

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES

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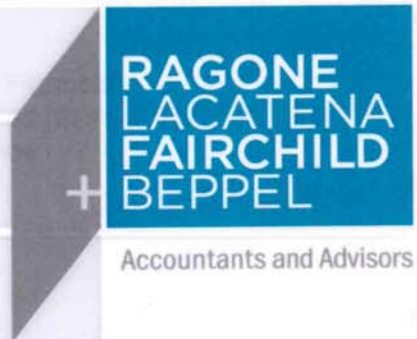
**SAINT JOSEPH'S CARPENTER
SOCIETY AND ITS
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

**(WITH COMPARATIVE TOTALS
FOR 2019)**

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Accountants and Advisors

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES

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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, 2020, 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 2019 financial statements, and in our report dated March 31, 2020 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, 2020, 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 Community Building and Engagement, 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 April 6, 2021 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
April 6, 2021

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,611,293	\$ 3,438,432
Investment in Marketable Securities	1,090,041	46,546
Residential Mortgages Receivable	14,400	6,840
Grant Contracts Receivable	422,612	394,942
Other Receivables	32,752	13,253
Prepaid Expenses	23,478	37,132
Construction in Progress	1,647,578	1,734,973
Total Current assets	5,842,154	5,672,118
Restricted Cash Reserves (note 4)		
Tenant security deposits	49,982	45,583
Cash reserves	346,882	282,444
Total restricted cash reserves	396,864	328,027
Property and Equipment, net (note 2)	4,174,706	4,348,672
Non-Current Assets		
Construction in Progress, net of current portion	1,029,708	675,712
Residential Mortgages Receivable, net of current portion	236,443	135,122
Total Non-Current Assets	1,266,151	810,834
TOTAL ASSETS	\$ 11,679,875	\$ 11,159,651
LIABILITIES AND NET ASSETS		
	2020	2019
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 335,653	\$ 218,195
Loans and Mortgages Payable (note 3)	85,450	63,875
Deferred Income	1,475,214	1,396,602
Total Current Liabilities	1,896,317	1,678,672
Tenant Security Deposits	49,982	45,583
Long-Term Liabilities		
Mortgages Payable, net of current portion (note 3)	2,175,128	2,157,128
Deferred Income	30,000	162,172
Accrued Interest	907,488	836,675
Total Long-Term Liabilities	3,112,616	3,155,975
TOTAL LIABILITIES	\$ 5,058,915	\$ 4,880,230
Net Assets		
Without Donor Restrictions	\$ 6,620,960	\$ 6,052,001
With Donor Restrictions	-	227,420
Total Net Assets	6,620,960	6,279,421
TOTAL LIABILITIES AND NET ASSETS	\$ 11,679,875	\$ 11,159,651

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, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
SUPPORT AND REVENUE				
Contributions and Gifts	\$ 570,704	\$ -	\$ 570,704	\$ 1,830,253
Government Grants	1,672,514	-	1,672,514	2,967,626
Sale of Homes	496,500	-	496,500	1,491,000
Rental and Other Income	831,366	-	831,366	983,277
Special Event Revenues	32,700	-	32,700	68,730
Interest Income	7,018	-	7,018	3,463
Net Investment Return	41,347	-	41,347	5,675
Net Assets Released from Restrictions	227,420	(227,420)	-	-
TOTAL SUPPORT AND REVENUE	3,879,569	(227,420)	3,652,149	7,350,024
EXPENSES:				
Program Services	3,159,788	-	3,159,788	6,027,655
General and Administrative	133,641	-	133,641	199,849
Fundraising	17,181	-	17,181	146,604
Total Expenses	3,310,610	-	3,310,610	6,374,108
Change in Net Assets	568,959	(227,420)	341,539	975,916
Transfer of membership interest, Joseph's House of Camden, LLC (note 10)	-	-	-	(2,359,058)
Net Assets, Beginning of Year	6,052,001	227,420	6,279,421	7,662,563
Net Assets, End of Year	\$ 6,620,960	\$ -	\$ 6,620,960	\$ 6,279,421

