St. Mary's Center for Women and Children, Inc. and Affiliate

Consolidated Financial Statements
and
Supplementary Information

Years Ended September 30, 2013 and 2012

St. Mary's Center for Women and Children, Inc. and Affiliate

CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
Years Ended September 30, 2013 and 2012

C O N T E N T S

McGladrey

INDEPENDENT AUDITOR'S REPORT

Board of Directors
St. Mary's Center for Women and Children, Inc. and Affiliate
Dorchester, Massachusetts

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of St. Mary's Center for Women and Children, Inc. and Affiliate which comprise the consolidated statements of financial position as of September 30, 2013 and 2012, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

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 St. Mary's Center for Women and Children, Inc. and Affiliate as of September 30, 2013 and 2012, 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.

McGladrey LLP

Boston, Massachusetts
April 11, 2014

St. Mary's Center for Women and Children, Inc. and Affiliate

Consolidated Statements of Financial Position

September 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 1,959,184**	$ 1,438,450
Accounts receivable, net of allowance for doubtful accounts totaling $4,763	**407,208**	471,333
Prepaid expenses	**34,465**	52,894
Other assets	**21,805**	38,661
Total current assets	**2,422,662**	2,001,338
Investments	**30,016**	24,409
Certificates of deposit	**1,061,932**	1,060,543
Property, plant and equipment, net	**4,843,096**	5,160,484
Total assets	**$ 8,357,706**	$ 8,246,774
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	**$ 200,583**	$ 159,415
Accrued expenses	**369,478**	365,875
Deferred revenue	**260,437**	183,468
Current installments of capital lease obligations	**11,026**	14,737
Current installments of long-term debt	**4,955**	31,383
Total current liabilities	**846,479**	754,878
Capital lease obligations, net of current installments	**25,174**	36,200
Long-term debt, net of current installments	**-**	4,955
Total liabilities	**871,653**	796,033
Net assets:		
Unrestricted:		
Operations	**2,476,848**	2,212,965
Net investment in plant	**4,801,941**	5,073,209
Total unrestricted net assets	**7,278,789**	7,286,174
Temporarily restricted	**207,264**	164,567
Total net assets	**7,486,053**	7,450,741
Total liabilities and net assets	**$ 8,357,706**	$ 8,246,774

See notes to consolidated financial statements.

St. Mary's Center for Women and Children, Inc. and Affiliate

Consolidated Statements of Activities
Years Ended September 30, 2013 and 2012

	2013			2012		
	Unrestricted	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
Revenues and other support:						
Program service fees	**$ 5,903,944**	**$ -**	**$ 5,903,944**	$ 5,010,895	$ -	$ 5,010,895
Rental income	**396,707**	**-**	**396,707**	431,256	-	431,256
Contributions	**1,027,953**	**773,982**	**1,801,935**	1,039,400	377,318	1,416,718
Other income	**22,530**	**-**	**22,530**	88,605	-	88,605
Cafeteria income	**-**	**-**	**-**	14,014	-	14,014
Private grants	**-**	**-**	**-**	5,500	-	5,500
Interest and dividend income	**8,612**	**-**	**8,612**	4,608	-	4,608
Gain on investments	**4,270**	**-**	**4,270**	4,532	-	4,532
Loss on sale of assets	**(9,312)**	**-**	**(9,312)**	-	-	-
Net assets released from restrictions for operations	**731,285**	**(731,285)**	**-**	444,447	(444,447)	-
Total revenues and other support	**8,085,989**	**42,697**	**8,128,686**	7,043,257	(67,129)	6,976,128
Expenses:						
Program services:						
St. Mary's Home	**1,075,096**	**-**	**1,075,096**	1,110,749	-	1,110,749
Margaret's House	**1,562,667**	**-**	**1,562,667**	1,615,816	-	1,615,816
Bridge Home	**1,381,065**	**-**	**1,381,065**	1,468,702	-	1,468,702
Food Services	**-**	**-**	**-**	898	-	898
Women @ Work Plus	**277,500**	**-**	**277,500**	280,234	-	280,234
Women's Learning Center	**297,634**	**-**	**297,634**	309,651	-	309,651
Food Services Phoenix House	**-**	**-**	**-**	1,584	-	1,584
GRLZ Radio	**254,929**	**-**	**254,929**	259,176	-	259,176
Crossroads	**1,218,366**	**-**	**1,218,366**	321,018	-	321,018
Total program services	**6,067,257**	**-**	**6,067,257**	5,367,828	-	5,367,828
Facilities management	**581,558**	**-**	**581,558**	505,637	-	505,637
Cafeteria	**-**	**-**	**-**	1,471	-	1,471
Supporting services:						
General and administrative	**1,089,397**	**-**	**1,089,397**	1,063,958	-	1,063,958
Fundraising	**355,162**	**-**	**355,162**	417,333	-	417,333
Total expenses	**8,093,374**	**-**	**8,093,374**	7,356,227	-	7,356,227
Change in net assets before contribution of net assets upon affiliation	**(7,385)**	**42,697**	**35,312**	(312,970)	(67,129)	(380,099)
Contribution of net assets upon affiliation	**-**	**-**	**-**	1,217,227	-	1,217,227
Change in net assets	**(7,385)**	**42,697**	**35,312**	904,257	(67,129)	837,128
Net assets at beginning of year	**7,286,174**	**164,567**	**7,450,741**	6,381,917	231,696	6,613,613
Net assets at end of year	**$ 7,278,789**	**$ 207,264**	**$ 7,486,053**	$ 7,286,174	$ 164,567	$ 7,450,741

