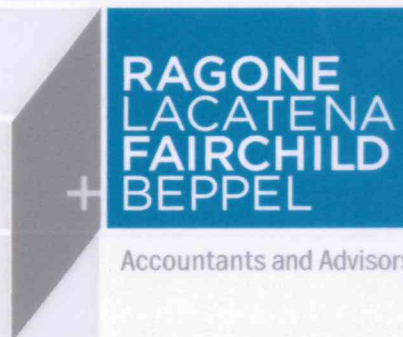


**SAINT JOSEPH'S CARPENTER
SOCIETY AND ITS
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

**(WITH COMPARATIVE TOTALS
FOR 2018)**



Accountants and Advisors

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 -3
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 – 15
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16 & 17
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	18 – 20
Schedule of Findings and Questioned Costs	21 & 22
Supplementary Information	
Schedule of Expenditures of Federal and State Awards	23
Notes to Schedule of Expenditures of Federal and State Awards	24
Consolidated Schedule of Real Estate Development Activities	25
Consolidated Schedule of Rental Activities	26
Consolidated Schedule of NeighborWorks America Capital Fund	27
Consolidated Schedule of Homeownership Preservation Services	28



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Saint Joseph's Carpenter Society and its Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Saint Joseph's Carpenter Society and its Subsidiaries** (a nonprofit organization) which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements. The prior year summarized comparative information has been derived from the Organization's 2018 financial statements, and in our report dated April 25, 2019 we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **Saint Joseph's Carpenter Society and its Subsidiaries** as of December 31, 2019, 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 - Matters

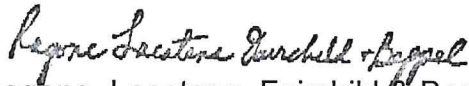
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other information such as the consolidated schedule of real estate development activities, consolidated schedule of rental activities, consolidated schedule of NeighborWorks America Capital Fund, and consolidated schedule of Homeownership Preservation Services are presented for purposes of additional analysis and are 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 consolidated 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020 on our consideration of **Saint Joseph's Carpenter Society and its Subsidiaries'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Saint Joseph's Carpenter Society and its Subsidiaries'** 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 **Saint Joseph's Carpenter Society and its Subsidiaries'** internal control over financial reporting and compliance.

Respectfully submitted,



Ragone, Lacatena, Fairchild & Beppel, P.C.
Certified Public Accountants

Haddonfield, NJ
March 31, 2020

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 3,438,432	\$ 3,424,134
Investment in Marketable Securities	46,546	39,773
Residential Mortgages Receivable	6,840	6,840
Grant Contracts Receivable	394,942	511,986
Other Receivables	13,253	100,014
Prepaid Expenses	37,132	50,787
Construction in Progress	1,734,973	2,512,084
Total Current assets	5,672,118	6,645,618
Restricted Cash Reserves (note 4)		
Tenant security deposits	45,583	46,820
Cash reserves	282,444	312,153
Total restricted cash reserves	328,027	358,973
Property and Equipment, net (note 2)	4,348,672	5,720,880
Non-Current Assets		
Construction in Progress, net of current portion	675,712	163,159
Residential Mortgages Receivable, net of current portion	135,122	143,284
Total Non-Current Assets	810,834	306,443
TOTAL ASSETS	\$ 11,159,651	\$ 13,031,914
LIABILITIES AND NET ASSETS		
	2019	2018
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 218,195	\$ 218,983
Loans and Mortgages Payable (note 3)	63,875	54,000
Deferred Income	1,396,602	1,818,332
Total Current Liabilities	1,678,672	2,091,315
Tenant Security Deposits	45,583	46,820
Long-Term Liabilities		
Mortgages Payable, net of current portion (note 3)	2,157,128	2,314,001
Deferred Income	162,172	140,585
Accrued Interest	836,675	776,630
Total Long-Term Liabilities	3,155,975	3,231,216
TOTAL LIABILITIES	\$ 4,880,230	\$ 5,369,351
Net Assets		
Without Donor Restrictions	\$ 6,052,001	\$ 7,435,143
With Donor Restrictions	227,420	227,420
Total Net Assets	6,279,421	7,662,563
TOTAL LIABILITIES AND NET ASSETS	\$ 11,159,651	\$ 13,031,914

