

**MY SISTERS' PLACE, INC.**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY REPORTS  
RELATED TO UNIFORM GUIDANCE**

**JUNE 30, 2022 AND 2021**

**WATSONRICE LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

**MY SISTERS' PLACE, INC.**  
**JUNE 30, 2022**

**TABLE OF CONTENTS**

	<b><u>Page No.</u></b>
Independent Auditor's Report.....	1
Statements of Financial Position.....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	6
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9
Schedule of Expenditures of Federal Awards .....	22
Notes to Schedules of Expenditures of Federal Awards.....	24
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	25
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	27
Schedule of Findings and Questioned Costs.....	30

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
My Sisters' Place, Inc.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of My Sisters' Place, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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## INDEPENDENT AUDITOR'S REPORT – CONTINUED

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## INDEPENDENT AUDITOR’S REPORT – CONTINUED

### *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 January 10, 2023 on our consideration of the Organization’s 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 the Organization’s 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 the Organization’s internal control over financial reporting and compliance.

*Watson Rice LLP*

New York, New York  
January 10, 2023

**MY SISTERS' PLACE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 668,174	\$ 745,887
Restricted cash (Note 6)	79,466	79,458
Investments (Note 3)	1,730,326	2,076,833
Shelter per-diem billings receivable, net	196,141	168,131
Grants receivable (Note 4)	2,339,988	2,404,670
Prepaid expenses and deposits	87,014	94,376
Property and equipment (Note 5)	<u>1,582,864</u>	<u>1,531,019</u>
<b>Total Assets</b>	<u>\$ 6,683,973</u>	<u>\$ 7,100,374</u>
<b>Liabilities and Net Assets</b>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 246,407	\$ 416,944
Accrued salary and related expenses	590,706	394,153
Deferred rent liabilities (Note 12)	682,520	769,020
Deferred revenue	331,394	147,717
Payroll Protection Program loan payable (Note 8)	-	824,000
Grant enforcement mortgage lien (Note 6)	<u>1,234,716</u>	<u>1,326,899</u>
<b>Total Liabilities</b>	<u>3,085,743</u>	<u>3,878,733</u>
<u>Net Assets (Note 15)</u>		
Without donor restrictions	3,534,799	3,169,285
With donor restrictions	<u>63,431</u>	<u>52,356</u>
<b>Total Net Assets</b>	<u>3,598,230</u>	<u>3,221,641</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 6,683,973</u>	<u>\$ 7,100,374</u>

See notes to financial statements.

**MY SISTERS' PLACE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>						
Residential shelter service, net	\$ 838,392	\$ -	\$ 838,392	\$ 713,179	\$ -	\$ 713,179
Government grants	6,603,656	-	6,603,656	5,933,966	-	5,933,966
Private grants	229,621	55,000	284,621	208,642	55,000	263,642
Contributions						
Individual	679,713	-	679,713	539,082	-	539,082
Corporate	157,107	-	157,107	101,444	-	101,444
Foundation	139,409	-	139,409	379,151	-	379,151
Donated services (Note 11)	237,200	-	237,200	496,357	-	496,357
Fundraising event income	203,913	-	203,913	35,700	-	35,700
Less: Direct cost of fundraising events	(93,937)	-	(93,937)	(4,438)	-	(4,438)
Investment (loss) income	(178,454)	-	(178,454)	200,703	-	200,703
Loan forgiveness (Note 8)	644,048	-	644,048	-	-	-
Other revenue	3,529	-	3,529	7,857	-	7,857
Net assets released from donor restrictions (Note 15)	43,925	(43,925)	-	105,769	(105,769)	-
<b>Total Revenues, Gains and Other Support</b>	<b>9,508,122</b>	<b>11,075</b>	<b>9,519,197</b>	<b>8,717,412</b>	<b>(50,769)</b>	<b>8,666,643</b>
<b>Expenses</b>						
Residential program services	1,653,435	-	1,653,435	1,491,745	-	1,491,745
Non-residential program services	3,266,547	-	3,266,547	2,703,759	-	2,703,759
Legal program services	2,142,116	-	2,142,116	2,400,548	-	2,400,548
Fundraising	588,366	-	588,366	516,884	-	516,884
Administration	1,492,144	-	1,492,144	1,264,597	-	1,264,597
<b>Total Expenses</b>	<b>9,142,608</b>	<b>-</b>	<b>9,142,608</b>	<b>8,377,533</b>	<b>-</b>	<b>8,377,533</b>
Changes in Net Assets	365,514	11,075	376,589	339,879	(50,769)	289,110
<b>Net Assets</b>						
Beginning of Year	3,169,285	52,356	3,221,641	2,829,406	103,125	2,932,531
End of Year	<u>\$ 3,534,799</u>	<u>\$ 63,431</u>	<u>\$ 3,598,230</u>	<u>\$ 3,169,285</u>	<u>\$ 52,356</u>	<u>\$ 3,221,641</u>

See notes to financial statements.

