarian - Project Place, Inc. and Subsidiary's management. Our responsibility is to express an opinion on Interseminarian - Project Place, Inc. and Subsidiary's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about Interseminarian - Project Place, Inc. and Subsidiary's compliance with those requirements and performing such other procedures as we considered necessary in the circum-stances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Interseminarian - Project Place, Inc. and Subsidiary's compliance with those requirements.

In our opinion, Interseminarian - Project Place, Inc. and Subsidiary complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010.

An independent firm associated with MOORE STEPHENS

Internal Control Over Compliance

Management of Interseminarian - Project Place, Inc. and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above in planning and performing our audit, we considered Interseminarian - Project Place, Inc. and Subsidiary's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express 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 Subsidiary's internal control over compliance.

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

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

This report is intended solely for the information and use of the Board of Directors and management of Interseminarian - Project Place, Inc. and Subsidiary, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

G. T. Reilly & Company

G.T. Reilly & Company

Milton, Massachusetts
November 10, 2010

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

Summary of Audit Results

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

2. There are no significant deficiencies relating to the audit of the financial statements that are reported in the Report on Compliance and on Internal Control over Financial Reporting 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 disclosed during the audit.

4. There are no significant deficiencies relating to the audit of the major federal award programs reported in the Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.

5. The auditors' report on compliance for major federal award programs for Interseminarian - Project Place, Inc. and Subsidiary expresses an unqualified opinion.

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

7. The programs tested as major programs were 14.235 and 17.805.

8. The threshold for distinguishing between Types A and B programs was $300,000.

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

Findings – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2010

There were no prior audit findings.