

MY SISTERS' PLACE, INC.

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY REPORTS
RELATED TO UNIFORM GUIDANCE**

JUNE 30, 2021

**WATSONRICE LLP
CERTIFIED PUBLIC ACCOUNTANTS**

MY SISTERS' PLACE, INC.
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
My Sisters' Place, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of My Sisters' Place, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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.

INDEPENDENT AUDITOR'S REPORT – CONTINUED

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Comparative Information

The financial statements of the Organization, as of and for the year ended June 30, 2020, were audited by other auditors, whose report, dated December 29, 2020, expressed an unmodified opinion on those statements.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Watson Rice LLP

New York, New York
May 6, 2022

MY SISTERS' PLACE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 745,887	\$ 823,820
Restricted cash (Note 6)	79,458	79,450
Investments (Note 3)	2,076,833	2,547,889
Shelter per-diem billings receivable, net	168,131	114,455
Grants receivable (Note 4)	2,404,670	1,448,641
Prepaid expenses and deposits	94,376	97,233
Property and equipment (Note 5)	<u>1,531,019</u>	<u>1,507,833</u>
Total Assets	<u>\$ 7,100,374</u>	<u>\$ 6,619,321</u>
Liabilities and Net Assets		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 416,944	\$ 153,208
Accrued salary and related expenses	394,153	311,010
Deferred rent liabilities (Note 12)	769,020	853,794
Deferred revenue	147,717	125,696
Payroll Protection Program loan payable (Note 8)	824,000	824,000
Grant enforcement mortgage lien (Note 6)	<u>1,326,899</u>	<u>1,419,082</u>
Total Liabilities	<u>3,878,733</u>	<u>3,686,790</u>
<u>Net Assets (Note 15)</u>		
Without donor restrictions	3,169,285	2,829,406
With donor restrictions	<u>52,356</u>	<u>103,125</u>
Total Net Assets	<u>3,221,641</u>	<u>2,932,531</u>
Total Liabilities and Net Assets	<u>\$ 7,100,374</u>	<u>\$ 6,619,321</u>

See notes to financial statements.

MY SISTERS' PLACE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Residential shelter service, net	\$ 713,179	\$ -	\$ 713,179	\$ 712,469	\$ -	\$ 712,469
Government grants	5,933,966	-	5,933,966	4,868,478	-	4,868,478
Private grants	208,642	55,000	263,642	222,724	120,000	342,724
Contributions						
Individual	539,082	-	539,082	956,309	-	956,309
Corporate	101,444	-	101,444	269,886	-	269,886
Foundation	379,151	-	379,151	242,544	-	242,544
Donated services and goods (Note 11)	496,357	-	496,357	281,000	-	281,000
Fundraising event income	35,700	-	35,700	49,185	-	49,185
Less: Direct cost of fundraising events	(4,438)	-	(4,438)	(26,729)	-	(26,729)
Investment income	200,703	-	200,703	18,050	-	18,050
Other revenue	7,857	-	7,857	21,724	-	21,724
Net assets released from donor restrictions (Note 15)	105,769	(105,769)	-	31,232	(31,232)	-
Total Revenues, Gains and Other Support	<u>8,717,412</u>	<u>(50,769)</u>	<u>8,666,643</u>	<u>7,646,872</u>	<u>88,768</u>	<u>7,735,640</u>
Expenses						
Residential program services	1,491,745	-	1,491,745	1,234,446	-	1,234,446
Non-residential program services	2,703,759	-	2,703,759	2,856,634	-	2,856,634
Legal program services	2,400,548	-	2,400,548	2,005,564	-	2,005,564
Fundraising	516,884	-	516,884	390,929	-	390,929
Administration	1,264,597	-	1,264,597	684,032	-	684,032
Total Expenses	<u>8,377,533</u>	<u>-</u>	<u>8,377,533</u>	<u>7,171,605</u>	<u>-</u>	<u>7,171,605</u>
Changes in Net Assets	339,879	(50,769)	289,110	475,267	88,768	564,035
Net Assets						
Beginning of Year	<u>2,829,406</u>	<u>103,125</u>	<u>2,932,531</u>	<u>2,354,139</u>	<u>14,357</u>	<u>2,368,496</u>
End of Year	<u>\$ 3,169,285</u>	<u>\$ 52,356</u>	<u>\$ 3,221,641</u>	<u>\$ 2,829,406</u>	<u>\$ 103,125</u>	<u>\$ 2,932,531</u>

See notes to financial statements.