See notes to consolidated financial statements.

St. Mary's Center for Women and Children, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended September 30, 2013

	St. Mary's Home	Margaret's House	Bridge Home	Women @ Work Plus	Women's Learning Center	GRLZ Radio	Crossroads	Total Program Services	Facilities Management	General and Administrative	Fundraising	Total Expenses
Salaries	$ 650,280	$ 842,948	$ 895,121	$ 172,650	$ 197,451	$ 142,831	$ 591,401	$ 3,492,682	$ -	$ 435,257	$ 104,904	$ 4,032,843
Payroll taxes and other benefits	145,080	193,958	183,493	25,329	37,946	33,878	168,165	787,849	-	114,745	28,585	931,179
Total salaries and related expenses	795,360	1,036,906	1,078,614	197,979	235,397	176,709	759,566	4,280,531	-	550,002	133,489	4,964,022
Occupancy	105,339	171,501	109,912	19,500	16,025	11,681	298,951	732,909	471,472	57,140	6,468	1,267,989
Transportation	6,244	4,641	12,289	880	442	6,495	1,053	32,044	126	2,678	203	35,051
Supplies and consumables	75,599	189,630	48,120	12,965	8,055	3,371	43,680	381,420	7,317	15,475	3,425	407,637
Equipment expenses	4,444	7,666	14,663	2,066	2,071	2,181	13,011	46,102	3,915	9,187	973	60,177
Professional fees and contracted services	7,604	9,618	17,734	9,597	7,865	35,040	52,953	140,411	13,113	310,571	10,210	474,305
Telephone	3,668	5,636	4,534	33	27	2,122	7,085	23,105	799	26,890	11	50,805
Other expenses	16,300	42,516	25,288	11,409	5,203	7,398	26,134	134,248	13,977	79,776	194,950	422,951
Interest expense	-	-	-	-	-	-	35	35	-	4,194	-	4,229
Depreciation and amortization	60,538	94,553	69,911	23,071	22,549	9,932	15,898	296,452	70,839	33,484	5,433	406,208
Total expenses	$ 1,075,096	$ 1,562,667	$ 1,381,065	$ 277,500	$ 297,634	$ 254,929	$ 1,218,366	$ 6,067,257	$ 581,558	$ 1,089,397	$ 355,162	$ 8,093,374

St. Mary's Center for Women and Children, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended September 30, 2012

