

My Sisters' Place, Inc.

Financial Statements

June 30, 2013 and 2012

Independent Auditors' Report

Board of Directors of My Sisters' Place, Inc.

We have audited the accompanying financial statements of My Sisters' Place, Inc. which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of My Sisters' Place, Inc. as of June 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.

Other matter

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

O'Connor Davies, LLP

Harrison, New York
September 17, 2013

My Sisters' Place, Inc.

Statements of Financial Position

	June 30,	
	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,101,877	\$ 925,840
Shelter per-diem billings receivable, net	242,172	215,377
Grants and accounts receivable	681,913	749,826
Prepaid expenses and deposits	81,424	74,391
Total Current Assets	2,107,386	1,965,434
Fixed Assets		
Land	36,000	36,000
Buildings and improvements	1,376,784	1,376,784
Construction in progress	25,500	25,500
Equipment	218,538	189,476
Less accumulated depreciation	(905,122)	(841,186)
Total Fixed Assets	751,700	786,574
	\$ 2,859,086	\$ 2,752,008
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 256,888	\$ 287,618
Accrued salary and related expenses	288,834	246,434
Deferred income	261,502	371,072
Total Current Liabilities	807,224	905,124
Grant enforcement mortgage lien	25,000	-
Total Liabilities	832,224	905,124
Net Assets		
Unrestricted	1,961,769	1,780,797
Temporarily restricted	65,093	66,087
Total Net Assets	2,026,862	1,846,884
	\$ 2,859,086	\$ 2,752,008

See notes to financial statements

My Sisters' Place, Inc.

Statements of Activities

	Year Ended June 30, 2013			Year Ended June 30, 2012		
	Unrestricted	Temporarily	Total	Unrestricted	Temporarily	Total
	Net Assets	Restricted Net Assets		Net Assets	Restricted Net Assets	
REVENUES AND SUPPORT						
Residential shelter service, net	\$ 1,134,802	\$ -	\$ 1,134,802	\$ 1,206,873	\$ -	\$ 1,206,873
Governmental grants and contracts	2,665,303	-	2,665,303	2,508,655	-	2,508,655
Other grants	755,551	-	755,551	448,423	-	448,423
Contributions						
Individual	409,966	-	409,966	566,109	-	566,109
Corporate	196,337	-	196,337	63,896	-	63,896
Foundation and other	209,950	-	209,950	86,019	-	86,019
Donated services	284,100	-	284,100	135,200	-	135,200
Fundraising event income	597,827	-	597,827	639,644	-	639,644
Interest income	4,778	-	4,778	6,844	-	6,844
Other income	1,295	-	1,295	3,424	-	3,424
Net assets released from restriction						
Satisfaction of program restrictions	994	(994)	-	2,026	(2,026)	-
Total Revenues and Support	<u>6,260,903</u>	<u>(994)</u>	<u>6,259,909</u>	<u>5,667,113</u>	<u>(2,026)</u>	<u>5,665,087</u>
EXPENSES						
Residential program services	1,442,638	-	1,442,638	1,342,733	-	1,342,733
Non-residential program services	2,310,857	-	2,310,857	2,046,175	-	2,046,175
Legal services	1,383,448	-	1,383,448	1,275,616	-	1,275,616
Fundraising						
Fundraising event expenses (direct)	88,218	-	88,218	106,444	-	106,444
Other fundraising expenses	413,038	-	413,038	388,755	-	388,755
Administration	441,732	-	441,732	498,594	-	498,594
Total Expenses	<u>6,079,931</u>	<u>-</u>	<u>6,079,931</u>	<u>5,658,317</u>	<u>-</u>	<u>5,658,317</u>
Change in net assets	180,972	(994)	179,978	8,796	(2,026)	6,770
NET ASSETS						
Beginning of year	<u>1,780,797</u>	<u>66,087</u>	<u>1,846,884</u>	<u>1,772,001</u>	<u>68,113</u>	<u>1,840,114</u>
End of year	<u>\$ 1,961,769</u>	<u>\$ 65,093</u>	<u>\$ 2,026,862</u>	<u>\$ 1,780,797</u>	<u>\$ 66,087</u>	<u>\$ 1,846,884</u>

See notes to financial statements

My Sisters' Place, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in total net assets	\$ 179,978	\$ 6,770
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	70,121	74,202
Provision for uncollectible receivables	(9,300)	5,400
Loss on fixed assets retirement	119	1,363
Straight-line rent amortization	(11,247)	94,596
Changes in operating assets and liabilities		
Shelter per-diem billings receivable	(17,495)	(28,518)
Grants and accounts receivable	67,913	(22,687)
Prepaid expenses and deposits	(7,033)	5,755
Accounts payable and accrued liabilities	(19,483)	129,018
Accrued salary and related expenses	42,400	12,950
Deferred revenue	<u>(109,570)</u>	<u>168,143</u>
Net Cash from Operating Activities	<u>186,403</u>	<u>446,992</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed asset purchases	<u>(35,366)</u>	<u>(66,097)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Grant enforcement mortgage lien	<u>25,000</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	176,037	380,895
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>925,840</u>	<u>544,945</u>
End of year	<u>\$ 1,101,877</u>	<u>\$ 925,840</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ -	\$ -

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2013 and 2012

1. Organization

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

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US 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.