MY SISTERS' PLACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Residential Program Services	Non-Residential Program Services	Legal Program Services	Fundraising	Administration	Total
Salaries and wages	\$ 837,410	\$ 1,614,986	\$ 1,168,997	\$ 356,251	\$ 647,050	\$ 4,624,694
Employee benefits and payroll taxes	215,560	419,593	294,412	63,830	306,588	1,299,983
Consultants and temporary help	4,735	46,166	4,120	4,846	54,669	114,536
Staff training and recruitment	5,558	22,902	4,212	-	65,079	97,751
	<u>1,063,263</u>	<u>2,103,647</u>	<u>1,471,741</u>	<u>424,927</u>	<u>1,073,386</u>	<u>6,136,964</u>
Office rent, utilities and parking	42,715	103,278	118,543	43,157	-	307,693
Audit and legal fees	7,752	22,025	511,132	1,226	1,226	543,361
Subcontractor expense	-	328,130	-	-	-	328,130
Client assistance	60,676	14,207	212,737	-	-	287,620
Telephone and technology	43,966	54,189	37,196	16,557	125,654	277,562
Shelter maintenance and utilities	96,602	-	-	-	264	96,866
Staff travel and meetings	722	9,986	2,230	350	2,697	15,985
Repairs and maintenance	39,861	13,370	5,068	251	3,683	62,233
Equipment rental	10,838	12,801	7,174	5,643	-	36,456
Insurance	17,973	17,025	18,556	5,687	5,002	64,243
Office supplies and postage	11,251	9,082	10,357	1,832	17,716	50,238
Printing	93	979	464	8,693	315	10,544
Memberships and subscriptions	1,820	10,005	5,350	915	4,214	22,304
External affairs and public relations	23	4,600	-	302	90	5,015
Credit card and bank fees	-	25	-	7,344	275	7,644
Direct cost of special events	-	-	-	4,438	-	4,438
Depreciation	94,190	410	-	-	30,075	124,675
Total Expenses	<u>1,491,745</u>	<u>2,703,759</u>	<u>2,400,548</u>	<u>521,322</u>	<u>1,264,597</u>	<u>8,381,971</u>
Less: Expenses deducted directly from revenues:						
Direct cost of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,438)</u>	<u>-</u>	<u>(4,438)</u>
Total expenses reported by function on the statement of activities	<u>\$ 1,491,745</u>	<u>\$ 2,703,759</u>	<u>\$ 2,400,548</u>	<u>\$ 516,884</u>	<u>\$ 1,264,597</u>	<u>\$ 8,377,533</u>

See notes to financial statements.