	St. Mary's Home	Margaret's House	Bridge Home	Food Services	Women @ Work Plus	Women's Learning Center	Food Services Phoenix House	GRLZ Radio	Crossroads	Total Program Services	Facilities Management	Cafeteria	General and Administrative	Fundraising	Total Expenses
Salaries	$ 632,745	$ 797,121	$ 950,740	$ 113,551	$ 184,338	$ 195,983	$ -	$ 142,089	$ 155,153	$ 3,171,720	$ -	$ -	$ 557,376	$ 143,518	$ 3,872,614
Payroll taxes and other benefits	134,046	168,039	198,925	33,241	21,946	40,534	6	33,444	39,074	669,255	1,943	6	158,580	15,306	845,090
Total salaries and related expenses	766,791	965,160	1,149,665	146,792	206,284	236,517	6	175,533	194,227	3,840,975	1,943	6	715,956	158,824	4,717,704
Occupancy	99,866	166,684	103,078	28,142	18,575	22,989	1,287	11,127	73,230	524,978	410,859	1,195	54,449	6,160	997,641
Transportation	4,312	4,240	11,550	11	766	499	1	1,443	396	23,218	160	-	2,337	188	25,903
Supplies and consumables	142,806	272,012	72,177	(246,296)	14,424	11,131	18	12,358	12,463	291,093	5,789	17	12,541	6,762	316,202
Equipment expenses	1,511	4,379	3,861	6,436	1,784	1,839	10	2,653	2,894	25,367	3,165	9	10,975	1,345	40,861
Professional fees and contracted services	13,833	12,045	26,952	40,510	8,035	7,579	42	33,516	13,157	155,669	13,462	39	112,673	1,032	282,875
Telephone	4,043	6,353	4,778	61	40	50	3	1,986	1,860	19,174	893	3	24,947	13	45,030
Other expenses	15,303	88,977	22,972	7,289	6,741	4,827	32	9,996	7,697	163,834	10,286	30	84,266	237,135	495,551
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	10,624	-	10,624
Depreciation and amortization	62,284	95,966	73,669	17,953	23,585	24,220	185	10,564	15,094	323,520	59,080	172	35,190	5,874	423,836
Total expenses	$ 1,110,749	$ 1,615,816	$ 1,468,702	$ 898	$ 280,234	$ 309,651	$ 1,584	$ 259,176	$ 321,018	$ 5,367,828	$ 505,637	$ 1,471	$ 1,063,958	$ 417,333	$ 7,356,227

St. Mary's Center for Women and Children, Inc. and Affiliate

Consolidated Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	**$ 35,312**	$ 837,128
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**406,208**	423,836
Gain on investments	**(4,270)**	(4,532)
Loss on sale of assets	**9,312**	-
Contribution of net assets upon affiliation	**-**	(1,217,227)
Contributions restricted for property, plant and equipment	**(55,000)**	-
Change in accounts receivable	**64,125**	(132,705)
Change in prepaid expenses	**18,429**	9,622
Change in other assets	**16,856**	(22,314)
Change in accounts payable	**41,168**	2,286
Change in accrued expenses	**3,603**	(14,417)
Change in deferred revenue	**76,969**	(33,002)
Total adjustments	**577,400**	(988,453)
Net cash provided by (used in) operating activities	**612,712**	(151,325)
Cash flows from investing activities:		
Cash received from acquisition	**-**	676,612
Purchase of investments	**(2,726)**	(1,922)
Proceeds from sale of assets	**260**	-
Purchase of property, plant and equipment	**(98,392)**	(267,458)
Net cash provided by (used in) investing activities	**(100,858)**	407,232
Cash flows from financing activities:		
Payments on long-term debt	**(31,383)**	(55,065)
Payments of capital lease obligations	**(14,737)**	(12,872)
Contributions received for long-term purposes	**55,000**	-
Net cash provided by (used in) financing activities	**8,880**	(67,937)
Net increase in cash and cash equivalents	**520,734**	187,970
Cash and cash equivalents:		
Beginning of year	**1,438,450**	1,250,480
End of year	**$ 1,959,184**	$ 1,438,450
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 4,229**	$ 10,624
Supplemental schedule of non-cash investing and financing activity:		
Affiliation with Crossroads Family Shelter, Inc.		
Cash and cash equivalents	**$ -**	$ 676,612
Accounts receivable, net	**-**	112,412
Prepaid expenses	**-**	373
Other assets	**-**	12,130
Investments	**-**	57,287
Property and equipment	**-**	439,165
Accounts payable	**-**	(31,563)
Accrued expenses	**-**	(49,189)
	$ -	$ 1,217,227

See notes to consolidated financial statements.

St. Mary's Center for Women and Children, Inc. and Affiliate

Notes to Consolidated Financial Statements
Years Ended September 30, 2013 and 2012

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

St. Mary's Center for Women and Children, Inc. ("St. Mary's") is a not-for-profit corporation, located in Dorchester, Massachusetts, established to provide health and human services, including residential services, to at risk women and children. The Roman Catholic Archdiocese of Boston is the sole member of the Organization.

Effective July 1, 2012, SMCWC – Crossroads Housing Inc. ("Crossroads") became a wholly-owned subsidiary of St. Mary's Center for Women and Children, Inc. Based in East Boston, Massachusetts, Crossroads provides shelter, meals and social services to homeless individuals and families.