**MY SISTERS' PLACE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	<b>Residential Program Services</b>	<b>Non-Residential Program Services</b>	<b>Legal Program Services</b>	<b>Fundraising</b>	<b>Administration</b>	<b>Total</b>
Salaries and wages	\$ 921,944	\$ 1,929,992	\$ 1,195,641	\$ 368,977	\$ 781,945	\$ 5,198,499
Employee benefits and payroll taxes	214,838	478,708	307,851	67,420	331,866	1,400,683
Consultants and temporary help	749	77,905	8,031	47,006	126,816	260,507
Staff training and recruitment	5,134	18,729	469	3,329	12,406	40,067
	<u>1,142,665</u>	<u>2,505,334</u>	<u>1,511,992</u>	<u>486,732</u>	<u>1,253,033</u>	<u>6,899,756</u>
Office rent, utilities and parking	41,756	139,314	130,948	39,848	146	352,012
Audit and legal fees	6,200	19,200	250,400	1,200	57,615	334,615
Subcontractor expense	-	121,853	-	-	-	121,853
Client assistance	130,109	332,030	139,115	860	-	602,114
Telephone and technology	50,565	75,786	46,881	20,359	77,739	271,330
Shelter maintenance and utilities	89,036	-	-	-	12,884	101,920
Staff travel and meetings	1,973	18,921	4,341	551	2,176	27,962
Repairs and maintenance	57,170	13,649	2,243	-	7,697	80,759
Equipment rental	12,268	368	17,166	9,085	3,572	42,459
Insurance	18,303	17,223	20,130	5,848	7,236	68,740
Office supplies and postage	6,319	9,678	11,671	2,866	12,764	43,298
Printing	-	766	268	10,481	-	11,515
Memberships and subscriptions	2,881	8,297	6,961	927	5,201	24,267
External affairs and public relations	-	95	-	1,808	-	1,903
Credit card and bank fees	-	-	-	7,767	648	8,415
Interest expense	-	-	-	-	3,233	3,233
Direct cost of special events	-	-	-	93,937	-	93,937
Depreciation	94,190	4,033	-	-	47,650	145,873
Miscellaneous expense	-	-	-	34	550	584
Total Expenses	<u>1,653,435</u>	<u>3,266,547</u>	<u>2,142,116</u>	<u>682,303</u>	<u>1,492,144</u>	<u>9,236,545</u>
Less: Expenses deducted directly from revenues:						
Direct cost of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,937)</u>	<u>-</u>	<u>(93,937)</u>
Total expenses reported by function on the statement of activities	<u>\$ 1,653,435</u>	<u>\$ 3,266,547</u>	<u>\$ 2,142,116</u>	<u>\$ 588,366</u>	<u>\$ 1,492,144</u>	<u>\$ 9,142,608</u>

See notes to financial statements.



