

My Sisters' Place, Inc.

Financial Statements

June 30, 2017 and 2016



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, 2017 and 2016, 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.

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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, 2017 and 2016, 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.

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
December 14, 2017

My Sisters' Place, Inc.

Statements of Financial Position

	June 30,	
	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,447,647	\$ 1,278,846
Shelter per-diem billings receivable, net	185,903	216,674
Grants and accounts receivable	636,441	759,119
Prepaid expenses and deposits	<u>90,206</u>	<u>92,682</u>
Total Current Assets	<u>2,360,197</u>	<u>2,347,321</u>
Fixed Assets		
Land	102,500	102,500
Buildings and improvements	2,395,038	2,396,788
Equipment	1,073,037	1,070,476
Accumulated depreciation	<u>(1,397,453)</u>	<u>(1,215,919)</u>
Total Fixed Assets	<u>2,173,122</u>	<u>2,353,845</u>
	<u>\$ 4,533,319</u>	<u>\$ 4,701,166</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 171,598	\$ 185,377
Accrued salary and related expenses	263,935	247,844
Deferred revenue	<u>167,921</u>	<u>340,731</u>
Total Current Liabilities	603,454	773,952
Grant enforcement mortgage lien	<u>1,708,863</u>	<u>1,832,876</u>
Total Liabilities	<u>2,312,317</u>	<u>2,606,828</u>
Net Assets		
Unrestricted	2,204,380	2,076,943
Temporarily restricted	<u>16,622</u>	<u>17,395</u>
Total Net Assets	<u>2,221,002</u>	<u>2,094,338</u>
	<u>\$ 4,533,319</u>	<u>\$ 4,701,166</u>

See notes to financial statements

My Sisters' Place, Inc.

Statements of Activities

	Year Ended June 30, 2017			Year Ended June 30, 2016		
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
REVENUES AND SUPPORT						
Residential shelter service, net	\$ 1,239,182	\$ -	\$ 1,239,182	\$ 1,309,760	\$ -	\$ 1,309,760
Governmental grants and contracts	3,274,843	-	3,274,843	3,140,158	-	3,140,158
Other grants	317,748	-	317,748	428,053	-	428,053
Contributions						
Individual	749,706	-	749,706	749,836	-	749,836
Corporate	151,979	-	151,979	113,583	-	113,583
Foundation and other	84,105	-	84,105	178,812	-	178,812
Donated services and goods	296,400	-	296,400	404,300	-	404,300
Fundraising event income	372,552	-	372,552	236,185	-	236,185
Interest income	5,268	-	5,268	5,467	-	5,467
Other revenue	48,581	-	48,581	9,823	-	9,823
Net assets released from restriction						
Satisfaction of program restrictions	773	(773)	-	40,450	(40,450)	-
Total Revenues and Support	6,541,137	(773)	6,540,364	6,616,427	(40,450)	6,575,977
EXPENSES						
Program						
Residential program services	1,511,060	-	1,511,060	1,566,637	-	1,566,637
Non-residential program services	2,582,752	-	2,582,752	2,448,170	-	2,448,170
Legal services	1,302,715	-	1,302,715	1,420,144	-	1,420,144
Fundraising						
Fundraising event expenses (direct)	103,427	-	103,427	113,703	-	113,703
Other fundraising expenses	333,255	-	333,255	361,583	-	361,583
Administration	580,491	-	580,491	561,248	-	561,248
Total Expenses	6,413,700	-	6,413,700	6,471,485	-	6,471,485
Change in Net Assets	127,437	(773)	126,664	144,942	(40,450)	104,492
NET ASSETS						
Beginning of year	2,076,943	17,395	2,094,338	1,932,001	57,845	1,989,846
End of year	\$ 2,204,380	\$ 16,622	\$ 2,221,002	\$ 2,076,943	\$ 17,395	\$ 2,094,338

See notes to financial statements

My Sisters' Place, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in total net assets	\$ 126,664	\$ 104,492
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	182,766	223,801
Accretion of grant enforcement mortgage lien	(124,013)	(145,671)
Provision for uncollectible receivables	1,466	4,419
Loss on fixed assets disposal	-	943
Straight-line rent amortization	25,492	(16,125)
Changes in operating assets and liabilities		
Shelter per-diem billings receivable	29,305	5,389
Grants and accounts receivable	122,678	119,262
Prepaid expenses and deposits	2,476	(10,994)
Accounts payable and accrued liabilities	(39,271)	(18,982)
Accrued salary and related expenses	16,091	(29,184)
Deferred revenue	(172,810)	(16,042)
Net Cash from Operating Activities	<u>170,844</u>	<u>221,308</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	<u>(2,043)</u>	<u>(32,983)</u>
Net Change in Cash and Cash Equivalents	168,801	188,325
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,278,846</u>	<u>1,090,521</u>
End of year	<u>\$ 1,447,647</u>	<u>\$ 1,278,846</u>

See notes to financial statements

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

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 \$29,485 and \$28,019 at June 30, 2017 and 2016. There was no allowance for doubtful accounts needed for grants and accounts receivable at June 30, 2017 and 2016.

Fixed Assets

Land, building and improvements 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, 2017 and 2016

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

Impairment of Long-Lived Assets

Long-lived assets, such as fixed assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization records impairment losses on long-lived assets used in operations when 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, 2017 and 2016.

Deferred Revenue

Non-governmental grants and contracts that pertain to the time periods subsequent to June 30, 2017 and 2016 are deferred until the next fiscal year.

Governmental 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, 2017 and 2016, there were no permanently restricted net assets.

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, 2017 and 2016

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.

Publicity Costs

Publicity costs are expensed as incurred. Publicity costs amounted to \$2,910 and \$3,015 during the years ended June 30, 2017 and 2016.