The significant accounting policies followed by St. Mary's and Crossroads are as follows:

Basis of Consolidation

The consolidated financial statements include the accounts of St. Mary's and Crossroads (collectively, the "Organization"). The activities of Crossroads included in the consolidated financial statements for the year ended September 30, 2012 are for the period July 1, 2012 through September 30, 2012. All significant intercompany account balances and transactions have been eliminated in consolidation.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets generally accepted accounting principles ("GAAP") to ensure financial condition, results of activities, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification ("FASB ASC").

Classification and Reporting of Net Assets

Under GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

- Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed restrictions. Unrestricted net assets also include board designated net assets. At September 30, 2013 and 2012, board designated net assets totaled $500,000 and $250,000, respectively.
- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES…continued

Classification and Reporting of Net Assets…continued

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions between the applicable classes of net assets. The Organization releases the restrictions on temporarily restricted net assets upon incurrence of an expense when both unrestricted and temporarily restricted net assets are available for that purpose.

Revenue Recognition

The Organization recognizes revenue when there is persuasive evidence of an arrangement, services have been rendered, the fee is fixed or determinable and collectability is reasonably assured. Amounts billed or collected prior to satisfying the Organization’s revenue recognition policy are reflected as deferred revenue.

The programs of the Organization are supported principally by contracts negotiated with various agencies of the Commonwealth of Massachusetts. Therefore, the Organization is subject to the regulations of the Massachusetts Operational Services Division. Revenue is being recorded by the individual programs either at the rates approved under negotiated contracts or the rate of reimbursement as certified by the Massachusetts Operational Services Division.

Excess of revenue over expenses from the Commonwealth of Massachusetts supported programs, up to certain defined limits, can be utilized by the Organization for expenditures in accordance with its exempt purpose, provided such expenditures are reimbursable under the Operational Services Division’s regulations. Amounts in excess of these limits are subject to negotiated use or potential recoupment, and are reported as liabilities.

Contributions

Contributions, including unconditional promises to give, are initially recognized at fair value as revenues in the period received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or which are restricted by the donor for specific purposes are shown as increases in temporarily restricted net assets and are released to unrestricted net assets when the purpose and/or time restrictions are met. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and nature of fundraising activities.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES…continued

Contributions…continued

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives. As a result, all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support.

Contributions of services are reported at fair value as revenues and expenses of the unrestricted net asset class at the fair value of the service received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenues and expenses of the unrestricted net asset class at the time the goods or space is received.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Cash and Cash Equivalents

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization defines cash and cash equivalents as short-term, highly liquid investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable due from Massachusetts, federal and local funding agencies are carried at the original charge for the services provided less an estimated allowance for doubtful accounts. Tenant receivables are due from various non-profit organizations occupying office and program space owned by the Organization, and are carried at the original charge less an allowance for doubtful accounts. Rent is due on the first of the month, and is considered past due after thirty days.

Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as other revenue.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES…continued

Investments and Investment Income

Investments are carried at fair value. Purchases and sales of securities are recorded on trade dates and realized gains and losses are determined on the basis of the average cost of securities sold. Investment income and realized and unrealized gains are reflected in the statement of activities and are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost or estimated fair market value, if received by donation, at the time such assets are received. Depreciation and amortization is calculated on the straight line basis over the estimated useful lives of the respective assets as follows:

	Years
Buildings and improvements	10-40
Furnishings and equipment	3-10
Motor vehicles	5

Costs associated with the construction of major improvements are accumulated until completion. The completed asset is then depreciated over its estimated useful life once placed in service.

The Organization follows FASB ASC 410, *Asset Retirement and Environmental Obligations*. This standard requires that a liability be recorded for the fair value of an asset retirement specific to certain legal obligations. The recording of a liability is required if the fair value of the obligation can be reasonably estimated. As of September 30, 2013 and 2012, the Organization is unaware of any such obligations. The Organization will recognize a liability in the period in which they become aware of such liability and sufficient information is available to reasonably estimate its fair value.

Impairment of Long- Lived Assets

Long-lived assets, which consist primarily of property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When such events occur, the Organization compares the carrying amounts of the assets to the undiscounted expected future cash flows. If this comparison indicates that there may be impairment, the amount of the impairment is calculated as the difference between the carrying value and fair value. During the years ended September 30, 2013 and 2012, management determined no impairments exist.

Advertising

The Organization's policy is to expense advertising costs as incurred.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES…continued

Income Tax Status

The Organization is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Organization is subject to federal and state income taxes on unrelated business income.