**MY SISTERS' PLACE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

	<b>Residential Program Services</b>	<b>Non-Residential Program Services</b>	<b>Legal Program Services</b>	<b>Fundraising</b>	<b>Administration</b>	<b>Total</b>
Salaries and wages	\$ 837,410	\$ 1,614,986	\$ 1,168,997	\$ 356,251	\$ 647,050	\$ 4,624,694
Employee benefits and payroll taxes	215,560	419,593	294,412	63,830	306,588	1,299,983
Consultants and temporary help	4,735	46,166	4,120	4,846	54,669	114,536
Staff training and recruitment	5,558	22,902	4,212	-	65,079	97,751
	<u>1,063,263</u>	<u>2,103,647</u>	<u>1,471,741</u>	<u>424,927</u>	<u>1,073,386</u>	<u>6,136,964</u>
Office rent, utilities and parking	42,715	103,278	118,543	43,157	-	307,693
Audit and legal fees	7,752	22,025	511,132	1,226	1,226	543,361
Subcontractor expense	-	328,130	-	-	-	328,130
Client assistance	60,676	14,207	212,737	-	-	287,620
Telephone and technology	43,966	54,189	37,196	16,557	125,654	277,562
Shelter maintenance and utilities	96,602	-	-	-	264	96,866
Staff travel and meetings	722	9,986	2,230	350	2,697	15,985
Repairs and maintenance	39,861	13,370	5,068	251	3,683	62,233
Equipment rental	10,838	12,801	7,174	5,643	-	36,456
Insurance	17,973	17,025	18,556	5,687	5,002	64,243
Office supplies and postage	11,251	9,082	10,357	1,832	17,716	50,238
Printing	93	979	464	8,693	315	10,544
Memberships and subscriptions	1,820	10,005	5,350	915	4,214	22,304
External affairs and public relations	23	4,600	-	302	90	5,015
Credit card and bank fees	-	25	-	7,344	275	7,644
Direct cost of special events	-	-	-	4,438	-	4,438
Depreciation	94,190	410	-	-	30,075	124,675
Total Expenses	<u>1,491,745</u>	<u>2,703,759</u>	<u>2,400,548</u>	<u>521,322</u>	<u>1,264,597</u>	<u>8,381,971</u>
Less: Expenses deducted directly from revenues:						
Direct cost of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,438)</u>	<u>-</u>	<u>(4,438)</u>
Total expenses reported by function on the statement of activities	<u>\$ 1,491,745</u>	<u>\$ 2,703,759</u>	<u>\$ 2,400,548</u>	<u>\$ 516,884</u>	<u>\$ 1,264,597</u>	<u>\$ 8,377,533</u>

See notes to financial statements.

**MY SISTERS' PLACE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 376,589	\$ 289,110
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	145,873	124,675
Accretion of grant enforcement mortgage lien	(92,183)	(92,183)
Realized and unrealized loss of investments	202,203	179,813
Straight-line rent amortization	(86,500)	(84,774)
Recoveries for uncollectible receivables	-	(1,551)
Forgiveness of loan payable	(644,048)	-
(Increase) decrease in operating assets:		
Shelter per-diem billings receivable	(28,010)	(52,125)
Grants receivable	64,682	(956,029)
Prepaid expenses and deposits	7,362	2,857
(Decrease) increase in operating liabilities:		
Accounts payable and accrued liabilities	(170,537)	263,736
Accrued salary and related expenses	196,553	83,143
Deferred revenue	183,677	22,021
Net cash provided by (used in) operating activities	<u>155,661</u>	<u>(221,307)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(197,718)	(147,861)
Proceeds from sale of investments	455,256	863,048
Purchase of investments	(310,952)	(571,805)
Net cash (used in) provided by investing activities	<u>(53,414)</u>	<u>143,382</u>
<b>Cash Flows From Financing Activity</b>		
Payment of Payroll Protection Program loan	(179,952)	-
Net Changes in Cash and Cash Equivalents, and Restricted Cash	(77,705)	(77,925)
Cash and Cash Equivalents, and Restricted Cash, Beginning of Year	<u>825,345</u>	<u>903,270</u>
Cash and Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 747,640</u>	<u>\$ 825,345</u>
<b>Reconciliation of Cash and Cash Equivalents, and Restricted Cash</b>		
Cash and cash equivalents	\$ 668,174	\$ 745,887
Restricted cash	<u>79,466</u>	<u>79,458</u>
Total	<u>\$ 747,640</u>	<u>\$ 825,345</u>

See notes to financial statements.

**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**1. NATURE AND PURPOSE OF ORGANIZATION**

My Sisters' Place, Inc. (the "Organization") is a tax-exempt, not-for-profit corporation incorporated in New York State. The Organization's primary purposes are (1) to maintain a residential shelter for victims of domestic violence and human trafficking and their dependent children who seek emergency shelter; (2) to offer case management, counseling, legal services, and advocacy to victims of domestic violence and human trafficking; and (3) to provide community education and training related to domestic violence and human trafficking and its prevention.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with initial maturities when acquired of three months or less, except for cash held as restricted cash.

**Investments**

Investments are stated at fair value based on quoted market prices. Gains and losses on the sale of investments and investment income are recorded as operating activities and are recognized as increases and decreases in net assets without donor restrictions unless their use is restricted by donor stipulations.