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

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
SUPPORT AND REVENUE				
Contributions and Gifts	\$ 1,038,754	\$ 791,499	\$ 1,830,253	\$ 1,419,169
Government Grants	2,767,626	200,000	2,967,626	1,931,892
Sale of Homes	1,491,000	-	1,491,000	1,080,000
Rental and Other Income	983,277	-	983,277	817,387
Special Event Revenues	68,730	-	68,730	79,385
Interest Income	3,463	-	3,463	3,767
Net Investment Return	5,675	-	5,675	(1,583)
Net Assets Released from Restrictions	948,564	(948,564)	-	-
TOTAL SUPPORT AND REVENUE	7,307,089	42,935	7,350,024	5,330,017
EXPENSES:				
Program Services	6,027,655	-	6,027,655	4,943,377
General and Administrative	199,849	-	199,849	219,703
Fundraising	146,604	-	146,604	106,951
Total Expenses	6,374,108	-	6,374,108	5,270,031
Change in Net Assets	932,981	42,935	975,916	59,986
Transfer of membership interest, Joseph's House of Camden, LLC (note 10)	(2,316,123)	(42,935)	(2,359,058)	-
Net Assets, Beginning of Year	7,435,143	227,420	7,662,563	7,602,577
Net Assets, End of Year	\$ 6,052,001	\$ 227,420	\$ 6,279,421	\$ 7,662,563

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

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	Program Services	General and Administrative	Fundraising	2019 Total	2018 Total
Advertising and Promotion	\$ 16,064	\$ -	-	\$ 16,064	\$ 10,238
Cost of Homes Sold	2,290,156	-	-	2,290,156	1,569,506
Cost of Contract Services Provided	848,725	-	-	848,725	821,427
Depreciation and Amortization	313,975	1,505	-	315,480	301,968
Direct Fundraising Costs	-	-	14,301	14,301	18,027
Educational Programs	10,440	-	-	10,440	5,301
Insurance	83,116	-	-	83,116	74,464
Interest Expense	67,945	-	-	67,945	67,251
Maintenance and Repairs	184,799	10,357	-	195,156	79,708
Occupancy	318,574	28,289	1,412	348,275	373,803
Office Expenses	62,930	24,975	3,844	91,749	63,420
Other Expenses	7,757	-	-	7,757	48,809
Pension Expense	18,274	6,527	1,305	26,106	18,070
Personnel	1,672,119	72,097	123,343	1,867,559	1,599,916
Professional Services	84,831	46,504	-	131,335	158,035
Staff Development	38,235	7,004	1,751	46,990	46,579
Telecommunications	9,715	2,591	648	12,954	13,509
	<u>\$ 6,027,655</u>	<u>\$ 199,849</u>	<u>\$ 146,604</u>	<u>\$ 6,374,108</u>	<u>\$ 5,270,031</u>

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

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 975,916	\$ 59,986
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and Amortization	315,480	301,968
(Gain) Loss on Investment	(5,675)	1,583
Proceeds from Donation of Security	(1,098)	(1,176)
Change in Operating Assets and Liabilities:		
Construction in Progress	264,558	(796,826)
Grants and Other Receivables	153,131	(149,977)
Residential Mortgage Receivable	8,162	7,092
Prepaid Expenses	636	(10,458)
Accounts Payable and Accrued Expenses	3,912	27,079
Accrued Interest	60,045	65,167
Deferred Income	(400,143)	1,145,861
Net Cash Provided by (Used in) Operating Activities	1,374,924	650,299
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Purchase of Property and Equipment	(1,155,210)	(79,735)
Transfer to Joseph's House of Camden, LLC (note 10)	(800,166)	-
Net Cash Provided by (Used in) Investing Activities	(1,955,376)	(79,735)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt	597,955	51,795
Principal Payments on Long-Term Debt	(32,914)	(161,000)
Release of Cash Reserves	29,709	4,857
Net Cash Provided by (Used in) Financing Activities	594,750	(104,348)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,298	466,216
Cash and Cash Equivalents at Beginning of Year	3,424,134	2,957,918
Cash and Cash Equivalents at End of Year	\$ 3,438,432	\$ 3,424,134
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	-	\$ 2,084