Uncertainty of Income Taxes

The Organization follows FASB ASC 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. The Organization recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities. Management evaluated the Organization's tax positions and concluded that the Organization had no material uncertainties in income taxes as of September 30, 2013 and 2012.

The Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before fiscal year 2010. The Organization will account for interest and penalties related to uncertain tax positions, if any, as part of tax expense.

Recently Issued Accounting Pronouncements

In October 2012, the FASB issued guidance which requires a not-for-profit entity to classify cash receipts from the sale of donated fixed assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit entity-imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activity, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. This guidance is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013. The Organization adopted this guidance as of September 30, 2013 with no material impact to the financial statements.

2. RELATED PARTY TRANSACTIONS

The Roman Catholic Archdiocese of Boston ("RCAB") provided health insurance, workers' compensation and comprehensive liability coverage to the Organization totaling $279,482 and $383,575 during the years ended September 30, 2013 and 2012, respectively. The Organization owed RCAB $2,623 and $9,588 as of September 30, 2013 and 2012, respectively.

The Organization is related to the Most Holy Redeemer Parish (the "Parish"), which oversaw the Crossroad's program through June 30, 2012. The Organization incurred occupancy expenses totaling $90,000 during the year ended September 30, 2013 and $25,881 during the three months ended September 30, 2012 in connection with space leased by Crossroads from the Parish. The Organization owed the Parish $330 and $340 as of September 30, 2013 and 2012, respectively.

2. RELATED PARTY TRANSACTIONS…continued

The Organization is related to St. Margaret's Hospital for Women through its affiliation with RCAB. As of September 30, 2013 and 2012, the Organization owed St. Margaret's Hospital for Women $29,772 and $28,535, respectively, representing the excess of cash payments made by St. Margaret's to the Organization for certain expenses paid by the Organization on St. Margaret's behalf. This amount is included in accounts payable.

The Organization is also related to Corcoran Management Company as one of the owners is the Organization's trustee. Corcoran manages the building that the Organization operates in. Total expenses paid for building management during the year ended September 30, 2013 and 2012 was $24,000. The Organization owed the Corcoran Management Company $14,388 and $11,838 as of September 30, 2013 and 2012, respectively.

3. INVESTMENTS

Following is a summary of investments as of September 30:

	2013	2012
Domestic stock fund	$ 30,016	$ 24,409

4. FAIR VALUE MEASUREMENTS

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses the market approach method. Based on this approach, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2 - Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

Level 3 - Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

St. Mary's Center for Women and Children, Inc. and Affiliate
Notes to Consolidated Financial Statements
Years Ended September 30, 2013 and 2012

4. FAIR VALUE MEASUREMENTS…continued

The following is a description of the valuation methodologies used for instruments measured at fair value:

Domestic Stock Fund

The fair value of the domestic stock fund is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

The Organization has various processes and controls in place to ensure fair value is reasonably estimated. While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended September 30, 2013 and 2012, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or change in net assets.

The following tables are a summary of investments that the Organization measures at fair value on a recurring basis, by level, within the fair value hierarchy at September 30:

2013	Level 1	Level 2	Level 3	Total
Domestic stock fund	$ 30,016	$ -	$ -	$ 30,016

2012	Level 1	Level 2	Level 3	Total
Domestic stock fund	$ 24,409	$ -	$ -	$ 24,409

During the years ended September 30, 2013 and 2012, the Organization did not make any transfers between Level 1, Level 2, or Level 3 assets.

5. PROPERTY, PLANT AND EQUIPMENT

Following is a summary of property, plant and equipment as of September 30:

	2013	2012
Land, building and improvements	$ 8,391,729	$ 8,308,101
Furnishings and equipment	700,071	685,948
Motor vehicles	157,852	185,498
	9,249,652	9,179,547
Less - accumulated depreciation	4,406,556	4,019,063
Property, plant and equipment, net	$ 4,843,096	$ 5,160,484

St. Mary's Center for Women and Children, Inc. and Affiliate

Notes to Consolidated Financial Statements
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6. CAPITAL LEASE OBLIGATIONS

Capital lease obligations consist of the following at September 30:

	2013	2012
Capital lease agreement with a creditor requiring monthly payments of $142, including interest at a rate of 13.66%, through May 2013. The capital lease was paid off during 2013.	$ -	$ 1,114
Capital lease agreement with a creditor requiring monthly payments of $245, including interest at a rate of 6%, through September 2013. The capital lease was paid off during 2013.	-	2,597
Capital lease agreement with a creditor requiring monthly payments of $1,130, including interest at a rate of 6%, through August 2016. The capital lease obligation is secured by equipment with a net book value of $29,651 as of September 30, 2013.	36,200	47,226
	36,200	50,937
Less - current installments	(11,026)	(14,737)
Capital lease obligations, net of current installments	$ 25,174	$ 36,200

The value of minimum future lease payments under the capital lease obligations is as follows for the years ending September 30:

2014	$ 13,560
2015	13,560
2016	12,430
Total minimum lease payments	39,550
Less - amount representing interest	(3,350)
Present value of minimum lease payments	$ 36,200

Amortization of capital lease assets is included in depreciation expense.