**Fair Value of Financial Instruments**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies based on Level 1 - quoted prices in active markets, Level 2 - observable inputs other than quoted prices for similar assets or liabilities in active or non-active markets, and Level 3 - valuations based on unobservable inputs when little or no market data is available, is used. These valuations require significant judgment.

**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fair Value of Financial Instruments – Continued**

At June 30, 2022 and 2021, the cost basis of the Organization's financial instruments, including cash and cash equivalents, restricted cash, shelter per-diem billings receivable, grants receivable, accounts payable and accrued expenses, accrued salaries payable and related benefits, and deferred revenue, approximated fair value due to the short maturity of these instruments. Refer to Note 3 - Fair Value Measurements for assets measured at fair value.

**Revenues and Receivables**

Revenues and receivables from residential shelter services are recognized when earned. Fundraising event income is recognized as revenue on the date of the event, which is the date that the Organization expects to be entitled to consideration in exchange for attending the event.

Revenue from government grants is recognized as the Organization satisfies the conditions in the grant contract, typically by performing the contracted services and incurring costs eligible for reimbursement under the grant contracts. As the conditions are met, the Organization simultaneously releases the restrictions imposed by grant contracts and reflects the revenue as being without donor restrictions. Grant activities and related costs are subject to audit and acceptance by the granting agency, and adjustments to grant receivable could be required as a result of audit.

**Allowance for Doubtful Accounts**

The Organization determines whether an allowance for doubtful accounts should be provided for shelter per-diem billings receivable and grants receivable. Such estimates are based on management's assessment of the aged basis of its receivables and other sources, current economic conditions and historical information. Shelter per-diem billings receivable and grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. At June 30, 2022 and 2021, the Organization has recorded an allowance for doubtful accounts of \$18,401 for shelter per-diem billings receivable. The Organization has determined that there is no need for an allowance for doubtful accounts for grants receivable at June 30, 2022 and 2021.

**Contract Assets**

Contract assets are expenditures related to fulfilling activities under government grants that have not been billed at the end of the reporting period. Contract asset balances primarily consist of costs for personnel services and non-personnel direct expenditures for services delivered to clients. Contract assets at June 30, 2022 and 2021 were \$166,309 and \$0, respectively, and are included in grants receivable on the statements of financial position.

**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Property and Equipment**

Property and equipment is stated at cost. The Organization capitalizes all items in excess of \$1,000. When fixed asset items are sold or retired, the related costs and accumulated depreciation are removed from accounts and any gain or loss is included in revenue.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	Up to 40 years
Equipment	3 to 20 years

**Impairment of Long-Lived Assets**

Long-lived assets, such as fixed assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization records impairment losses on long-lived assets used in operations when undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No impairment charges were recognized as of June 30, 2022 and 2021.

**Contract Liabilities**

Contract liabilities represent revenue that has been deferred for conditional contributions received in advance of the Organization being entitled to them. At June 30, 2022 and 2021, contract liabilities totaled \$331,394 and \$147,717, respectively, and have been recorded as deferred revenue on the statements of financial position.

**Contributions**

Contributions are provided to the Organization with or without donor restrictions and may be conditional or unconditional. Revenues and net assets are separately reported based on the presence or absence of donor restrictions. The value recorded for contributions depends on the presence or absence of conditions. Conditional contributions (which depend on the Organization overcoming a donor-imposed condition or barrier) are not recognized until the gift becomes unconditional or the barrier is achieved. Unconditional contributions received at the date of the gift are recognized at fair value or estimated fair value. Unconditional pledges are recognized at (1) net realizable value if the contribution is expected to be received within one year, or (2) estimated fair value discounted to present value if the contribution is expected to be received after one year.

**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Contributions – Continued**

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same period the gift is received are recorded as revenue without donor restrictions.

**Net Assets**

Net assets without donor restrictions are those funds having no restriction as to use or purpose imposed by donors. Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific time period or purpose.

**Functional Expenses**

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and functions benefited. Certain costs, such as subcontractor expense and shelter maintenance and utilities costs, are charged to program services on a direct basis.