MY SISTERS' PLACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Residential Program Services	Non-Residential Program Services	Legal Program Services	Fundraising	Administration	Total
Salaries and wages	\$ 658,809	\$ 1,647,026	\$ 1,099,511	\$ 277,029	\$ 419,330	\$ 4,101,705
Employee benefits and payroll taxes	152,259	469,492	300,616	44,119	99,706	1,066,192
Consultants and temporary help	8,194	58,862	9,497	2,650	79,166	158,369
Staff training and recruitment	1,805	5,294	1,893	339	26,202	35,533
	<u>821,067</u>	<u>2,180,674</u>	<u>1,411,517</u>	<u>324,137</u>	<u>624,404</u>	<u>5,361,799</u>
Office rent, utilities and parking	35,912	123,915	104,821	18,165	19,907	302,720
Audit and legal fees	2,004	31,158	258,768	649	566	293,145
Subcontractor expense	-	285,783	-	-	-	285,783
Client assistance	63,814	41,166	104,119	-	-	209,099
Telephone and technology	36,103	55,387	40,598	12,497	8,663	153,248
Shelter maintenance and utilities	96,586	195	68	-	-	96,849
Staff travel and meetings	2,672	31,647	17,264	3,054	5,921	60,558
Repairs and maintenance	50,287	18,166	7,648	728	1,569	78,398
Equipment rental	10,681	35,687	13,552	5,393	9,855	75,168
Insurance	4,802	29,059	25,164	220	-	59,245
Office supplies and postage	10,134	12,952	15,268	3,858	6,688	48,900
Printing	923	1,020	779	8,381	45	11,148
Memberships and subscriptions	37	3,466	1,155	376	2,616	7,650
External affairs and public relations	32	32	31	-	-	95
Credit card and bank fees	-	-	-	11,106	2,187	13,293
Direct cost of special events	-	-	-	26,729	-	26,729
Depreciation	99,392	6,327	4,812	2,365	1,611	114,507
Total Expenses	<u>1,234,446</u>	<u>2,856,634</u>	<u>2,005,564</u>	<u>417,658</u>	<u>684,032</u>	<u>7,198,334</u>
Less: Expenses deducted directly from revenues:						
Direct cost of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,729)</u>	<u>-</u>	<u>(26,729)</u>
Total expenses reported by function on the statement of activities	<u>\$ 1,234,446</u>	<u>\$ 2,856,634</u>	<u>\$ 2,005,564</u>	<u>\$ 390,929</u>	<u>\$ 684,032</u>	<u>\$ 7,171,605</u>

See notes to financial statements.

MY SISTERS' PLACE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 289,110	\$ 564,035
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	124,675	114,507
Accretion of grant enforcement mortgage lien	(92,183)	(94,363)
Realized and unrealized loss of investments	179,813	32,087
Straight-line rent amortization	(84,774)	(84,617)
Recoveries for uncollectible receivables	(1,551)	(1,141)
(Increase) decrease in operating assets:		
Shelter per-diem billings receivable	(52,125)	68,906
Grants receivable	(956,029)	(424,309)
Prepaid expenses and deposits	2,857	(17,552)
Increase in operating liabilities:		
Accounts payable and accrued liabilities	263,736	987
Accrued salary and related expenses	83,143	52,332
Deferred revenue	22,021	46,045
Net cash (used in) provided by operating activities	<u>(221,307)</u>	<u>256,917</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(147,861)	(16,680)
Proceeds from sale of investments	863,048	4,709,714
Purchase of investments	<u>(571,805)</u>	<u>(6,581,196)</u>
Net cash provided by (used in) investing activities	<u>143,382</u>	<u>(1,888,162)</u>
Cash Flows From Financing Activities		
Proceeds from Payroll Protection Program loan	<u>-</u>	<u>824,000</u>
Net Changes in Cash and Cash Equivalents, and Restricted Cash	(77,925)	(807,245)
Cash and Cash Equivalents, and Restricted Cash, Beginning of Year	<u>903,270</u>	<u>1,710,515</u>
Cash and Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 825,345</u>	<u>\$ 903,270</u>
Reconciliation of Cash and Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	\$ 745,887	\$ 823,820
Restricted cash	<u>79,458</u>	<u>79,450</u>
Total	<u>\$ 825,345</u>	<u>\$ 903,270</u>

See notes to financial statements.

MY SISTERS' PLACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. NATURE AND PURPOSE OF 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 (1) to maintain a residential shelter for victims of domestic violence and human trafficking and their dependent children who seek emergency shelter; (2) to offer case management, counseling, legal services, and advocacy to victims of domestic violence and human trafficking; and (3) to provide community education and training related to domestic violence and human trafficking and its prevention.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Cash and cash equivalents include highly liquid investments with initial maturities when acquired of three months or less, except for cash held as restricted cash.