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 amount of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Shelter Per-Diem Billings Receivable and Grants and Accounts Receivable

The Organization evaluates the collectability of its grants and shelter per-diem billings receivable based on a combination of factors. The Organization establishes a reserve for uncollectible receivables on a case by case basis depending on management's assessment of the likelihood of collection, current economic conditions and historical information. If circumstances change, the Organization's estimates of recoverability of amounts due could be revised by a material amount. The allowance for doubtful accounts on shelter per-diem billings receivable was \$21,100 and \$25,400 at June 30, 2013 and 2012. There was no allowance for doubtful accounts needed for grants and accounts receivable at June 30, 2013 and 2012.

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2013 and 2012

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Land, property and equipment are stated at cost, less accumulated depreciation. The Organization capitalizes all assets with a cost of \$500 or more and a useful life of more than one year.

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

Buildings and Improvements	up to 40 years
Equipment	3-10 years

Deferred Income

Non-governmental grants and contracts that pertain to the time periods subsequent to June 30, 2013 and 2012 are deferred until the next fiscal year.

Government Grants and Contracts

Federal, state and other grant awards received for specific purposes are recognized as support and revenue to the extent related expenses are incurred in compliance with the specific grant terms.

Contributions and Net Assets

All contributions are considered available for unrestricted use, unless specifically restricted by the donor. Unrestricted net assets are those funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted. Otherwise, when a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets are subject to donor imposed restrictions that stipulate that they are required to be maintained permanently by the Organization but permit the Organization to expend part or all of the income derived therefrom.

Donated Services

Contributions of donated non-monetary assets 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.

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2013 and 2012

2. Summary of Significant Accounting Policies (*continued*)

Interest Income Recognition

Interest income consists mainly of earnings on money market accounts and certificates of deposits.

Allocation of 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 supporting services benefited. Such allocations are determined by management.

Publicity Costs

Publicity costs are expensed as incurred. Publicity costs amounted to \$8,949 and \$11,931 during the years ended June 30, 2013 and 2012.

Operating Leases

Operating leases are classified in accordance with the terms of the underlying agreements. Operating lease payments are charged to rental expense. Rent expense is recorded on a straight-line basis. Deferred rent is recorded when there are material differences between the lease payments and the straight-line rent expense.

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 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, 2010.

Subsequent Events

The Organization evaluated subsequent events for disclosure and/or recognition in the financial statements through the date the financial statements were available to be issued, which date is September 17, 2013.

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2013 and 2012

3. Fixed Assets - Shelter Properties

The New York State Homeless Housing and Assistance Corporation ("HHAC") provided \$732,283 towards the cost of acquisition and rehabilitation of one of the Organization's shelters in 1998. That property is subject to a contractual provision requiring the Organization to operate it as a shelter until March 31, 2018. HHAC retains a reversionary interest in the property in the event the Organization does not abide by that provision.

In 2011, the Organization entered into a contract for purchase of a new residential shelter facility for \$2,131,639. The Organization has also received a funding commitment from HHAC for the purchase price of the facility and certain transaction-related costs. At June 30, 2013 and 2012, \$25,500 had been capitalized as construction in progress.

4. Grant Enforcement Mortgage Lien

Under the terms of the grant funding from HHAC for the new residential shelter facility, the Organization has no liability to repay the funding to purchase 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.

5. Line of Credit

The organization has an unsecured line of credit in the amount of \$350,000, on which there was no outstanding balance as of June 30, 2013 and 2012. There were no drawdowns on the line of credit during 2013 or 2012.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Legal client assistance	\$ 14,265	\$ 15,259
Strategic planning	<u>50,828</u>	<u>50,828</u>
	<u>\$ 65,093</u>	<u>\$ 66,087</u>

7. Residential Shelter Service

Revenue from residential shelter services is recorded at the effective rate of \$104.87 per bednight established by the New York State Office of Children and Family Services as of June 30, 2013 and 2012. Such services are provided at this rate primarily under a contract with the Westchester County Department of Social Services covering qualified residents. Provisions for (recoveries of) uncollectible receivables are \$(9,300) and \$5,400 for the years ended June 30, 2013 and 2012, which have been presented with residential shelter service revenue.