**Donated Services**

Contributions of donated services are recorded at their fair values in the period received. Contributions of services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

**Adoption of ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets**

Effective July 1, 2021, the Organization adopted the provisions of Accounting Standards Update (“ASU”) No. 2020-07. The ASU increases transparency and provides financial clarity with the reporting of noncash contributions, known as gifts-in-kind. The guidance in this ASU provides for new presentation and disclosure requirements regarding contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. It requires not-for-profit entities to present contributed nonfinancial assets separately in the statement of activities apart from contributions of cash or other financial assets.

**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Adoption of ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets – Continued**

The adoption of this ASU resulted in changes in the disclosures in the notes to the financial statements.

**Operating Leases**

Operating lease expense has been recorded on the straight-line basis over the term of the lease. Deferred rent is recorded for the difference between the fixed payment and rent expense, when material.

**Publicity Costs**

Publicity costs are expenses as incurred.

**Accounting for Uncertainty in Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by applicable taxing jurisdictions for periods prior to June 30, 2019.

**3. FAIR VALUE MEASUREMENTS**

The Organization measures its investments at fair value. Fair value is an exit price, representing the amount that would be received on the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants. As a basis for considering such assumptions, a three-tier fair value hierarchy is used which prioritizes the inputs in the valuation methodologies in measuring fair value.

**Fair Value Hierarchy**

The methodology for measuring fair value specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs) or reflect the organization's own assumptions of market participant valuation (unobservable inputs).

**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**3. FAIR VALUE MEASUREMENTS – CONTINUED**

**Items Measured at Fair Value on a Recurring Basis – Continued**

Investments are stated at fair value using Level 1 inputs based on quoted market prices of identical securities. The following table presents the Organization's assets that are measured at fair value on a recurring basis at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
	<u>Level 1</u>	<u>Level 1</u>
Mutual funds		
Short term bonds	\$ -	\$ 12,118
US Treasury securities	598,137	554,073
Exchange traded funds		
Fixed income	529,252	810,558
Equities	602,937	700,084
Total assets measured at fair value	<u>\$ 1,730,326</u>	<u>\$ 2,076,833</u>

**4. GRANTS RECEIVABLE**

As of June 30, 2022 and 2021, grants receivable consists of the following:

	<u>2022</u>	<u>2021</u>
New York State		
Office of Victim Services	\$ 525,055	\$ 965,720
Office of Children & Family Services	55,844	113,723
Anti-trafficking Program	136,923	69,500
Division of Criminal Justice Services	45,722	45,722
Unified Courts System	133,240	-
Westchester County		
Office for Women	594,063	522,080
Department of Social Services	151,311	178,361
Youth Bureau	20,794	41,325
U.S. Department of Justice	189,670	187,602
Office of the Prevention of Domestic Violence	189,126	-
U.S. Department of Health And Human Services	110,957	65,786
City of Yonkers Municipal Housing Authority	10,000	67,371
Legal Services Hudson Valley	66,243	65,285
Community Capital New York, Inc.	45,000	-
Others	66,040	82,195
Total	<u>\$ 2,339,988</u>	<u>\$ 2,404,670</u>



**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**5. PROPERTY AND EQUIPMENT**

Property and equipment, net, consists of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 70,000	\$ 70,000
Buildings and improvements	1,682,666	1,568,073
Equipment	<u>1,217,163</u>	<u>1,134,038</u>
	2,969,829	2,772,111
Less: Accumulated depreciation	<u>1,386,965</u>	<u>1,241,092</u>
Total	<u>\$ 1,582,864</u>	<u>\$ 1,531,019</u>

At June 30, 2022 and 2021, depreciation expense related to property and equipment amounted to \$145,873 and \$124,675, respectively.

In 2013, The New York State Homeless Housing and Assistance Corporation (“HHAC”) provided funding of \$2,389,619, which has been recorded as a grant enforcement mortgage lien towards the cost of acquisition and development of a new residential shelter facility (“Residential Facility”). This Residential Facility is subject to a contractual provision requiring the Organization to operate it as a shelter until 2038. HHAC retains a reversionary interest in the property in the event the Organization does not abide by that provision. At June 30, 2022 and 2021, the Organization has a book value of \$1,234,716 and \$1,326,899, respectively, in land, building and equipment funded by HHAC.

It is the intention of management to operate this residential facility in conformance with the contractual provisions.