7. LONG-TERM DEBT

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

	2013	2012
9.39% note payable to a finance company in monthly installments of $618 to December 2013. The note is secured by a motor vehicle with a net book value of $2,936 as of September 30, 2013.	$ 1,810	$ 8,693
Various notes payable to a finance company in monthly installments of $3,914, including interest at 7.35%, to January 2014. The notes were paid off during 2013.	-	19,280
Balance forward	$ 1,810	$ 27,973

7. LONG-TERM DEBT...continued

	2013	2012
Balance forward	$ 1,810	$ 27,973
3.99% note payable to a finance company in monthly installments of $455 to April 2014. The note is secured by a motor vehicle with a net book value of $8,953 as of September 30, 2013.	3,145	8,365
	4,955	36,338
Less - current installments	(4,955)	(31,383)
Long-term debt, net of current installments	$ -	$ 4,955

8. RENTAL INCOME

The Organization rents out certain office space in a building primarily used for operations. Rental income for the year ended September 30, 2013 and 2012 was $396,707 and $431,256, respectively.

The following is a schedule, by years, of the future minimum lease receipts under the noncancelable leases for the years ending September 30:

2014	$ 300,659
2015	83,843
2016	14,393
	$ 398,895

9. OPERATING LEASES

In June 2009, Crossroads entered a three year lease agreement with the Most Holy Redeemer Parish (see related party – Note 2) to lease a portion of the parish building utilized as a congregate family shelter for homeless families. In January 2010, Crossroads amended the original lease into a five-year lease agreement through December 2014. Total rent expense under these leases amounted to $90,000 for the year ended September 30, 2013 and $22,500 for three months ended September 30, 2012.

In conjunction with government-funded programs, Crossroads makes rent payments for scattered apartment sites that act as an overflow program for the existing homeless shelter. Total occupancy expenditures eligible for reimbursement for the year ended September 30, 2013 and three months ended September 30, 2012 was $132,568 and $37,183, respectively.

The Organization leases equipment under various operating leases through November 2016. Lease expense for the years ended September 30, 2013 and 2012 amounted to $7,926 and $4,260, respectively.

Future minimum lease payments over the remaining term of the leases are as follows for the years ending September 30:

2014	$ 29,928
2015	7,038
2016	5,036
2017	770
	$ 42,772

10. EMPLOYEE BENEFIT PLANS

The Organization participates in two multi-employer, noncontributory, defined benefit pension plans covering substantially all employees. Benefits are provided through the Caritas Christi Retirement Plan for St. Mary's employees and the RCAB Pension Plan for Crossroad employees, collectively referred to as the Plans. Benefits paid by the Plans are based on each participant's compensation and years of service. The Organization's employees represent less than 1% of all employees covered under the Plans.

The following table discloses the name and funded status of the Plans as of June 30, 2013 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as of June 30, 2013:

Legal Name	Actuarial Present Value of Accumulated Plan Benefits	Fair Value of Plan Assets	Total Contributions	Funded Status
Caritas Christi Retirement Plan	$371,984,468	$310,951,947	$6,521,996	Greater than 80%
RCAB Pension Plan	$256,195,000	$213,670,000	$7,899,000	Greater than 80%

Contributions to the Plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants. As the Plans are greater than 80% funded the Plans are not subject to a funding improvement plan. The Organization's contributions made during the year to the Caritas Christi Plan totaled $38,496 in 2013 and $58,490 in 2012 and to the RCAB Plans totaled $23,171 in 2013 and $5,793 in 2012. Contributions to the Plans were less than 5% of total contributions to the Plans. The assets of the plan are available to pay the benefits of eligible employees of all participating entities.

In the event entities participating in the plan are unable to fulfill their financial obligations under the plan, each of the other entities in the plan becomes obligated. Information with respect to the Organization's proportionate share of the excess, if any, of the actuarially computed value of vested benefits over the total pension plan's net assets are not available from the plan's administrator.

