

My Sisters' Place, Inc.

Financial Statements

June 30, 2016 and 2015



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, 2016 and 2015, 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 from 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, 2016 and 2015, 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.

PKF O'Connor Davies, LLP

Harrison, New York
October 25, 2016

My Sisters' Place, Inc.

Statements of Financial Position

	June 30,	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,278,846	\$ 1,090,521
Shelter per-diem billings receivable, net	216,674	226,482
Grants and accounts receivable	759,119	878,381
Prepaid expenses and deposits	92,682	81,688
Total Current Assets	2,347,321	2,277,072
Fixed Assets		
Land	102,500	102,500
Buildings and improvements	2,396,788	2,380,316
Equipment	1,070,476	1,058,821
Less accumulated depreciation	(1,215,919)	(996,031)
Total Fixed Assets	2,353,845	2,545,606
	\$ 4,701,166	\$ 4,822,678
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 185,377	\$ 220,484
Accrued salary and related expenses	247,844	277,028
Deferred revenue	340,731	356,773
Total Current Liabilities	773,952	854,285
Grant enforcement mortgage lien	1,832,876	1,978,547
Total Liabilities	2,606,828	2,832,832
Net Assets		
Unrestricted	2,076,943	1,932,001
Temporarily restricted	17,395	57,845
Total Net Assets	2,094,338	1,989,846
	\$ 4,701,166	\$ 4,822,678

See notes to financial statements

My Sisters' Place, Inc.

Statements of Activities

	Year Ended June 30, 2016			Year Ended June 30, 2015		
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
REVENUES AND SUPPORT						
Residential shelter service, net	\$ 1,309,760	\$ -	\$ 1,309,760	\$ 1,250,217	\$ -	\$ 1,250,217
Governmental grants and contracts	3,140,158	-	3,140,158	2,807,826	-	2,807,826
Other grants	428,053	-	428,053	448,083	-	448,083
Contributions						
Individual	749,836	-	749,836	676,921	-	676,921
Corporate	113,583	-	113,583	104,080	-	104,080
Foundation and other	178,812	-	178,812	288,871	-	288,871
Donated services and goods	404,300	-	404,300	248,000	-	248,000
Fundraising event income	236,185	-	236,185	177,468	-	177,468
Interest income	5,467	-	5,467	4,826	-	4,826
Other revenue	9,823	-	9,823	1,287	-	1,287
Net assets released from restriction						
Satisfaction of program restrictions	40,450	(40,450)	-	5,833	(5,833)	-
Total Revenues and Support	<u>6,616,427</u>	<u>(40,450)</u>	<u>6,575,977</u>	<u>6,013,412</u>	<u>(5,833)</u>	<u>6,007,579</u>
EXPENSES						
Program						
Residential program services	1,566,637	-	1,566,637	1,526,334	-	1,526,334
Non-residential program services	2,448,170	-	2,448,170	2,210,855	-	2,210,855
Legal services	1,420,144	-	1,420,144	1,117,161	-	1,117,161
Fundraising						
Fundraising event expenses (direct)	113,703	-	113,703	114,608	-	114,608
Other fundraising expenses	361,583	-	361,583	456,293	-	456,293
Administration	561,248	-	561,248	525,230	-	525,230
Total Expenses	<u>6,471,485</u>	<u>-</u>	<u>6,471,485</u>	<u>5,950,481</u>	<u>-</u>	<u>5,950,481</u>
Change in net assets before gain on sale of assets held for sale	144,942	(40,450)	104,492	62,931	(5,833)	57,098
Gain on sale of assets held for sale	-	-	-	143,061	-	143,061
Change in Net Assets	144,942	(40,450)	104,492	205,992	(5,833)	200,159
NET ASSETS						
Beginning of year	1,932,001	57,845	1,989,846	1,726,009	63,678	1,789,687
End of year	<u>\$ 2,076,943</u>	<u>\$ 17,395</u>	<u>\$ 2,094,338</u>	<u>\$ 1,932,001</u>	<u>\$ 57,845</u>	<u>\$ 1,989,846</u>

See notes to financial statements

My Sisters' Place, Inc.

Statements of Cash Flows

	Year Ended	
	June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in total net assets	\$ 104,492	\$ 200,159
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	223,801	223,036
Accretion of grant enforcement mortgage lien	(145,671)	(145,671)
Provision for uncollectible receivables	4,419	3,500
Gain on sale of assets held for sale	-	(143,061)
Loss on fixed assets retirement	943	163
Straight-line rent amortization	(16,125)	(45,136)
Changes in operating assets and liabilities		
Shelter per-diem billings receivable	5,389	8,423
Grants and accounts receivable	119,262	(305,267)
Prepaid expenses and deposits	(10,994)	(2,680)
Accounts payable and accrued liabilities	(18,982)	54,543
Accrued salary and related expenses	(29,184)	34,428
Deferred revenue	(16,042)	171,143
Net Cash from Operating Activities	221,308	53,580
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposition of assets held for sale	-	186,392
Acquisition of fixed assets		
Equipment	(32,983)	(6,921)
Net Cash from Investing Activities	(32,983)	179,471
Net Change in Cash and Cash Equivalents	188,325	233,051
CASH AND CASH EQUIVALENTS		
Beginning of year	1,090,521	857,470
End of year	\$ 1,278,846	\$ 1,090,521
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ -	\$ -

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

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 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 \$28,019 and \$23,600 at June 30, 2016 and 2015. There was no allowance for doubtful accounts needed for grants and accounts receivable at June 30, 2016 and 2015.

