

**My Sisters' Place, Inc.**

Financial Statements

June 30, 2015 and 2014

## 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, 2015 and 2014, 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, 2015 and 2014, 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 21, 2015

**My Sisters' Place, Inc.**

Statements of Financial Position

	June 30,	
	2015	2014
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,090,521	\$ 857,470
Shelter per-diem billings receivable, net	226,482	238,405
Grants and accounts receivable	878,381	573,114
Prepaid expenses and deposits	81,688	79,008
Assets held for sale	-	43,331
Total Current Assets	2,277,072	1,791,328
Fixed Assets		
Land	102,500	102,500
Buildings and improvements	2,380,316	2,380,316
Equipment	1,058,821	1,053,208
Less accumulated depreciation	(996,031)	(774,140)
Total Fixed Assets	2,545,606	2,761,884
	<b>\$ 4,822,678</b>	<b>\$ 4,553,212</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 220,484	\$ 211,077
Accrued salary and related expenses	277,028	242,600
Deferred revenue	356,773	185,630
Total Current Liabilities	854,285	639,307
Grant enforcement mortgage lien	1,978,547	2,124,218
Total Liabilities	2,832,832	2,763,525
Net Assets		
Unrestricted	1,932,001	1,726,009
Temporarily restricted	57,845	63,678
Total Net Assets	1,989,846	1,789,687
	<b>\$ 4,822,678</b>	<b>\$ 4,553,212</b>

See notes to financial statements

**My Sisters' Place, Inc.**

Statements of Activities

	Year Ended June 30, 2015			Year Ended June 30, 2014		
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
<b>REVENUES AND SUPPORT</b>						
Residential shelter service, net	\$ 1,250,217	\$ -	\$ 1,250,217	\$ 1,232,323	\$ -	\$ 1,232,323
Government grants and contracts	2,807,826	-	2,807,826	2,723,837	-	2,723,837
Other grants	448,083	-	448,083	589,979	-	589,979
Contributions						
Individual	676,921	-	676,921	475,765	-	475,765
Corporate	104,080	-	104,080	162,397	-	162,397
Foundation and other	288,871	-	288,871	139,561	-	139,561
Donated services and goods	248,000	-	248,000	283,350	-	283,350
Fundraising event income	177,468	-	177,468	371,601	-	371,601
Interest income	4,826	-	4,826	4,713	-	4,713
Other income	1,288	-	1,288	7,907	-	7,907
Net assets released from restriction						
Satisfaction of program restrictions	5,833	(5,833)	-	1,415	(1,415)	-
Total Revenues and Support	<u>6,013,412</u>	<u>(5,833)</u>	<u>6,007,579</u>	<u>5,992,848</u>	<u>(1,415)</u>	<u>5,991,433</u>
<b>EXPENSES</b>						
Residential program services	1,526,334	-	1,526,334	1,787,963	-	1,787,963
Non-residential program services	2,210,855	-	2,210,855	2,150,906	-	2,150,906
Legal services	1,117,161	-	1,117,161	1,269,070	-	1,269,070
Fundraising						
Fundraising event expenses (direct)	114,608	-	114,608	90,531	-	90,531
Other fundraising expenses	456,293	-	456,293	407,857	-	407,857
Administration	525,230	-	525,230	522,281	-	522,281
Total Expenses	<u>5,950,481</u>	<u>-</u>	<u>5,950,481</u>	<u>6,228,608</u>	<u>-</u>	<u>6,228,608</u>
Change in Net Assets Before Gain on Sale of Assets Held for Sale	62,931	(5,833)	57,098	(235,760)	(1,415)	(237,175)
Gain on sale of assets held for sale	<u>143,061</u>	<u>-</u>	<u>143,061</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	205,992	(5,833)	200,159	(235,760)	(1,415)	(237,175)
<b>NET ASSETS</b>						
Beginning 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>
End of year	<u>\$ 1,932,001</u>	<u>\$ 57,845</u>	<u>\$ 1,989,846</u>	<u>\$ 1,726,009</u>	<u>\$ 63,678</u>	<u>\$ 1,789,687</u>