During the year ended September 30, 2009, a new retirement savings plan replaced the previous plan. The old plan will continue to provide benefits to retirees who participated in the plan. The new plan offers contributions at the discretion of the board of directors for all eligible employees, plus the option for eligible employees to make an additional contribution with a contributory match. Pension expense for this plan for the years ended September 30, 2013 and 2012 totaled $32,287 and $28,806, respectively.

In addition, the Organization has a 457(b) deferred compensation plan for a key individual. The plan is to be funded by the Organization annually up to a maximum contribution permitted by law. The Organization has accrued $16,500 and $49,500 as of September 30, 2013 and 2012 for this plan, respectively.

St. Mary's Center for Women and Children, Inc. and Affiliate

Notes to Consolidated Financial Statements
Years Ended September 30, 2013 and 2012

11. LIABILITY INSURANCE

The Organization secures general liability and umbrella liability coverage under the Roman Catholic Archdiocese of Boston Risk Management and Insurance Program, which is provided on a claims-made basis by the National Catholic Risk Retention Group, Inc. and Princeton Excess and Surplus Lines Insurance Co. The policy covers claims made during its term, but not those occurrences for which claims may be made after expiration of the policy. The Organization intends to renew its coverage on a claims-made basis and has no reason to believe that it will be prevented from such renewal. Additionally, the Organization believes that there is no material exposure for claims incurred but not reported.

12. TEMPORARILY RESTRICTED NET ASSETS

Following is a summary of temporarily restricted net assets as of September 30:

	2013	2012
Education and training	$ 76,494	$ 75,994
Scholarship fund	44,934	46,940
St. Mary's Home	27,886	9,200
Software user licenses	20,700	-
Small Can Be Big	18,977	14,574
Janey Fund	13,416	14,577
Staff appreciation	4,857	3,282
	$ 207,264	$ 164,567

13. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions totaling $731,285 and $444,447 for the years ended September 30, 2013 and 2012, respectively, consist of donations received for GRLZ Radio, Women @ Work Plus, St. Mary's Home, Bridge Home, Women's Learning Center, Small Can Be Big, capital improvements and Margaret's House to cover operating expenses incurred during the years ended September 30, 2013 and 2012.

14. ACQUISITION

As discussed in note 1, on July 1, 2012, the Organization executed an affiliation agreement with Crossroads. Crossroads is located in East Boston, Massachusetts and provides shelter, case management, housing search, stabilization services, and food pantry assistance to homeless, formerly homeless and low-income families. The purpose of the acquisition, for Crossroads, is to enable Crossroads to negotiate better contracts with the state because of its affiliation with St. Mary's. Crossroads' mission is to "support families as they transition from homelessness to independent living and self-sufficiency".

The affiliation was accomplished by St. Mary's assuming control over Crossroads on July 1, 2012. On July 1, 2012 100% of the assets and liabilities of Crossroads were adjusted to their fair market values and assumed by the Organization. The Organization did not transfer any consideration as part of the affiliation agreement. The net assets of Crossroads as of the acquisition date resulted in a net contribution totaling $1,217,227, which is recorded on the statement of activities for the year ended September 30, 2012.

14. ACQUISITION…continued

Following is a summary of the fair value of the assets, liabilities and net assets of Crossroads as of July 1, 2012:

Assets	
Cash and cash equivalents	$ 676,612
Accounts receivable	112,412
Prepaid expenses	373
Other assets	12,130
Investments	57,287
Property and equipment	439,165
Total assets	$ 1,297,979
Liabilities	
Accounts payable	$ 31,563
Accrued expenses	49,189
Total liabilities	80,752
Net assets	
Unrestricted	1,217,227
Total net assets	1,217,227
Total liabilities and net assets	$ 1,297,979

15. SUBSEQUENT EVENTS

The Organization evaluated subsequent events through April 11, 2014, when the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
St. Mary's Center for Women and Children's Center, Inc. and Affiliate
Dorchester, Massachusetts

We have audited the consolidated financial statements of St. Mary's Center for Women and Children, Inc. and Affiliate as of and for the years ended September 30, 2013 and 2012, and have issued our report thereon, dated April 11, 2014, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on those consolidated financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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.