Operating Leases

Operating leases are classified in accordance with the terms of the underlying agreements. Operating lease payments are charged to rental expense and are 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, 2014.

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 December 14, 2017.

My Sisters' Place, Inc.

Notes to Financial Statements June 30, 2017 and 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, 2017 and 2016, the Organization has a carrying basis of \$1,708,863 and \$1,832,876, respectively, in land, building and equipment funded by HHAC.

It is the intention of management to operate these properties in conformance with the contractual provisions.

Fully depreciated assets with a cost basis of \$1,232 were disposed of during the year ended June 30, 2017. Assets with a cost basis of \$4,856 and accumulated depreciation of \$3,913 were disposed of during the year ended June 30, 2016.

The Organization recognized no loss on disposal of assets in 2017. The Organization recognized losses of \$943 on the disposal of assets in 2016.

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, 2017 and 2016, the Organization has a carrying basis of \$1,708,863 and \$1,832,876, 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, 2017 and 2016, the Organization had set aside \$147,588 and \$115,629, which was in excess of the requirement of \$142,190 and \$98,141, respectively.

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, 2017 and 2016. There were no drawdowns on the line of credit during 2017 or 2016.

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

6. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Legal client assistance	\$ 10,791	\$ 11,567
Strategic planning	5,831	5,828
	<u>\$ 16,622</u>	<u>\$ 17,395</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 during the years ended June 30, 2017 and 2016. 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 \$283,400 and \$360,000 for the years ended June 30, 2017 and 2016. Donated goods amounted to \$13,000 and \$44,300 for the years ended June 30, 2017 and 2016. 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.

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 2022, respectively. For the years ended June 30, 2017 and 2016, rental expenses, inclusive of utilities, parking and deferred rent amortization, amounted to \$357,590 and \$338,883. 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:

	<u>White Plains</u>	<u>Yonkers</u>	<u>Equipment</u>	<u>Total</u>
2018	\$ 206,779	\$ 105,232	\$ 39,323	\$ 351,334
2019	211,706	107,337	29,919	348,962
2020	216,400	109,484	27,900	353,784
2021	237,813	111,673	27,900	377,386
2022	243,466	94,607	21,200	359,273
2023-2024	351,965	-	-	351,965
	<u>\$ 1,468,129</u>	<u>\$ 528,333</u>	<u>\$ 146,242</u>	<u>\$ 2,142,704</u>

My Sisters' Place, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

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. The Organization had no employer contributions for the year ended June 30, 2017. Employer contributions were \$11,584 for the year ended June 30, 2016.

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. At times, the cash balance may be in excess of the Federal Deposit Insurance Corporation's insurance limits. At June 30, 2017 and 2016, the uninsured portions of these balances were \$264,843 and \$198,721.

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My Sisters' Place, Inc.

Supplementary Information
June 30, 2017 and 2016

My Sisters' Place, Inc.

Schedule of Functional Expenses
 Year Ended June 30, 2017
 (with summarized totals for the year ended June 30, 2016)

	Residential Program Services	Non-Residential Program Services	Legal Services	Fundraising	Administration	2017 Total	2016 Total
Salaries and wages	\$ 780,785	\$ 1,480,955	\$ 702,916	\$ 194,119	\$ 394,802	\$ 3,553,577	\$ 3,501,682
Employee benefits, taxes and payroll fees	184,309	319,414	124,905	45,078	91,273	764,979	746,278
Consultants and temporary help	2,270	22,987	4,585	26,242	13,947	70,031	143,319
Staff recruiting and training	2,961	3,740	1,402	460	4,037	12,600	14,291
	<u>970,325</u>	<u>1,827,096</u>	<u>833,808</u>	<u>265,899</u>	<u>504,059</u>	<u>4,401,187</u>	<u>4,405,570</u>
Office rent, utilities and parking	51,295	171,500	79,283	21,530	33,982	357,590	338,883
Audit and legal	14,456	26,544	281,104	2,033	5,263	329,400	397,001
Subcontractors	-	246,656	-	-	-	246,656	253,373
Client assistance	50,535	106,700	4,617	-	-	161,852	152,970
Shelter maintenance and utilities	122,452	568	183	-	-	123,203	121,625
Telephone and technology	41,408	46,782	26,216	4,324	7,904	126,634	112,042
Fundraising event expenses	-	-	-	103,427	-	103,427	113,703
Staff travel and meetings	9,075	46,730	16,155	4,005	16,344	92,309	73,439
Repairs and maintenance	51,071	17,389	6,186	602	1,716	76,964	77,622
Insurance	27,883	19,725	14,143	2,339	2,162	66,252	66,132
Equipment	12,408	30,008	10,598	4,912	2,874	60,800	58,534
Office supplies and postage	4,611	14,444	12,760	3,609	3,045	38,469	32,764
Printing	440	2,183	725	11,746	41	15,135	14,680
Memberships and subscriptions	463	4,110	8,660	792	1,533	15,558	12,720
Publicity	970	970	970	-	-	2,910	3,015
Credit card and bank fees	353	564	216	9,954	222	11,309	12,576
Miscellaneous	23	1,109	2	94	51	1,279	1,035
Depreciation	<u>153,292</u>	<u>19,674</u>	<u>7,089</u>	<u>1,416</u>	<u>1,295</u>	<u>182,766</u>	<u>223,801</u>
	<u>\$ 1,511,060</u>	<u>\$ 2,582,752</u>	<u>\$ 1,302,715</u>	<u>\$ 436,682</u>	<u>\$ 580,491</u>	<u>\$ 6,413,700</u>	<u>\$ 6,471,485</u>