Investments

Investments are stated at fair value based on quoted market prices. Gains and losses on the sale of investments and investment income are recorded as operating activities and are recognized as increases and decreases in net assets without donor restrictions unless their use is restricted by donor stipulations.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies based on Level 1 - quoted prices in active markets, Level 2 - observable inputs other than quoted prices for similar assets or liabilities in active or non-active markets, and Level 3 - valuations based on unobservable inputs when little or no market data is available, is used. These valuations require significant judgment.

MY SISTERS' PLACE, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value of Financial Instruments – Continued

At June 30, 2021 and 2020, the cost basis of the Organization's financial instruments, including cash and cash equivalents, restricted cash, shelter per-diem billings receivable, grants receivable, accounts payable and accrued expenses, accrued salaries payable and related benefits, and deferred revenue, approximated fair value due to the short maturity of these instruments. Refer to Note 3 - Fair Value Measurements for assets measured at fair value.

Revenues and Receivables

Revenues and receivables from residential shelter services are recognized when earned. Fundraising event income is recognized as revenue on the date of the event, which is the date that the Organization expects to be entitled to consideration in exchange for attending the event.

Revenue from government grants is recognized as the Organization satisfies the conditions in the grant contract, typically by performing the contracted services and incurring costs eligible for reimbursement under the grant contracts. As the conditions are met, the Organization simultaneously releases the restrictions imposed by grant contracts and reflects the revenue as being without donor restrictions. Grant activities and related costs are subject to audit and acceptance by the granting agency, and adjustments to grant receivable could be required as a result of audit.

Allowance for Doubtful Accounts

The Organization determines whether an allowance for doubtful accounts should be provided for shelter per-diem billings receivable and grants receivable. Such estimates are based on management's assessment of the aged basis of its receivables and other sources, current economic conditions and historical information. Shelter per-diem billings receivable and grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. At June 30, 2021 and 2020, the Organization has recorded an allowance for doubtful accounts of \$18,401 and \$19,952, respectively, for shelter per-diem billings receivable. The Organization has determined that there is no need for an allowance for doubtful accounts for grants receivable at June 30, 2021 and 2020.

Contract Assets

Contract assets are expenditures related to fulfilling activities under government grants that have not been billed at the end of the reporting period. Contract asset balances primarily consist of costs for personnel services and non-personnel direct expenditures for services delivered to clients. Contract assets at June 30, 2021 and 2020 were \$0 and \$6,161, respectively, and are included in grants receivable on the statements of financial position.

MY SISTERS' PLACE, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment

Property and equipment is stated at cost. The Organization capitalizes all items in excess of \$1,000. When fixed asset items are sold or retired, the related costs and accumulated depreciation are removed from accounts and any gain or loss is included in revenue.

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

Building and improvements	Up to 40 years
Equipment	3 to 20 years

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 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, 2021 and 2020.

Contract Liabilities

Contract liabilities represent revenue that has been deferred for conditional contributions received in advance of the Organization being entitled to them. At June 30, 2021 and 2020, contract liabilities totaled \$147,717 and \$125,696, respectively, and have been recorded as deferred revenue on the statements of financial position.

Contributions

Contributions are provided to the Organization with or without donor restrictions and may be conditional or unconditional. Revenues and net assets are separately reported based on the presence or absence of donor restrictions. The value recorded for contributions depends on the presence or absence of conditions. Conditional contributions (which depend on the Organization overcoming a donor-imposed condition or barrier) are not recognized until the gift becomes unconditional or the barrier is achieved. Unconditional contributions received at the date of the gift are recognized at fair value or estimated fair value. Unconditional pledges are recognized at (1) net realizable value if the contribution is expected to be received within one year, or (2) estimated fair value discounted to present value if the contribution is expected to be received after one year.

MY SISTERS' PLACE, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions – Continued

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same period the gift is received are recorded as revenue without donor restrictions.

Net Assets

Net assets without donor restrictions are those funds having no restriction as to use or purpose imposed by donors. Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific time period or purpose.

Functional 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 functions benefited. Certain costs, such as subcontractor expense and shelter maintenance and utilities costs, are charged to program services on a direct basis.

Donated Services

Contributions of donated services 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.