**6. GRANT ENFORCEMENT MORTGAGE LIEN**

Under the terms of the grant funding from HHAC for the Residential Facility (see Note 5), the Organization has no obligation to repay the funding used to purchase and renovate the facility. However, the grant enforcement terms of the contract with HHAC require that the Organization operate the facility as shelter for a period of 25 years. At June 30, 2022 and 2021, the liability for the grant enforcement mortgage lien was \$1,234,716 and \$1,326,899, respectively. The liability is being amortized to the extent of the recognized depreciation and other expenses related to the building and equipment funded by HHAC and is recorded in government grants and contracts revenue.

**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**6. GRANT ENFORCEMENT MORTGAGE LIEN – CONTINUED**

In addition to the lien, the Organization is required by HHAC to maintain reserve accounts for each shelter for capital, replacement, and/or operating purposes. At June 30, 2022 and 2021, the Organization had set aside \$79,466 and \$79,458, which was in excess of the requirement of \$74,586.

**7. GRANT COMMITMENTS**

The Organization receives grants from various government funders and recognizes revenue when expenses incurred that are associated with these grants are billed to these funders by filing periodic claims. The total amount claimed in each of these grants is not to exceed the limit specified in the grant agreement. As of June 30, 2022 and 2021, the total grant amount from outstanding government grant contracts is \$9,017,605 and \$11,650,268, the cumulative amount claimed is \$3,850,531 and \$4,181,549, and the remaining funding available is \$5,167,074 and \$7,468,719, respectively. The majority of these contracts are for annual periods and are expected to renew at the expiration date.

**8. PAYROLL PROTECTION PLAN LOAN PAYABLE**

In April 2020, the Organization entered into a \$824,000 loan agreement with a financial institution under the Paycheck Protection Program (the “Program”), established by the federal government and is administered by the Small Business Administration (“SBA”). The Organization primarily utilized the Program loan for payroll costs and anticipated that a large portion of the loan will be forgiven. In November 2020, equal monthly installments of principal and interest were scheduled to commence, which were to include interest payable at the rate of 1% per annum. However, under SBA guidance, the Organization can delay its submission for loan forgiveness until September 2021. The loan matured in April 2022.

On July 23, 2021, the PPP loan principal amounting to \$644,048 was forgiven. The remaining balance of the principal and interest amounting to \$179,952 and \$3,233, respectively, was fully paid on June 13, 2022.

**9. LINE OF CREDIT**

In February 2020, the Organization obtained an unsecured line of credit in the amount of \$450,000, which expired on January 31, 2021. The line was renewed and expired on February 2022, but it has since been renewed annually and set to expire in January 31, 2023. The line bears interest at prime plus 1%, which was 5.00% at June 30, 2022. The Organization did not utilize the line of credit during the years ended June 30, 2022 and 2021.

**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**10. RESIDENTIAL SHELTER SERVICE**

Revenue from residential shelter services is recorded at the effective rate established by the New York State Office of Children and Family Services. Such services are provided at this rate primarily under a contract with the Westchester County Department of Social Services covering qualified residents. Provisions or recoveries of uncollectible receivables have been presented as part of residential shelter service revenue.

**11. DONATED SERVICES**

During fiscal years 2022 and 2021, the Organization received donated services for legal consultation amounting to \$237,200 and \$496,357, respectively.

All donated services were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services.

Donated legal services are valued at the standard hourly rates charged for those services.

Contributed services that do not meet the criteria for recognition, as applicable, were not reflected in the financial statements in accordance with U.S. GAAP.

**12. LEASE COMMITMENTS AND DEFERRED RENT LIABILITY**

The Organization has entered into leases for office space located in White Plains, NY and Yonkers, NY, which expire in 2029 and 2022, respectively. The Yonkers, NY lease was extended for another three years. The Organization also has a lease for copier equipment that expires in 2027.

During the year ended June 30, 2018, the Organization concurrently entered into a surrender agreement on its existing White Plains office lease and entered into a new lease for a different White Plains office space. As part of the surrender agreement, the Organization received incentive payments from the landlord which are included as part of the deferred rent liability in the statements of financial position and are being amortized as a reduction of rent expense over the life of the new lease.