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

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1: **GENERAL**

Saint Joseph's Carpenter Society was incorporated under the nonprofit corporation laws of the State of New Jersey and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Saint Joseph's Carpenter Society strives to improve the quality of life of the people of the City of Camden and its surrounding communities by promoting affordable housing and neighborhood development. Through our initiatives, we encourage people to take charge of their lives and become active community members.

Saint Joseph's Carpenter Society was founded in 1985 to help families improve their quality of life and create safe neighborhoods through homeownership. SJCS has fostered homeownership, believing that homeownership leads to a higher quality of life by encouraging stability, fostering personal pride, promoting the development of community ties, allowing families to build wealth, and attracting private capital to under-invested areas. To promote successful homeownership, SJCS performs three interrelated functions: housing development, homeowner education, and community organizing. SJCS's primary work involves targeting abandoned homes for acquisition, rehabilitation, and sale to neighborhood families. This work has been focused in East Camden, however, SJCS now works in other neighborhoods in the City of Camden as well as other municipalities within southern New Jersey.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The consolidated financial statements of the Society have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Principles of Consolidation

The consolidated financial statements include the accounts of Saint Joseph's Carpenter Society, as well as Saint Joseph's Housing Corporation, Carpenter's Square, LLC, SJCS Rehab, LLC, Joseph's House of Camden, LLC, Community Links IV, LLC, West Wynne/Church Street, L.P. ("West Wynne"), and 32nd Street Urban Renewal Limited Partnership ("32nd Street"), wholly-owned subsidiaries of the Society. All significant intercompany transactions and balances have been eliminated in consolidation. Effective December 17, 2019, the Organization transferred its membership interest in Joseph's House of Camden, LLC to a newly formed 501(c)(3) organization as described in note 10.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial Statement Presentation

The Society is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

- Without Donor Restrictions – These resources are available for use in general operations and are not subject to donor-imposed restrictions. The Board of Directors has discretionary control over these resources. Board Designated amounts, if any, represent those net assets that the board has set aside for a particular purpose.
- With Donor Restrictions – These resources are subject to donor-imposed restrictions that will be satisfied by action of the Society or by the passage of time.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended December 31, 2018 from which the summarized information was derived.

Contributions

Contributions from donors are required to be reported as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. The Society reports donations as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Society qualifies as a tax exempt 501(c)(3) organization under existing provisions of the Internal Revenue Code, and accordingly, no provision has been recorded for Federal or State income taxes. Joseph House of Camden, LLC is also a tax exempt 501(c)(3) organization. There is no tax provision or benefit for Carpenter's Square, LLC, SJCS Rehab, LLC or Community Links IV, LLC included in these financial statements since these entities are owned 100% by the Society and are considered disregarded entities for tax purposes. West Wynne/Church Street, L.P. and 32nd Street Urban Renewal Limited Partnership are wholly owned subsidiaries of the Society. Saint Joseph's Housing Corporation was organized as a New Jersey for-profit corporation. It has no income tax liability as of December 31, 2019.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement

During the year ended December 31, 2018 the Organization adopted the reporting requirements of the Financial Accounting Standards Board's Accounting Standards Update No.2016-14 issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously recorded as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 10).

Functional Allocation of Expenses

General operating costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The general operating costs have been allocated to programs or general & administrative based on management's estimate of the percentage of personnel time spent on programs vs. general support functions. Direct expenses are charged to their respective programs based on specific identification.