Operating Leases

Operating lease expense has been recorded on the straight-line basis over the term of the lease. Deferred rent is recorded for the difference between the fixed payment and rent expense, when material.

MY SISTERS' PLACE, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Publicity Costs

Publicity costs are expenses as incurred.

Accounting for Uncertainty in 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 Internal Revenue 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, 2018.

3. FAIR VALUE MEASUREMENTS

The Organization measures its investments at fair value. Fair value is an exit price, representing the amount that would be received on the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants. As a basis for considering such assumptions, a three-tier fair value hierarchy is used which prioritizes the inputs in the valuation methodologies in measuring fair value.

Fair Value Hierarchy

The methodology for measuring fair value specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs) or reflect the organization's own assumptions of market participant valuation (unobservable inputs).

Items Measured at Fair Value on a Recurring Basis

Investments are stated at fair value using Level 1 inputs based on quoted market prices of identical securities.

MY SISTERS' PLACE, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

3. FAIR VALUE MEASUREMENTS – CONTINUED

Items Measured at Fair Value on a Recurring Basis – Continued

The following table presents the Organization's assets that are measured at fair value on a recurring basis at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
	<u>Level 1</u>	<u>Level 1</u>
Mutual funds		
Short term bonds	\$ 12,118	\$ 952,845
US Treasury securities	554,073	800,878
Exchange traded funds		
Fixed income	810,558	391,047
Equities	<u>700,084</u>	<u>403,119</u>
Total assets measured at fair value	<u>\$ 2,076,833</u>	<u>\$ 2,547,889</u>

4. GRANTS RECEIVABLE

As of June 30, 2021 and 2020, grants receivable consists of the following:

	<u>2021</u>	<u>2020</u>
New York State		
Office of Victim Services	\$ 965,720	\$ 443,857
Office of Children & Family Services	113,723	38,354
Anti-trafficking Program	69,500	64,500
Division of Criminal Justice Services	45,722	15,644
Westchester County		
Office for Women	522,080	310,257
Department of Social Services	178,361	241,469
Youth Bureau	41,325	31,063
U.S. Department of Justice	187,602	145,357
U.S. Department of Health and Human Services	65,786	-
City of Yonkers Municipal Housing Authority	67,371	-
Legal Services Hudson Valley	65,285	28,660
Others	<u>82,195</u>	<u>129,480</u>
Total	<u>\$ 2,404,670</u>	<u>\$ 1,448,641</u>

MY SISTERS' PLACE, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

5. PROPERTY AND EQUIPMENT

Property and equipment, net, consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 70,000	\$ 70,000
Buildings and improvements	1,568,073	1,568,073
Equipment	<u>1,134,038</u>	<u>986,177</u>
	2,772,111	2,624,250
Less: Accumulated depreciation	<u>1,241,092</u>	<u>1,116,417</u>
Total	<u>\$ 1,531,019</u>	<u>\$ 1,507,833</u>

At June 30, 2021 and 2020, depreciation expense related to property and equipment amounted to \$124,675 and \$114,507, respectively. At June 30, 2021 and 2020, there were \$0 and \$73,478 written off of fully depreciated property and equipment, respectively.

In 2013, The New York State Homeless Housing and Assistance Corporation (“HHAC”) provided funding of \$2,389,619, which has been recorded as a grant enforcement mortgage lien towards the cost of acquisition and development of a new residential shelter facility (“Residential Facility”). This 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, 2021 and 2020, the Organization has a book value of \$1,326,899 and \$1,419,082, respectively, in land, building and equipment funded by HHAC.

It is the intention of management to operate this residential facility in conformance with the contractual provisions.

6. GRANT ENFORCEMENT MORTGAGE LIEN

Under the terms of the grant funding from HHAC for the Residential Facility (see Note 5), the Organization has no obligation 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, 2021 and 2020, the liability for the grant enforcement mortgage lien was \$1,326,899 and \$1,419,082, respectively. 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 – CONTINUED

6. 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, 2021 and 2020, the Organization had set aside \$79,458 and \$79,450, which was in excess of the requirement of \$74,586.