Minimum lease payment commitments are payable as follows for the years ending June 30:

	<u>White Plains</u>	<u>Yonkers</u>	<u>Equipment</u>	<u>Total</u>
2023	\$ 195,884	\$ 116,185	\$ 7,980	\$ 320,049
2024	196,983	118,509	7,980	323,472
2025	199,337	100,397	7,980	307,714
2026	201,221	-	7,980	209,201
2027	203,104	-	5,985	209,089
Thereafter	376,072	-	-	376,072
	<u>\$ 1,372,601</u>	<u>\$ 335,091</u>	<u>\$ 37,905</u>	<u>\$ 1,745,597</u>

**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**12. LEASE COMMITMENTS AND DEFERRED RENT LIABILITY – CONTINUED**

For the years ended June 30, 2022 and 2021, rental expenses, inclusive of utilities, parking, and deferred rent amortization, amounted to \$352,012 and \$307,693, respectively. Leases are subject to normal escalation provisions based on building expenses and taxes.

**13. PENSION PLAN**

The Organization maintains a 403(b) retirement plan that covers all employees. Employees may contribute up to the maximum amount permitted by the Internal Revenue Code. During fiscal year 2022, the Board approved an employee match beginning March 2022. MSP will match up to 2% per employee, maxing at 4% of the employee's total salary. Prior to March 2022, the Organization may make employer matching contributions at its discretion. During fiscal year 2021, the Board decided to make a non-discretionary match on pension contributions. Employer contributions were \$28,835 and \$121,000, respectively, for the years ended June 30, 2022 and 2021.

**14. CONTINGENCIES**

**COVID-19**

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the generation of contributions, attendance at special events, government grants, and collections of receivables. Other financial impact could occur, though such potential impact is unknown at this time.

**Program Audits**

Government grants are subject to audit by the grantor and other oversight agencies. Management is of the opinion that any potential disallowances that may result from an audit will not be material and has not set aside a reserve for this. Any future disallowances will be recorded when they become known and the amount is probable that it will be paid.

**Claims**

In the normal course of business, the Organization may become a party to various claims related to operating programs and general employment matters. There are no amounts accrued for potential claims or losses because there are no claims that are considered probable of requiring payment. Any future claims will be recorded if such claims are considered to be probable.

**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**15. NET ASSETS**

Net assets with donor restrictions are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Client assistance	\$ 6,691	\$ 7,374
Aftercare counseling	41,252	16,252
Education and prevention	<u>15,488</u>	<u>28,730</u>
	<u>\$ 63,431</u>	<u>\$ 52,356</u>

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the following:

	<u>2022</u>	<u>2021</u>
Client assistance	\$ 684	\$ -
Human trafficking	-	75,000
Aftercare counseling	-	18,052
Education and prevention	<u>43,241</u>	<u>12,717</u>
	<u>\$ 43,925</u>	<u>\$ 105,769</u>

Included in net assets without donor restrictions as of June 30, 2022 and 2021 is \$1,327,624 and \$1,542,874, respectively, that has been designated by the Organization's Board of Directors as an operating reserve.

**16. CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances in several financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. From time to time, the Organization's balances may exceed these limits.

**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**17. LIQUIDITY**

The following reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 668,174	\$ 745,887
Investments	1,730,326	2,076,833
Shelter per-diem billings receivable, net	196,141	168,131
Grants receivable	<u>2,339,988</u>	<u>2,404,670</u>
Total financial assets	4,934,629	5,395,521
Less:		
Board designated operating reserve	1,327,624	1,542,874
Net assets with donor restrictions	<u>63,431</u>	<u>52,356</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,543,574</u>	<u>\$ 3,800,291</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, and investments.

The Organization's board-designated operating reserve is designated for specified purpose but may be utilized for other purposes, as determined by the Board of Directors. It is not the intent of the Board of Directors to utilize the operating reserve for anything other than its intended purpose.

To help manage unanticipated liquidity needs, the Organization has committed lines of credit in the amount of \$450,000 which it could draw upon.

**18. SUBSEQUENT EVENTS**

The Organization has evaluated all events or transactions that occurred after June 30, 2022 through January 10, 2023 which is the date that these financial statements were available to be issued.

**MY SISTERS' PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**19. FUTURE CHANGES IN ACCOUNTING PRINCIPLES**

**ASU No. 2016-02**

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board (IASB) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards (IFRS). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB Accounting Standards Codification (“ASC”) Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the statement of financial position for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For the Organization, the ASU will be effective for the fiscal year ending June 30, 2023.

The Organization has not yet determined if the ASU will have a material effect on its financial statements.