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, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Program Services	General and Administrative	Fundraising	2020 Total	2019 Total
Advertising and Promotion	\$ 6,274	-	-	\$ 6,274	\$ 16,064
Cost of Homes Sold	851,423	-	-	851,423	2,290,156
Cost of Contract Services Provided	545,607	-	-	545,607	848,725
Depreciation and Amortization	259,323	-	-	259,323	315,480
Direct Fundraising Costs	-	-	490	490	14,301
Educational Programs	5,409	-	-	5,409	10,440
Insurance	81,315	-	-	81,315	83,116
Interest Expense	70,814	-	-	70,814	67,945
Maintenance and Repairs	83,044	4,697	-	87,741	195,156
Occupancy	261,932	25,033	1,317	288,282	348,275
Office Expenses	2,817	22,829	1,202	26,848	91,749
Other Expenses	6,079	-	-	6,079	7,757
Pension Expense	18,155	6,484	1,297	25,936	26,106
Personnel	901,565	39,375	12,875	953,815	1,867,559
Professional Services	51,286	31,770	-	83,056	131,335
Staff Development	7,719	1,892	-	9,611	46,990
Telecommunications	7,026	1,561	-	8,587	12,954
	<u>\$ 3,159,788</u>	<u>\$ 133,641</u>	<u>\$ 17,181</u>	<u>\$ 3,310,610</u>	<u>\$ 6,374,108</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, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 341,539	\$ 975,916
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and Amortization	259,323	315,480
(Gain) Loss on Investment	(41,347)	(5,675)
Proceeds from Donation of Security	(2,148)	(1,098)
Change in Operating Assets and Liabilities:		
Construction in Progress	(266,601)	264,558
Grants and Other Receivables	(47,169)	153,131
Residential Mortgage Receivable	(108,881)	8,162
Prepaid Expenses	13,654	636
Accounts Payable and Accrued Expenses	117,458	3,912
Accrued Interest	70,813	60,045
Deferred Income	(53,560)	(400,143)
Net Cash Provided by (Used in) Operating Activities	283,081	1,374,924
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Purchase of Property and Equipment	(85,357)	(1,155,210)
Investment in Marketable Securities	(1,000,000)	-
Transfer to Joseph's House of Camden, LLC (note 10)	-	(800,166)
Net Cash Provided by (Used in) Investing Activities	(1,085,357)	(1,955,376)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt	73,450	597,955
Principal Payments on Long-Term Debt	(33,875)	(32,914)
Release of Cash Reserves	(64,438)	29,709
Net Cash Provided by (Used in) Financing Activities	(24,863)	594,750
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(827,139)	14,298
Cash and Cash Equivalents at Beginning of Year	3,438,432	3,424,134
Cash and Cash Equivalents at End of Year	\$ 2,611,293	\$ 3,438,432
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ -	\$ -

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, 2020

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, 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, 2020

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, 2019 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, 2020.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

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.

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.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement (continued)

The following table sets forth by level, within the fair value hierarchy, the Society's assets at fair value as of December 31, 2020.

	<u>Assets at Fair Value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks	516,469	-	-	\$ 516,469
Bonds	520,413			520,413
Mutual Funds	46,639			46,639
Deposit Funds	6,520	-	-	<u>6,520</u>
Total Portfolio Investments at fair value				<u>\$1,090,041</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>12/31/20</u>	<u>12/31/19</u>
Land and Building	\$ 8,925,154	\$ 8,847,567
Equipment and Furniture	322,513	314,743
Vehicles	24,097	24,097
	<u>9,271,764</u>	<u>9,186,407</u>
Accumulated Depreciation	<u>(5,097,058)</u>	<u>(4,837,735)</u>
Net Property and Equipment	<u>\$ 4,174,706</u>	<u>\$ 4,348,672</u>

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.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2020 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.

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	12,000	18,000
Carpenter Society	Republic Bank	4.75%	N/A	Various	73,450	-
Total Loans Payable					<u>\$ 85,450</u>	<u>\$ 18,000</u>

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

	<u>Cost</u>
2020	85,450
2021	12,000
2022	6,000
2023	-
2024	-
Thereafter	2,157,128

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3: FINANCING (continued)

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, 2020 was \$192,838. 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, 2020 was \$714,650.