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 three years.

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, 2016 and 2015

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, 2016 and 2015.

Deferred Revenue

Non-governmental grants and contracts that pertain to the time periods subsequent to June 30, 2016 and 2015 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. At June 30, 2016 and 2015, there were no permanently restricted net assets.

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

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 \$3,015 and \$9,990 during the years ended June 30, 2016 and 2015.

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, 2013.

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

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 25, 2016.

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, 2016 and 2015, the Organization has a carrying basis of \$1,832,876 and \$1,978,547, 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.

Assets with a cost basis of \$4,856 and accumulated depreciation of \$3,913 were disposed of for the year ended June 30, 2016. Assets with a cost basis of \$1,308 and accumulated depreciation of \$1,145 were disposed of for the year ended June 30, 2015.

The Organization recognized losses of \$943 and \$163 on the disposal of assets in 2016 and 2015.

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, 2016 and 2015, the Organization has a carrying basis of \$1,832,876 and \$1,978,547, 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, 2016 and 2015

4. 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, 2016 and 2015, the Organization had set aside \$115,629 and \$115,516, which was in excess of the requirement of \$98,141.

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, 2016 and 2015. There were no drawdowns on the line of credit during 2016 or 2015.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Legal client assistance	\$ 11,567	\$ 12,017
Strategic planning	<u>5,828</u>	<u>45,828</u>
	<u>\$ 17,395</u>	<u>\$ 57,845</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, 2016 and 2015. 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 \$360,000 and \$240,600 for the years ended June 30, 2016 and 2015. Donated goods amounted to \$44,300 and \$7,400 for the years ended June 30, 2016 and 2015. Contributed goods and services that do not meet the criteria for recognition, as applicable, were not reflected in the financial statements in accordance with U.S. GAAP.

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

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, 2016 and 2015, rental expenses, inclusive of utilities, parking and deferred rent amortization, amounted to \$338,823 and \$324,864. 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
2017	\$ 185,150	\$ 99,980	\$ 285,130
2018	206,779	-	206,779
2019	211,706	-	211,706
2020	216,400	-	216,400
2021	237,813	-	237,813
2022-2024	<u>595,431</u>	<u>-</u>	<u>595,431</u>
	<u>\$ 1,653,279</u>	<u>\$ 99,980</u>	<u>\$ 1,753,259</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 were \$11,584 and \$8,000 for the years ended June 30, 2016 and 2015.

11. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and various receivables, which are expected to be collected in the normal course of business. 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's insurance limits.

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My Sisters' Place, Inc.

Supplemental Information
June 30, 2016 and 2015

My Sisters' Place, Inc.

Schedule of Functional Expenses
Year Ended June 30, 2016
(with summarized totals for the year ended June 30, 2015)

	Residential Program Services	Non-Residential Program Services	Legal Services	Fundraising	Administration	2016 Total	2015 Total
Salaries and wages	\$ 811,936	\$ 1,386,620	\$ 736,815	\$ 187,750	\$ 378,561	\$ 3,501,682	\$ 3,254,969
Employee benefits, taxes and payroll fees	184,648	296,238	136,992	43,856	84,544	746,278	690,130
Consultant and temporary help	14,108	49,458	14,108	44,472	21,173	143,319	111,235
Staff recruiting and training	<u>2,346</u>	<u>6,017</u>	<u>1,671</u>	<u>905</u>	<u>3,352</u>	<u>14,291</u>	<u>20,729</u>
	<u>1,013,038</u>	<u>1,738,333</u>	<u>889,586</u>	<u>276,983</u>	<u>487,630</u>	<u>4,405,570</u>	<u>4,077,063</u>
Office rent, utilities and parking	47,671	154,548	78,346	26,957	31,361	338,883	324,864
Subcontractors	-	253,373	-	-	-	253,373	243,756
Audit and legal	11,100	16,650	355,300	925	13,026	397,001	273,600
Client assistance	46,583	102,024	4,363	-	-	152,970	134,927
Shelter maintenance and utilities	121,333	237	55	-	-	121,625	117,421
Telephone and technology	33,299	46,197	18,872	8,897	4,777	112,042	111,581
Fundraising event expenses	-	-	-	113,703	-	113,703	114,608
Staff travel and meetings	4,933	39,423	14,233	6,051	8,799	73,439	65,925
Insurance	32,072	16,045	13,731	2,343	1,941	66,132	66,739
Equipment	19,658	19,549	8,010	5,256	6,061	58,534	38,631
Office supplies and postage	4,615	9,964	11,222	6,451	512	32,764	37,045
Repairs and maintenance	51,169	19,049	5,953	652	799	77,622	71,418
Printing	798	1,996	828	10,805	253	14,680	15,755
Memberships and subscriptions	246	3,419	6,364	1,179	1,512	12,720	13,023
Publicity	1,005	1,005	1,005	-	-	3,015	9,990
Credit card and bank fees	348	555	213	11,250	210	12,576	10,819
Miscellaneous	-	-	-	91	944	1,035	280
Depreciation	<u>178,769</u>	<u>25,803</u>	<u>12,063</u>	<u>3,743</u>	<u>3,423</u>	<u>223,801</u>	<u>223,036</u>
	<u>\$ 1,566,637</u>	<u>\$ 2,448,170</u>	<u>\$ 1,420,144</u>	<u>\$ 475,286</u>	<u>\$ 561,248</u>	<u>\$ 6,471,485</u>	<u>\$ 5,950,481</u>

See independent auditors' report