

My Sisters' Place, Inc.

Financial Statements

June 30, 2014 and 2013

Independent Auditors' Report

Board of Directors 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, 2014 and 2013, 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, 2014 and 2013, 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
October 8, 2014

My Sisters' Place, Inc.

Statements of Financial Position

	June 30,	
	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 857,470	\$ 1,101,877
Shelter per-diem billings receivable, net	238,405	242,172
Grants and accounts receivable	573,114	681,913
Prepaid expenses and deposits	79,008	81,424
Assets held for sale	43,331	-
Total Current Assets	1,791,328	2,107,386
Fixed Assets		
Land	102,500	36,000
Buildings and improvements	2,380,316	1,376,784
Construction in progress	-	25,500
Equipment	1,053,208	218,538
Less accumulated depreciation	(774,140)	(905,122)
Total Fixed Assets	2,761,884	751,700
	\$ 4,553,212	\$ 2,859,086
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 211,077	\$ 256,888
Accrued salary and related expenses	242,600	288,834
Deferred revenue	185,630	261,502
Total Current Liabilities	639,307	807,224
Grant enforcement mortgage lien	2,124,218	25,000
Total Liabilities	2,763,525	832,224
Net Assets		
Unrestricted	1,726,009	1,961,769
Temporarily restricted	63,678	65,093
Total Net Assets	1,789,687	2,026,862
	\$ 4,553,212	\$ 2,859,086

See notes to financial statements

My Sisters' Place, Inc.

Statements of Activities

	Year Ended June 30, 2014			Year Ended June 30, 2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
	Net Assets	Net Assets		Net Assets	Net Assets	
REVENUES AND SUPPORT						
Residential shelter service, net	\$ 1,232,323	\$ -	\$ 1,232,323	\$ 1,134,802	\$ -	\$ 1,134,802
Governmental grants and contracts	2,723,837	-	2,723,837	2,665,303	-	2,665,303
Other grants	589,979	-	589,979	755,551	-	755,551
Contributions						
Individual	354,510	-	354,510	409,966	-	409,966
Corporate	162,397	-	162,397	196,337	-	196,337
Foundation and other	139,561	-	139,561	209,950	-	209,950
Donated services and goods	283,350	-	283,350	284,100	-	284,100
Fundraising event income	492,856	-	492,856	597,827	-	597,827
Interest income	4,713	-	4,713	4,778	-	4,778
Other income	7,907	-	7,907	1,295	-	1,295
Net assets released from restriction						
Satisfaction of program restrictions	1,415	(1,415)	-	994	(994)	-
Total Revenues and Support	<u>5,992,848</u>	<u>(1,415)</u>	<u>5,991,433</u>	<u>6,260,903</u>	<u>(994)</u>	<u>6,259,909</u>
EXPENSES						
Residential program services	1,787,963	-	1,787,963	1,442,638	-	1,442,638
Non-residential program services	2,150,906	-	2,150,906	2,310,857	-	2,310,857
Legal services	1,269,070	-	1,269,070	1,383,448	-	1,383,448
Fundraising						
Fundraising event expenses (direct)	90,531	-	90,531	88,218	-	88,218
Other fundraising expenses	407,857	-	407,857	413,038	-	413,038
Administration	522,281	-	522,281	441,732	-	441,732
Total Expenses	<u>6,228,608</u>	<u>-</u>	<u>6,228,608</u>	<u>6,079,931</u>	<u>-</u>	<u>6,079,931</u>
Change in net assets	(235,760)	(1,415)	(237,175)	180,972	(994)	179,978
NET ASSETS						
Beginning 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>
End of year	<u>\$ 1,726,009</u>	<u>\$ 63,678</u>	<u>\$ 1,789,687</u>	<u>\$ 1,961,769</u>	<u>\$ 65,093</u>	<u>\$ 2,026,862</u>

See notes to financial statements

My Sisters' Place, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in total net assets	\$ (237,175)	\$ 179,978
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	230,034	70,121
Amortization of grant enforcement mortgage lien	(265,401)	-
Recovery of uncollectible receivables	(1,000)	(9,300)
Loss on fixed assets retirement	4,615	119
Straight-line rent amortization	(15,089)	(11,247)
Changes in operating assets and liabilities		
Shelter per-diem billings receivable	4,767	(17,495)
Grants and accounts receivable	108,799	67,913
Prepaid expenses and deposits	2,416	(7,033)
Accounts payable and accrued liabilities	(30,722)	(19,483)
Accrued salary and related expenses	(46,234)	42,400
Deferred revenue	<u>(75,872)</u>	<u>(109,570)</u>
Net Cash from Operating Activities	<u>(320,862)</u>	<u>186,403</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets		
Building and land	(1,397,949)	-
Equipment	<u>(890,215)</u>	<u>(35,366)</u>
Net Cash from Investing Activities	<u>(2,288,164)</u>	<u>(35,366)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Grant enforcement mortgage lien	<u>2,364,619</u>	<u>25,000</u>
Net Change in Cash and Cash Equivalents	(244,407)	176,037
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,101,877</u>	<u>925,840</u>
End of year	<u>\$ 857,470</u>	<u>\$ 1,101,877</u>

See notes to financial statements

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2014 and 2013

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 and Use of Estimates

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

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 \$20,100 and \$21,100 at June 30, 2014 and 2013. There was no allowance for doubtful accounts needed for grants and accounts receivable at June 30, 2014 and 2013.

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	3-20 years

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment, 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 the 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, 2014 and 2013.