NOTE 4: RESTRICTED CASH RESERVES

Restricted cash reserves represent tenant security deposits of \$49,982 and other cash reserves consisting of cash restricted for rental property activities of \$293,115, letter of credit security of \$49,351 and homebuyer deposits of \$4,416.

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.

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 \$24,555 to the plan in 2020.

NOTE 8: OPERATING LEASES

The Organization leases office equipment under an operating lease. Fixed minimum annual lease payments are as follows:

2021	4,080
2022	4,080
2023	4,080
2024	2,720

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

In 2019, net assets with donor restrictions consisted 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. In 2020, Neighbor Works America removed all restrictions on these funds. As of December 31, 2020, there are no net assets with donor restrictions.

NOTE 10: 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	\$ 2,612,293
Investment in Marketable Securities	1,090,041
Grant Contracts Receivable	422,612
Other Receivables	<u>32,752</u>
 Total Financial Assets	 <u>\$ 4,157,698</u>

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11: 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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NOTE 12: SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 6, 2021, 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.

NOTE 13: CONINGENCY

In April 2020, the Organization received a loan in the amount of \$190,900 from Republic Bank under the Small Business Administration's (SBA) Paycheck Protection Program. Under this program the SBA will forgive all, or a portion of, the loan if certain employee retention criteria are met and the funds are used for eligible expenses. Loan forgiveness is first determined by Republic Bank based on SBA guidance. Final loan forgiveness is determined by the SBA. On January 7, 2021, the Organization received the final determination from the SBA that the PPP Loan was forgiven 100%. The SBA retains the right to audit the Organization for six years to substantiate the all forgiveness criteria has been met. Management believes the Organization has fulfilled all loan criteria and spending requirements to sustain 100% loan forgiveness. The Organization has recognized the entire \$190,900 as a government grant this year.



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, 2020, 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 April 6, 2021.

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 (internal control) as a basis for designing 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 consolidated financial statements. 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
April 6, 2021



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, 2020. **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 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, 2020.

Report on Internal Control Over Compliance

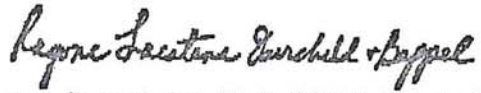
Management of **Saint Joseph's Carpenter Society and its Subsidiaries** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Saint Joseph's 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 that reads "Ragone, Lacatena, Fairchild & Beppel".

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

Haddonfield, NJ
April 6, 2021

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

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, 2020

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, 2020

<u>Grant Program/Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Federal Awards		
U.S. Treasury – NeighborWorks Program	21.000	\$ 304,571
U.S. Department of Housing and Urban Development Passed through the Housing and Community Development Network of New Jersey	14.000	35,578
U.S. Department of Housing and Urban Development Passed through the Housing Authority of the City of Camden	14.000	23,000
Federal Home Loan Bank of Pittsburg Affordable Housing Program	N/A	<u>159,050</u>
Total Federal Expenditures		<u>522,199</u>
State Awards		
New Jersey Department of Community Affairs Neighborhood Revitalization Tax Credit Project	N/A	258,500
New Jersey Department of Community Affairs Passed through the Cooper Health System Neighborhood Revitalization Tax Credit Project	N/A	106,100
New Jersey Department of Community Affairs Passed through the Cooper's Ferry Partnership, Inc. Neighborhood Revitalization Tax Credit Project	N/A	265,107
New Jersey Department of Community Affairs Lead-Safe Home Remediation Pilot Program	N/A	<u>314,349</u>
Total State Expenditures		<u>944,056</u>
Total Federal and State Expenditures		<u>\$ 1,466,255</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, 2020

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, 2020

REVENUE

Government Grants – NRTC	\$ 553,290	
Sales of Homes	<u>496,500</u>	
Total Revenue		\$ 1,049,790