Fair Value Measurement

Financial Accounting Standards Board (FASB) Accounting Standards Codification 820 "Fair Value Measurements and Disclosures (ASC 820)" establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy under ASC 820 are described below:

Basis of Fair Value Measurement:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fair Value Measurement (continued)

Level 2 – Quoted prices for identical assets in markets that are not active, quoted prices for similar assets in active markets, inputs other than quoted market prices, and inputs derived principally from observable market data.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the Society's assets at fair value as of December 31, 2019.

	<u>Assets at Fair Value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks	41,147	-	-	41,147
Deposit Funds	5,399	-	-	<u>5,399</u>
Total Portfolio Investments at fair value				<u>\$ 46,546</u>

Property and Equipment

Property and equipment are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are: building – 25 and 27.5 years; equipment and fixtures – 5 to 10 years. The Society follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500.

	<u>12/31/19</u>	<u>12/31/18</u>
Land and Building	\$ 8,847,567	\$ 10,083,531
Equipment and Furniture	314,743	341,011
Vehicles	<u>24,097</u>	<u>24,097</u>
	9,186,407	10,448,639
Accumulated Depreciation	<u>(4,837,735)</u>	<u>(4,727,759)</u>
Net Property and Equipment	<u>\$ 4,348,672</u>	<u>\$ 5,720,880</u>

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue and Cost Recognition

Grant and other revenues attributable to home building are recognized upon closing of the sale. Direct acquisition and construction costs, as well as indirect costs such as real estate taxes and construction period interest are capitalized as construction in progress. Those costs are charged to earnings when the related revenue is recognized. Marketing, selling and administrative expenses are charged to earnings as incurred.

Cash Equivalents

For the purposes of the statement of cash flows, the organization considers all unrestricted investment instruments purchased with original maturities of three months or less to be cash equivalents.

Grants and Other Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Management considers all receivables as of December 31, 2019 to be fully collectible, and accordingly, no allowance for doubtful accounts is provided.

Intangible Assets

Intangible assets subject to amortization include loan closing costs and state monitoring fees. These costs are being amortized on a straight-line basis over their respective lives.

Subsequent Events

Management has evaluated subsequent events through March 31, 2020, the date the financial statements were available to be issued.

As a result of the COVID-19 outbreak, economic uncertainties may arise which may negatively impact the operating results of the Organization. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our donors, employees and vendors all of which are uncertain and cannot be predicted. At this point, the related financial impact and duration cannot be reasonably estimated.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3: FINANCING

<u>Entity</u>	<u>Lender</u>	<u>Rate</u>	<u>Security</u>	<u>Date Due</u>	<u>Current Portion</u>	<u>Long Term Portion</u>
<u>Mortgages Payable:</u>						
West Wynne	NJDCA	N/A	West Wynne Prop.	2021	\$ -	\$ 595,307
32 nd Street	NJDCA	1%	32 nd Street Prop.	2032	-	1,061,823
32 nd Street	City of Camden	5.05%	32 nd Street Prop.	2032	-	499,998
Total Mortgages Payable					<u>\$ -</u>	<u>\$ 2,157,128</u>
<u>Loans Payable:</u>						
Carpenter Square	A Better Camden Corp.	N/A	Several Properties	Various	42,000	-
Carpenter Society	Republic Bank	4.75%	N/A	Various	21,875	-
Total Loans Payable					<u>\$ 63,875</u>	<u>\$ -</u>

Maturities of loans and mortgages payable over the next five years are as follows:

	<u>Cost</u>
2019	\$ 63,875
2020	-
2021	-
2022	-
2023	-
Thereafter	2,157,128

32nd Street has a mortgage with the New Jersey Department of Community Affairs which is accruing interest at a rate of 1%, compounded annually, beginning in 2002. Accrued interest on this mortgage as of December 31, 2019 was \$180,416. 32nd Street also has a mortgage with the City of Camden which is accruing interest at a rate of 5.05%, compounded annually, beginning in 2002. Accrued interest on this mortgage as of December 31, 2019 was \$656,259.