Assets Held for Sale

Assets are classified as held for sale if their value, within one year, will be recovered through a sale and not through continued use in the operations. Following reclassification, the assets are no longer depreciated/amortized.

Deferred Revenue

Non-governmental grants and contracts that pertain to the time periods subsequent to June 30, 2014 and 2013 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.

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2014 and 2013

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

Donated Services and Goods

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.

Interest Income Recognition

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

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 \$14,337 and \$8,949 during the years ended June 30, 2014 and 2013.

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, 2011.

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2014 and 2013

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

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 October 8, 2014.

3. Fixed Assets

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 such shelter until March 31, 2018. HHAC retains a reversionary interest in the property in the event the Organization does not abide by that provision.

During the fiscal years ended June 30, 2014 and June 30, 2013, HHAC provided \$2,364,619 and \$25,000, for total funding of \$2,389,619, which has been recorded as a grant enforcement mortgage lien (Note 4), towards the cost of acquisition and development of a new residential shelter facility (the "New Residential Facility"). The New 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, 2014, the Organization has a carrying basis of \$2,124,218 in land, building and equipment funded by HHAC.

The New Residential Facility replaces a residential facility that the Organization plans to sell and has been classified as held for sale on the statements of financial position.

Assets with a cost basis of \$55,311 and accumulated depreciation of \$50,716 were disposed for the year ended June 30, 2014. The Organization recognized a loss of \$4,615 on the disposal in 2014.

4. Grant Enforcement Mortgage Lien

Under the terms of the grant funding from HHAC for the New Residential Facility (see Note 3), the Organization has no liability 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, 2014, the Organization has a carrying basis of \$2,124,218 in a liability for a grant enforcement mortgage lien. 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
June 30, 2014 and 2013

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, 2014 and 2013. There were no drawdowns on the line of credit during 2014 or 2013.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Legal client assistance	\$ 12,850	\$ 14,265
Strategic planning	<u>50,828</u>	<u>50,828</u>
	<u>\$ 63,678</u>	<u>\$ 65,093</u>

7. 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 as of June 30, 2014 and 2013. 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.

8. Donated Services and Goods

Donated legal services amounted to \$266,300 and \$284,100 for the years ended June 30, 2014 and 2013. Donated goods amounted to \$17,050 and \$0 for the years ended June 30, 2014 and 2013. 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 U.S. GAAP.

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2014 and 2013

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, respectively. For the years ended June 30, 2014 and 2013, rental expenses, inclusive of utilities and parking, amounted to \$364,906 and \$352,435. 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
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>\$ 444,778</u>	<u>\$ 330,699</u>	<u>\$ 775,477</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 employer contributions were made for the years ended June 30, 2014 and 2013.

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.

Supplemental Information
June 30, 2014 and 2013

My Sisters' Place, Inc.

Schedule of Functional Expenses
Year Ended June 30, 2014
(with summarized totals for the year ended June 30, 2013)

	Residential Program Services	Non-Residential Program Services	Legal Services	Fundraising	Administration	2014 Total	2013 Total
Salaries and wages	\$ 872,832	\$ 1,245,017	\$ 698,689	\$ 236,529	\$ 335,039	\$ 3,388,106	\$ 3,431,669
Employee benefits, taxes and payroll fees	173,460	251,905	140,697	48,673	68,429	683,164	645,152
Consultant and temporary help	10,946	14,896	9,996	12,800	17,827	66,465	136,147
Staff recruiting and training	1,932	4,373	2,736	638	8,777	18,456	15,415
	<u>1,059,170</u>	<u>1,516,191</u>	<u>852,118</u>	<u>298,640</u>	<u>430,072</u>	<u>4,156,191</u>	<u>4,228,383</u>
Office rent, utilities and parking	37,741	146,140	94,820	38,809	47,396	364,906	352,435
Subcontractors	-	239,975	-	-	-	239,975	232,721
Audit and legal	67,306	14,481	213,740	1,355	1,918	298,800	324,100
Client assistance	81,476	73,730	8,275	-	-	163,481	241,846
Shelter maintenance and utilities	193,129	187	54	-	145	193,515	103,021
Telephone and technology	33,782	37,719	18,371	14,090	10,037	113,999	104,647
Fundraising event expenses	-	-	-	90,531	-	90,531	88,218
Staff travel and meetings	3,941	39,154	10,698	5,978	5,271	65,042	89,229
Insurance	43,388	8,997	12,891	2,497	1,908	69,681	59,489
Equipment	38,234	15,005	8,318	5,529	5,391	72,477	47,184
Office supplies and postage	4,270	9,730	16,800	7,554	7,766	46,120	45,724
Repairs and maintenance	30,716	17,040	5,903	493	3,734	57,886	37,896
Printing	3,467	-	4,070	16,013	907	24,457	23,208
Memberships and subscriptions	392	2,361	5,333	1,790	2,938	12,814	14,145
Publicity	4,669	4,669	4,669	330	-	14,337	8,949
Credit card and bank fees	376	557	235	8,483	95	9,746	8,391
Miscellaneous	4,616	-	-	-	-	4,616	224
Depreciation	181,290	24,970	12,775	6,296	4,703	230,034	70,121
	<u>\$ 1,787,963</u>	<u>\$ 2,150,906</u>	<u>\$ 1,269,070</u>	<u>\$ 498,388</u>	<u>\$ 522,281</u>	<u>\$ 6,228,608</u>	<u>\$ 6,079,931</u>

See independent auditors' report