EXPENSES

Costs of Homes Sold	<u>851,280</u>	
Total Expenses		<u>851,280</u>
Net Income		<u>\$ 198,510</u>

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
CONSOLIDATED SCHEDULE RENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>SJCS Rental</u>	<u>SJHC</u>	<u>VW/CHST</u>	<u>32nd St</u>	<u>Total</u>
REVENUE					
Rental Income	56,988	97,500	168,234	372,490	695,212
Less: Vacancies	<u>(5,040)</u>	<u>-</u>	<u>(16,092)</u>	<u>(2,558)</u>	<u>(23,690)</u>
Net Rental Income	51,948	97,500	152,142	369,932	671,522
OTHER INCOME					
	<u>50</u>	<u>836</u>	<u>300</u>	<u>50</u>	<u>1,236</u>
Total Revenue	\$ 51,998	\$ 98,336	\$ 152,442	\$ 369,982	\$ 672,758
EXPENSES					
Leasing & Marketing					-
Property & Liab. Insurance	4,328	4,725	11,130	25,055	45,238
Maintenance & Repairs	10,770	9,417	20,428	42,429	83,044
Janitorial	-	3,519	4,902	-	8,421
Security & Inspection	569	3,037	11,386	11,180	26,172
Utility	4,822	11,901	15,752	53,481	85,956
Real Estate Taxes	12,135	9,546	23,988	55,907	101,576
Office Expenses	568	175	438	1,634	2,815
Salaries	11,229	22,364	36,955	108,877	179,425
Payroll Tax	953	1,892	3,118	7,621	13,584
EE Benefits	1,692	3,310	5,429	13,281	23,712
Professional Services	410	362	9,442	9,302	19,516
Staff Development	-	-	-	150	150
Telecommunication	-	-	-	783	783
Management Fee	2,920	5,840	9,733	23,694	42,187
Bad Debt	<u>401</u>	<u>-</u>	<u>3,298</u>	<u>-</u>	<u>3,699</u>
Total Expenses	\$ 50,797	\$ 76,088	\$ 155,999	\$ 353,394	\$ 636,278
INCOME FROM OPERATIONS BEFORE INTEREST, FEES AND RESERVES DEPRECIATION AND AMORTIZATION					
	1,201	22,248	(3,557)	16,588	36,480
INTEREST, FEES AND RESERVES					
Interest Expense	-	-	102,108	91,813	193,921
Partnership Management Fee	-	-	5,000	-	5,000
Interest Income	<u>-</u>	<u>-</u>	<u>(750)</u>	<u>(1,456)</u>	<u>(2,206)</u>
Total Interest, Fees and Reserves	-	-	106,358	90,357	196,715
INCOME/(LOSS) BEFORE DEPRECIATION AND AMORTIZATION					
	1,201	22,248	(109,915)	(73,769)	(160,235)
Depreciation and Amortization	<u>13,734</u>	<u>14,446</u>	<u>15,547</u>	<u>188,955</u>	<u>232,682</u>
NET INCOME/(LOSS)	\$ <u>(12,533)</u>	\$ <u>7,802</u>	\$ <u>(125,462)</u>	\$ <u>(262,724)</u>	\$ <u>(392,917)</u>

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
CONSOLIDATED SCHEDULE OF COMMUNITY BUILDING & ENGAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUE

Wells Fargo Regional Foundation	\$ 12,000
Camden City Comm. Grant	5,000
HACC	39,000
NWA	<u>20,500</u>

Total Revenue \$ 76,500

EXPENSES

\$ 28,542

Net Income \$ 47,958

SAINT JOSEPH'S CARPENTER SOCIETY AND ITS SUBSIDIARIES
CONSOLIDATED SCHEDULE OF HOMEOWNERSHIP PRESERVATION SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUE

NRTC – Cooper Plaza – MyHOME	\$ 47,100
FHLB – MyHOME	159,050
W.W. Smith – MyHOME	40,000
Lead Safe	<u>314,349</u>

Total Revenue	\$ 560,499
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EXPENSES

Costs of Contract	<u>377,550</u>
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Net Income	<u>\$ 182,949</u>
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