NOTE 4: RESTRICTED CASH RESERVES

Restricted cash reserves represent tenant security deposits and other cash reserves. Other cash reserves represent cash restricted for rental property activities of \$222,502, letter of credit security of \$49,351 and homebuyer deposits of \$10,591.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5: CONCENTRATION OF CREDIT RISK

Governmental Grants

The Society is a nonprofit organization, whose operations are heavily funded by governmental agency grant programs. In accordance with the grant programs, the Society is limited to what it can charge homeowners on sales of homes. The sales prices do not cover the costs of acquiring and rehabbing the homes, therefore the Society relies on grant funds to cover the shortfall. During the construction phase, the grant programs allow for the Society to draw on both construction lines of credit (which are paid back with the sales proceeds of the homes) and from grant funds. The grant fund draws are recognized as deferred income in the accompanying statement of financial position, and are subsequently recognized as revenue when the homes are sold. A significant reduction in the level of this grant funding, if this were to occur, could have an effect on the Society's programs and activities.

Cash

The Society maintains cash accounts, which, at times, may exceed federally insured limits. The Society has not experienced any losses from maintaining these cash accounts. Management believes that it is not exposed to any significant credit risk on its cash accounts.

NOTE 6: INVESTMENT IN MARKETABLE SECURITIES

Investments in marketable securities consist of securities traded on the national stock exchange and are carried on the statement of financial position at marketable value. Interest, dividends and gain and losses, both realized and unrealized, are reflected in the accompanying statement of activities as net investment return.

NOTE 7: RETIREMENT PLAN

The Society has a 401(k) Profit Sharing Plan and Trust covering substantially all employees. Individual employee benefits under the plan are based upon the amount accumulated for each eligible employee from the Society's contributions, subject to annual board of director's discretion, and any voluntary contribution made by the employee. The Society contributed \$24,481 to the plan in 2019.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8: **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of a \$227,420 grant from NeighborWorks America to be used as a revolving loan and capital project fund. Income derived from the fund is classified as unrestricted revenue.

NOTE 9: **LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Society monitors its liquidity on a regular basis so that it is able to meet its operating needs and other contractual commitments.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 3,438,432
Investment in Marketable Securities	46,546
Grant Contracts Receivable	394,942
Other Receivables	<u>13,253</u>
 Total Financial Assets	 <u>\$ 3,893,173</u>

NOTE 10: **TRANSFER OF MEMBERSHIP INTEREST, JOSEPH'S HOUSE OF CAMDEN, LLC**

For the majority of 2019, St. Joseph's Carpenter Society was the sole member/owner of Joseph's House of Camden, LLC. Effective December 17, 2019, St. Joseph's Carpenter Society transferred its membership interest in Joseph's House of Camden, LLC to a newly formed tax-exempt nonprofit corporation, Joseph's House Holding Corporation. On December 17, 2019, the following assets and liabilities of Joseph's House of Camden, LLC were transferred:

ASSETS

Cash	\$ 800,168
Other Assets	63,693
Property and Equipment	<u>2,211,935</u>
Total Assets	<u>\$ 3,075,796</u>

LIABILITIES

Loans and Mortgages	\$ 712,039
Other Liabilities	<u>4,699</u>
Total Liabilities	<u>\$ 716,738</u>

NET ASSETS	<u><u>\$ 2,359,058</u></u>
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INDEPENDENT AUDITOR'S 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

To the Board of Directors of
Saint Joseph's Carpenter Society and its 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 consolidated financial statements of **Saint Joseph's Carpenter Society and its Subsidiaries** (a nonprofit organization) which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 31, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered **Saint Joseph's Carpenter Society and its Subsidiaries'** internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Saint Joseph's Carpenter Society and its Subsidiaries'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Saint Joseph's Carpenter Society and its 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 consolidated 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.