See notes to financial statements

**My Sisters' Place, Inc.**

Statements of Cash Flows

	Year Ended June 30,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in total net assets	\$ 200,159	\$ (237,175)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	223,036	230,034
Amortization of grant enforcement mortgage lien	(145,671)	(265,401)
Provision for (recovery of) uncollectible receivables	3,500	(1,000)
Gain on sale of assets held for sale	(143,061)	-
Loss on fixed assets retirement	163	4,615
Straight-line rent amortization	(45,136)	(15,089)
Changes in operating assets and liabilities		
Shelter per-diem billings receivable	8,423	4,767
Grants and accounts receivable	(305,267)	108,799
Prepaid expenses and deposits	(2,680)	2,416
Accounts payable and accrued liabilities	54,543	(30,722)
Accrued salary and related expenses	34,428	(46,234)
Deferred revenue	171,143	(75,872)
Net Cash from Operating Activities	53,580	(320,862)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposition from sale of assets held for sale	186,392	-
Acquisition of fixed assets		
Building and land	-	(1,397,949)
Equipment	(6,921)	(890,215)
	179,471	(2,288,164)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Grant enforcement mortgage lien	-	2,364,619
Net Change in Cash and Cash Equivalents	233,051	(244,407)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	857,470	1,101,877
End of year	\$ 1,090,521	\$ 857,470
 <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	\$ -	\$ -

See notes to financial statements

## **My Sisters' Place, Inc.**

Notes to Financial Statements  
June 30, 2015 and 2014

### **1. 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 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, legal services, and advocacy 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 estimate of recoverability of amounts due could be revised by a material amount. The allowance for doubtful accounts on shelter per-diem billings receivable was \$23,600 and \$20,100 at June 30, 2015 and 2014. There was no allowance for doubtful accounts needed for grants and accounts receivable at June 30, 2015 and 2014.

#### ***Fixed Assets***

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, 2015 and 2014

### **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, 2015 and 2014.

#### ***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.

#### ***Deferred Revenue***

Non-governmental grants and contracts that pertain to the time periods subsequent to June 30, 2015 and 2014 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 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.



## **My Sisters' Place, Inc.**

Notes to Financial Statements  
June 30, 2015 and 2014

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

#### ***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 \$9,990 and \$14,337 during the years ended June 30, 2015 and 2014.

#### ***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, 2012.

#### ***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 21, 2015.

#### ***Reclassification***

Certain reclassifications have been made to the 2014 balances previously reported in order to conform to the 2015 presentation. There has been no effect on the June 30, 2014 net assets of the Organization as a result of these reclassifications.

## **My Sisters' Place, Inc.**

Notes to Financial Statements  
June 30, 2015 and 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.

HHAC provided 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, 2015 and 2014, the Organization has a carrying basis of \$1,978,547 and \$2,124,218, respectively, in land, building and equipment funded by HHAC.

The New Residential Facility replaces a residential facility that the Organization sold in January 2015 at a gain of \$143,061. This facility had been classified as held for sale on the June 30, 2014 statement of financial position.

Assets with a cost basis of \$1,308 and accumulated depreciation of \$1,145 were disposed of for the year ended June 30, 2015. Assets with a cost basis of \$55,311 and accumulated depreciation of \$50,796 were disposed for the year ended June 30, 2014. The Organization recognized losses of \$163 and \$4,615 on the disposal in 2015 and 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 a shelter for a period of 25 years. At June 30, 2015 and 2014, the Organization has a carrying basis of \$1,978,547 and \$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.

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, 2015, the Organization had set aside \$115,516, which was in excess of the requirement of \$98,141. At June 30, 2014, the required reserves of \$69,095 were funded.

**My Sisters' Place, Inc.**

Notes to Financial Statements  
June 30, 2015 and 2014

**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, 2015 and 2014. There were no drawdowns on the line of credit during 2015 or 2014.

**6. Temporarily Restricted Net Assets**

Temporarily restricted net assets as of June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Legal client assistance	\$ 12,017	\$ 12,850
Strategic planning	<u>45,828</u>	<u>50,828</u>
	<u>\$ 57,845</u>	<u>\$ 63,678</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, 2015 and 2014. 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 \$240,600 and \$266,300 for the years ended June 30, 2015 and 2014. Donated goods amounted to \$7,400 and \$17,050 for the years ended June 30, 2015 and 2014. In addition, there were other contributed goods and services that did not meet the criteria for recognition, therefore, in accordance with U.S. GAAP, they were not reflected in the financial statements.