**MY SISTERS' PLACE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>				
Pass-through New York State Department of Health				
Child and Adult Care Food Program	10.558	5484	\$ -	\$ 10,781
Total U.S. Department of Agriculture			-	10,781
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Pass-through Yonkers Community Development Agency				
Emergency Solutions Grant Program	14.231	ESG-2020	-	30,954
Emergency Solutions Grant Program	14.231	ESGCV1	-	7,629
Total Emergency Solutions Grant Program			-	38,583
Pass-through Caring for the Homeless of Peekskill				
Continuum of Care Program	14.267	NY1237D2T042002	-	54,650
Total U.S. Department of Housing and Urban Development			-	93,233
<b><u>U.S. Department of Justice</u></b>				
Office for Victims of Crime				
Services for Trafficking Victims	16.320		-	295,943
Office on Violence Against Women				
Legal Assistance for Victims	16.524		-	169,104
Education, Training, and Enhanced Services to				
End Violence Against and Abuse of Women with Disabilities	16.529		-	144,059
Pass-through New York State Office of Victim Services				
Crime Victim Assistance	16.575	OVS01-C11001GG-1080200	-	1,502,113
Crime Victim Assistance	16.575	T012559	-	57,030
Crime Victim Assistance	16.575	OVS01-C10818GG-1080200	-	425,795
Crime Victim Assistance	16.575	OVS01-C10720GG-1080200	-	160,377
Crime Victim Assistance	16.575	C00085GG	-	51,107
Total Crime Victim Assistance			-	2,196,422
Total U.S. Department of Justice			-	2,805,528
<b><u>U.S. Department of Health and Human Services</u></b>				
Pass-through New York State Office of Victim Services				
Temporary Assistance for Needy Families	93.558	T00143GG	-	187,723
Administration for Children and Families				
Family Violence Prevention and Services/Discretionary	93.592		-	354,616
COVID-19 Family Violence Prevention and				
Services/Discretionary	93.592		-	42,211
Total Family Violence Prevention and Services/Discretionary			-	396,827
Pass-through Westchester County Department of Social Services				
Social Services Block Grant	93.667	DSS6047-21	-	62,268
Social Services Block Grant	93.667	DSS6028-22	-	63,084
Pass-through Westchester County Office for Women				
Social Services Block Grant	93.667	OFWMSPA322	-	60,331
Social Services Block Grant	93.667	OFWMSPC121	-	93,648
Social Services Block Grant	93.667	OFWMSPD121	-	37,733
Pass-through Legal Services of Hudson Valley				
Social Services Block Grant	93.667	OFWLSHVA322	-	53,934
Total Social Services Block Grant			-	370,998



MY SISTERS' PLACE, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS- CONTINUED

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b><u>U.S. Department of Health and Human Services – Continued</u></b>				
Pass-through New York State Office of Children and Family Services				
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	CO28807	\$ -	\$ 125,417
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	C029170	-	82,737
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	DV48	-	61,704
Total Family Violence Prevention Services/Domestic Violence Shelter and Supportive Services			-	269,858
Total U.S. Department of Health and Human Services			-	1,225,406
Total Expenditures of Federal Awards			\$ -	\$ 4,134,948

See notes to schedule of expenditures of federal awards.

**MY SISTERS' PLACE, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of My Sisters' Place, Inc. (the "Organization") for the year ended June 30, 2022. The information on this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Passthrough entity identifying numbers are presented where available.

**3. INDIRECT COST RATE**

The Organization elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**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**

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
My Sisters' Place, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of My Sisters' Place, Inc. (the "Organization"), which comprise the Organization's statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 10, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**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* – CONTINUED**

**Report Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization’s 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 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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Watson Rice LLP*

New York, New York  
January 10, 2023

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Board Directors  
My Sisters' Place, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited My Sisters' Place, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE – CONTINUED

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE – CONTINUED**

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Watson Rice LLP*

New York, New York  
January 10, 2023

**MY SISTERS' PLACE, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2022**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

          yes        ✓  no

Significant deficiency(ies) identified?

          yes        ✓  none reported

Noncompliance material to financial statements noted?

          yes        ✓  no

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

          yes        ✓  no

Significant deficiency(ies) identified?

          yes        ✓  none reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

          yes        ✓  no

Identification of Major Federal Program:

Assistance Listing Number

Name of Federal Program or Cluster

16.575

Crime Victim Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

  ✓  yes                no



**MY SISTERS' PLACE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.