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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 **Saint Joseph's Carpenter Society and its Subsidiaries'** consolidated 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 consolidated financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully Submitted,



Ragone, Lacatena, Fairchild & Beppel, P.C.
Certified Public Accountants

Haddonfield, NJ
March 31, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Saint Joseph's Carpenter Society and its Subsidiaries

Report on Compliance for Each Major State Program

We have audited **Saint Joseph's Carpenter Society and its Subsidiaries'** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Saint Joseph's Carpenter Society and its Subsidiaries'** major state programs for the year ended December 31, 2019. **Saint Joseph's Carpenter Society and its Subsidiaries'** major state 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **Saint Joseph's Carpenter Society and its Subsidiaries'** major state programs 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 state program occurred. An audit includes examining, on a test basis, evidence about **Saint Joseph's Carpenter Society and its Subsidiaries'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of **Saint Joseph's Carpenter Society and its Subsidiaries'** compliance.

Opinion on Each Major Federal and State Program

In our opinion, **Saint Joseph's Carpenter Society and its 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 state programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance


Management of **Saint Joseph's Carpenter Society and its 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 **Saint Joseph's Carpenter Society and its Subsidiaries'** internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Saint Joseph's Carpenter Society and its 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 state 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 state 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ragone, Lacatena, Fairchild & Beppel".

Ragone, Lacatena, Fairchild & Beppel, P.C.
Certified Public Accountants

Haddonfield, NJ
March 31, 2020

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Type of auditor's Report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Were significant deficiency(ies) identified
that are not considered to be material weakness? yes X none
reported

Noncompliance material to financial
statements noted? yes X no

State Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) that are not
considered to be material weakness(es)? yes X none
reported

Type of auditor's report issued on compliance
for major programs: unmodified

Any audit findings disclosed that are
required to be reported in accordance with
section 200.516 of the Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal or State Program or Cluster</u>
1. N/A	N.J. Department of Community Affairs – Neighborhood Revitalization Tax Credit Project

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

Auditee qualified as low-risk auditee? X yes no

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended December 31, 2019

Section II – Financial Statements Findings

None

Section III – State Award Findings

None

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Grant Program/Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Federal Awards		
U.S. Treasury – NeighborWorks Program	21.000	\$ 290,410
U.S. Department of Housing and Urban Development Passed through the City of Camden HOME Investment Partnership Program	14.239	263,026
U.S. Department of Housing and Urban Development Passed through the Housing and Community Development Network of New Jersey	14.000	39,016
U.S. Department of Housing and Urban Development Passed through the Housing Authority of the City of Camden	14.000	16,000
Federal Home Loan Bank of Pittsburg Affordable Housing Program	N/A	<u>32,650</u>
Total Federal Expenditures		<u>641,102</u>
State Awards		
New Jersey Department of Community Affairs Neighborhood Revitalization Tax Credit Project	N/A	265,759
New Jersey Department of Community Affairs Passed through the Cooper Health System Neighborhood Revitalization Tax Credit Project	N/A	128,215
New Jersey Department of Community Affairs Passed through the Cooper's Ferry Partnership, Inc. Neighborhood Revitalization Tax Credit Project	N/A	354,060
New Jersey Department of Community Affairs Lead-Safe Home Remediation Pilot Program	N/A	<u>593,577</u>
Total State Expenditures		<u>1,341,611</u>
Total Federal and State Expenditures		<u>\$ 1,982,713</u>

See accompanying notes to schedule of expenditures of federal and state awards.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2019

NOTE 1: **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of **SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES** 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
CONSOLIDATED SCHEDULE OF REAL ESTATE DEVELOPMENT ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUE

Government Grants – NRTC	\$ 718,094	
Government Grants – HOME	263,026	
Sales of Homes	<u>1,491,000</u>	
Total Revenue		\$ 2,472,120