McGladrey LLP

Boston, Massachusetts
April 11, 2014

St. Mary's Center for Women and Children, Inc. and Affiliate

Consolidating Statement of Financial Position
September 30, 2013

ASSETS	St. Mary's Center for Women and Children, Inc.	Crossroads Family Shelter, Inc.	Eliminations	Totals
Current assets:				
Cash and cash equivalents	$ 1,304,136	$ 655,048	$ -	$ 1,959,184
Accounts receivable, net of allowance	304,405	112,441	(9,638)	407,208
Prepaid expenses	24,298	10,167	-	34,465
Other assets	13,634	8,171	-	21,805
Total current assets	1,646,473	785,827	(9,638)	2,422,662
Investments	30,016	-	-	30,016
Investment in affiliate	1,217,227	-	(1,217,227)	-
Certificates of deposit	1,004,243	57,689	-	1,061,932
Property, plant and equipment, net	4,415,217	427,879	-	4,843,096
Total assets	$ 8,313,176	$ 1,271,395	$ (1,226,865)	$ 8,357,706
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 182,553	$ 27,668	$ (9,638)	$ 200,583
Accrued expenses	334,613	34,865	-	369,478
Deferred revenue	260,437	-	-	260,437
Current installments of capital lease obligations	11,026	-	-	11,026
Current installments of long-term debt	4,955	-	-	4,955
Total current liabilities	793,584	62,533	(9,638)	846,479
Capital lease obligations, net of current installments	25,174	-	-	25,174
Total liabilities	818,758	62,533	(9,638)	871,653
Net assets:				
Unrestricted:				
Operations	2,913,092	780,983	(1,217,227)	2,476,848
Net investment in plant	4,374,062	427,879	-	4,801,941
Total unrestricted net assets	7,287,154	1,208,862	(1,217,227)	7,278,789
Temporarily restricted	207,264	-	-	207,264
Total net assets	7,494,418	1,208,862	(1,217,227)	7,486,053
Total liabilities and net assets	$ 8,313,176	$ 1,271,395	$ (1,226,865)	$ 8,357,706

St. Mary's Center for Women and Children, Inc. and Affiliate

Consolidating Statement of Activities
Year Ended September 30, 2013

	St. Mary's Center for Women and Children, Inc.			Crossroads Family Shelter, Inc.				
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Eliminations	Total
Revenues and other support:								
Program service fees	$ 4,615,573	$ -	$ 4,615,573	$ 1,288,371	$ -	$ 1,288,371	$ -	$ 5,903,944
Rental income	396,707	-	396,707	-	-	-	-	396,707
Contributions	950,735	763,542	1,714,277	77,218	10,440	87,658	-	1,801,935
Other income	167,480	-	167,480	50	-	50	(145,000)	22,530
Interest and dividend income	4,381	-	4,381	4,231	-	4,231	-	8,612
Gain on investments	4,270	-	4,270	-	-	-	-	4,270
Loss on sale of assets	(9,312)	-	(9,312)	-	-	-	-	(9,312)
Net assets released from restrictions for operations	720,845	(720,845)	-	10,440	(10,440)	-	-	-
Total revenues and other support	6,850,679	42,697	6,893,376	1,380,310	-	1,380,310	(145,000)	8,128,686
Expenses:								
Program services:								
St. Mary's Home	1,075,096	-	1,075,096	-	-	-	-	1,075,096
Margaret's House	1,562,667	-	1,562,667	-	-	-	-	1,562,667
Bridge Home	1,381,065	-	1,381,065	-	-	-	-	1,381,065
Women @ Work Plus	277,500	-	277,500	-	-	-	-	277,500
Women's Learning Center	297,634	-	297,634	-	-	-	-	297,634
GRLZ Radio	254,929	-	254,929	-	-	-	-	254,929
Crossroads	-	-	-	1,363,366	-	1,363,366	(145,000)	1,218,366
Total program services	4,848,891	-	4,848,891	1,363,366	-	1,363,366	(145,000)	6,067,257
Facilities management	581,558	-	581,558	-	-	-	-	581,558
Supporting services:								
General and administrative	1,089,397	-	1,089,397	-	-	-	-	1,089,397
Fundraising	355,162	-	355,162	-	-	-	-	355,162
Total expenses	6,875,008	-	6,875,008	1,363,366	-	1,363,366	(145,000)	8,093,374
Change in net assets	(24,329)	42,697	18,368	16,944	-	16,944	-	35,312
Net assets at beginning of year	7,311,483	164,567	7,476,050	1,191,918	-	1,191,918	(1,217,227)	7,450,741
Net assets at end of year	$ 7,287,154	$ 207,264	$ 7,494,418	$ 1,208,862	$ -	$ 1,208,862	$ (1,217,227)	$ 7,486,053