**9. Lease Commitments**

The Organization has entered into leases for office space located in White Plains, NY and Yonkers, NY, which expire in 2024 and 2017, respectively. For the years ended June 30, 2015 and 2014, rental expenses, inclusive of utilities, parking and deferred rent amortization, amounted to \$324,864 and \$364,906. Leases are subject to normal escalation provisions based on building expenses and taxes.

**My Sisters' Place, Inc.**

Notes to Financial Statements  
June 30, 2015 and 2014

**9. Lease Commitments (continued)**

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

	White Plains	Yonkers	Total
2016	\$ 228,080	\$ 117,064	\$ 345,144
2017	185,150	99,980	285,130
2018	206,779	-	206,779
2019	211,706	-	211,706
2020	216,400	-	216,400
2021-2024	<u>833,244</u>	<u>-</u>	<u>833,244</u>
	<u>\$ 1,881,359</u>	<u>\$ 217,044</u>	<u>\$ 2,098,403</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. Employer contributions for the years ended June 30, 2015 and 2014 were \$8,000 and \$0.

**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 Federal Deposit Insurance Corporation insurance limit.

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**My Sisters' Place, Inc.**

Supplemental Information  
June 30, 2015 and 2014

**My Sisters' Place, Inc.**

Schedule of Functional Expenses

Year Ended June 30, 2015

(with summarized totals for the year ended June 30, 2014)

	Residential Program Services	Non-Residential Program Services	Legal Services	Fundraising	Administration	2015 Total	2014 Total
Salaries and wages	\$ 803,059	\$ 1,271,769	\$ 596,970	\$ 231,634	\$ 351,537	\$ 3,254,969	\$ 3,388,106
Employee benefits, taxes and payroll fees	178,934	276,920	112,356	42,120	79,800	690,130	683,164
Consultant and temporary help	2,272	11,623	3,184	77,127	17,029	111,235	66,465
Staff recruiting and training	3,059	6,280	4,408	904	6,078	20,729	18,456
	<u>987,324</u>	<u>1,566,592</u>	<u>716,918</u>	<u>351,785</u>	<u>454,444</u>	<u>4,077,063</u>	<u>4,156,191</u>
Office rent, utilities and parking	23,954	136,496	89,356	36,581	38,477	324,864	364,906
Subcontractors	-	243,756	-	-	-	243,756	239,975
Audit and legal	34,068	14,770	221,563	1,600	1,599	273,600	298,800
Client assistance	49,358	82,770	2,799	-	-	134,927	163,481
Shelter maintenance and utilities	117,107	248	66	-	-	117,421	193,515
Telephone and technology	38,005	32,497	18,759	13,318	9,002	111,581	113,999
Fundraising event expenses	-	-	-	114,608	-	114,608	90,531
Staff travel and meetings	3,699	39,894	9,033	6,815	6,484	65,925	65,042
Insurance	32,585	15,549	13,135	3,022	2,448	66,739	69,681
Equipment	9,788	14,165	7,582	5,761	1,335	38,631	72,477
Office supplies and postage	2,826	12,632	11,866	7,219	2,502	37,045	46,320
Repairs and maintenance	45,366	17,003	6,610	918	1,521	71,418	57,886
Printing	1,261	1,319	1,190	11,065	920	15,755	24,257
Memberships and subscriptions	393	2,566	2,366	4,865	2,833	13,023	12,814
Publicity	3,330	3,330	3,330	-	-	9,990	14,337
Credit card and bank fees	376	601	230	9,541	71	10,819	9,746
Miscellaneous	164	-	-	-	116	280	4,616
Depreciation	176,730	26,667	12,358	3,803	3,478	223,036	230,034
	<u>\$ 1,526,334</u>	<u>\$ 2,210,855</u>	<u>\$ 1,117,161</u>	<u>\$ 570,901</u>	<u>\$ 525,230</u>	<u>\$ 5,950,481</u>	<u>\$ 6,228,608</u>

See independent auditors' report