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2013 and 2012

8. Donated Services

Donated services amounted to \$284,100 and \$135,200 for the years ended June 30, 2013 and 2012, which were for donated legal services. In addition, there were other contributed goods and services that did not meet the criteria for recognition. Therefore, they were not reflected in the financial statements in accordance with GAAP.

9. Lease Commitment

The Organization has entered into leases for office space located in White Plains, NY and Yonkers, NY, which expire in 2016 and 2017. For the years ended June 30, 2013 and 2012, rental expenses, inclusive of utilities and parking, amounted to \$352,435 and \$460,956. Leases are subject to normal escalation provisions based on building expenses and taxes.

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

	White Plains	Yonkers	Total
2014	206,261	110,344	316,605
2015	213,167	113,655	326,822
2016	213,795	117,064	330,859
2017	<u>17,816</u>	<u>99,980</u>	<u>117,796</u>
	<u>\$651,039</u>	<u>\$441,043</u>	<u>\$1,092,082</u>

10. 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. The Organization may make employer matching contributions at its discretion. No contributions were made for the years ended June 30, 2013 and 2012.

11. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and accounts receivable. The Organization places its cash with various financial institutions and limits the amount of credit exposure by any one financial institution. At times, the cash balance may be in excess of the FDIC insurance limit.

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2013 and 2012

12. Litigation

A former employee filed a lawsuit in December 2012 in the U.S. District Court for the Southern District of New York, alleging that she was retaliated against for certain actions. Although the Organization is still in the process of completing its investigation into the former employee's allegations, based on its investigation to date, the Organization believes that these allegations are without merit. Accordingly, no provision for liability related to this lawsuit has been reflected in these financial statements.

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My Sisters' Place, Inc.

Supplemental Information
June 30, 2013 and 2012

My Sisters' Place, Inc.

Schedule of Functional Expenses
 Year Ended June 30, 2013
 (with summarized totals for the year ended June 30, 2012)

	Residential Program Services	Non-Residential Program Services	Legal Services	Fundraising	Administration	2013 Total	2012 Total
Salaries and wages	\$ 883,139	\$ 1,253,006	\$ 745,971	\$ 260,028	\$ 289,525	\$ 3,431,669	\$ 3,288,272
Employee benefits, taxes and payroll fees	160,860	247,180	135,024	49,944	52,144	645,152	613,655
Consultant and temporary help	14,921	81,321	14,921	9,073	15,911	136,147	85,054
Staff recruiting and training	1,200	4,123	1,603	2,185	6,304	15,415	23,740
	<u>1,060,120</u>	<u>1,585,630</u>	<u>897,519</u>	<u>321,230</u>	<u>363,884</u>	<u>4,228,383</u>	<u>4,010,721</u>
Office rent, utilities and parking	32,519	138,366	101,294	33,105	47,151	352,435	460,956
Client assistance	84,669	154,617	2,560	-	-	241,846	239,870
Subcontractors	-	232,721	-	-	-	232,721	114,675
Audit and legal	17,538	16,105	289,140	568	749	324,100	155,200
Telephone and technology	33,958	31,696	17,287	10,766	10,940	104,647	122,156
Shelter maintenance and utilities	101,381	223	1,417	-	-	103,021	94,529
Staff travel and meetings	3,247	57,844	15,429	7,396	5,313	89,229	59,128
Fundraising event expenses	-	-	-	88,218	-	88,218	106,444
Insurance	30,357	15,332	13,078	350	372	59,489	57,228
Equipment	14,105	16,303	8,064	5,829	2,883	47,184	40,125
Office supplies and postage	3,842	14,203	14,725	8,203	4,751	45,724	36,872
Repairs and maintenance	22,165	10,967	3,486	244	1,034	37,896	38,141
Printing	203	10,996	165	11,513	331	23,208	10,660
Memberships and subscriptions	34	2,273	7,438	2,977	1,423	14,145	13,728
Publicity	2,983	2,983	2,983	-	-	8,949	11,931
Credit card and bank fees	374	575	243	7,101	98	8,391	9,970
Miscellaneous	170	-	46	6	2	224	1,781
Depreciation	34,973	20,023	8,574	3,750	2,801	70,121	74,202
	<u>\$ 1,442,638</u>	<u>\$ 2,310,857</u>	<u>\$ 1,383,448</u>	<u>\$ 501,256</u>	<u>\$ 441,732</u>	<u>\$ 6,079,931</u>	<u>\$ 5,658,317</u>

See independent auditors' report