EXPENSES

Costs of Homes Sold	<u>2,290,156</u>	
Total Expenses		<u>2,290,156</u>
Net Income		<u>\$ 181,964</u>

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
CONSOLIDATED SCHEDULE OF RENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>SJCS rental</u>	<u>SJHC</u>	<u>WW/CHST</u>	<u>32nd St</u>	<u>Total</u>
<u>REVENUE</u>					
Rental Income	55,902	95,406	166,990	369,791	688,089
Less: Vacancies	(3,747)	(219)	(22,772)	(7,371)	(34,109)
Net Rental Income	52,155	95,187	144,218	362,420	653,980
<u>OTHER INCOME</u>	(39)	1,799	1,920	3,155	6,835
Total Revenue	\$ 52,116	\$ 96,986	\$ 146,138	\$ 365,575	\$ 660,815
<u>EXPENSES</u>					
Leasing & Marketing	176	208	294	449	1,127
Property & Liab. Insurance	3,248	2,662	10,172	24,252	40,334
Maintenance & Repairs	14,292	18,885	46,627	80,090	159,894
Maintenance Contract	773	8,192	15,496	6,456	30,917
Utility	5,396	12,355	17,606	68,267	103,624
Real Estate Taxes	11,601	9,138	22,853	54,727	98,319
Office Expenses	1,251	1,702	2,750	7,030	12,733
Other Expense	4	710	564	2,390	3,668
Salaries and Related Charges	15,692	26,023	34,814	113,659	190,188
Professional Services	981	21	8,204	5,504	14,710
Staff Development	550	1,063	1,693	5,395	8,701
Telecommunication	323	612	993	2,493	4,421
Management Fee	3,041	6,081	10,135	21,197	40,454
Bad Debt	612	570	3,968	428	5,578
Total Expenses	\$ 57,940	\$ 88,222	\$ 176,169	\$ 392,337	\$ 714,668
<u>INCOME FROM OPERATIONS BEFORE INTEREST, FEES, AND RESERVES, DEPRECIATION AND AMORTIZATION</u>	(5,824)	8,764	(30,031)	(26,762)	(53,853)
<u>INTEREST, FEES AND RESERVES</u>					
Interest Expense	-	-	93,944	88,946	182,890
Partnership Management Fee	-	-	5,000	-	5,000
Interest Income	-	-	(25)	(2,167)	(2,192)
Total Interest, Fees and Reserves	-	-	98,919	86,779	185,698
<u>INCOME/(LOSS) BEFORE DEPRECIATION AND AMORTIZATION</u>	(5,824)	8,764	(128,950)	(113,541)	(239,551)
Depreciation and Amortization	14,243	14,564	15,748	195,395	239,950
<u>NET INCOME/(LOSS)</u>	\$ (20,067)	\$ (5,800)	\$ (144,698)	\$ (308,936)	\$ (479,501)

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
CONSOLIDATED SCHEDULE OF NEIGHBORWORKS AMERICA CAPITAL FUND
DECEMBER 31, 2019

ASSETS

Cash in bank	\$ 700
Loan Receivable	<u>226,720</u>

TOTAL ASSETS	<u>\$ 227,420</u>
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LIABILITIES AND NET ASSETS:

Net Assets	<u>227,420</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 227,420</u>
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Interest on outstanding loans in the amount of \$86.72 was earned on the net assets of the NeighborWorks America Capital Fund and was available for unrestricted use by SJCS.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
CONSOLIDATED SCHEDULE OF HOMEOWNERSHIP PRESERVATION SERVICES
DECEMBER 31, 2019

REVENUE

Cramer Hill – MyHOME	\$ 220,085
Cooper Plaza – MyHOME	128,215
FHLB	32,650
Lead Safe	<u>593,577</u>

Total Revenue	\$ 974,527
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EXPENSES

Costs of Contract	<u>592,954</u>
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Net Income	<u>\$ 381,573</u>
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