7. GRANT COMMITMENTS

The Organization receives grants from various government funders and recognizes revenue when expenses incurred that are associated with these grants are billed to these funders by filing periodic claims. The total amount claimed in each of these grants is not to exceed the limit specified in the grant agreement. As of June 30, 2021 and 2020, the total grant amount from outstanding government grant contracts is \$11,650,268 and \$5,680,358, the cumulative amount claimed is \$4,181,549 and \$2,793,901, and the remaining funding available is \$7,468,719 and \$2,886,457, respectively. The majority of these contracts are for annual periods and are expected to renew at the expiration date.

8. PAYROLL PROTECTION PLAN LOAN PAYABLE

In April 2020, the Organization entered into a \$824,000 loan agreement with a financial institution under the Paycheck Protection Program (the “Program”), established by the federal government and is administered by the Small Business Administration (“SBA”). The Organization will primarily be utilizing the Program loan for payroll costs and anticipates that a large portion of the loan will be forgiven. In November 2020, equal monthly installments of principal and interest were scheduled to commence, which were to include interest payable at the rate of 1% per annum. However, under SBA guidance, the Organization can delay its submission for loan forgiveness until September 2021. The loan is set to mature in April 2022.

On July 23, 2021, the PPP loan principal amounting to \$644,048 was forgiven. (See Note 18)

9. LINE OF CREDIT

In February 2020, the Organization obtained an unsecured line of credit in the amount of \$450,000, which expired on February 19, 2021. The line was renewed and expired on February 28, 2022, but it has since been renewed and set to expire in May 2022. The line bears interest at prime plus 1%, which was 5.00% at June 30, 2021. The Organization did not utilize the line of credit during the years ended June 30, 2021 and 2020.

MY SISTERS' PLACE, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

10. 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. 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.

11. DONATED SERVICES AND GOODS

Donated legal services amounted to \$496,357 and \$246,500 for the years ended June 30, 2021 and 2020, respectively. Donated goods amounted to \$0 and \$34,500 for the years ended June 30, 2021 and 2020, respectively. 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.

12. LEASE COMMITMENTS AND DEFERRED RENT LIABILITY

The Organization has entered into leases for office space located in White Plains, NY and Yonkers, NY, which expire in 2029 and 2022, respectively. The Organization also has a lease for copier equipment that expires in 2027.

During the year ended June 30, 2018, the Organization concurrently entered into a surrender agreement on its existing White Plains office lease and entered into a new lease for a different White Plains office space. As part of the surrender agreement, the Organization received incentive payments from the landlord which are included as part of the deferred rent liability in the statements of financial position and are being amortized as a reduction of rent expense over the life of the new lease.

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

	White Plains	Yonkers	Equipment	Total
2022	\$ 195,884	\$ 94,607	\$ 3,990	\$ 294,481
2023	195,884	-	7,980	203,864
2024	196,983	-	7,980	204,963
2025	199,337	-	7,980	207,317
2026	201,221	-	7,980	209,201
Thereafter	579,176	-	5,985	585,161
	<u>\$ 1,568,485</u>	<u>\$ 94,607</u>	<u>\$ 41,895</u>	<u>\$ 1,704,987</u>

MY SISTERS' PLACE, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

12. LEASE COMMITMENTS AND DEFERRED RENT LIABILITY – CONTINUED

The Yonkers lease renewal is currently under negotiations. For the years ended June 30, 2021 and 2020, rental expenses, inclusive of utilities, parking, and deferred rent amortization, amounted to \$307,693 and \$302,720, respectively. Leases are subject to normal escalation provisions based on building expenses and taxes.

13. 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. During fiscal year 2021, the Board decided to make a non-discretionary match on pension contributions. The Organization may make employer matching contributions at its discretion. Employer contributions were \$121,000 and \$14,771, respectively, for the years ended June 30, 2021 and 2020.

14. CONTINGENCIES

COVID-19

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the generation of contributions, attendance at special events, government grants, and collections of receivables. Other financial impact could occur, though such potential impact is unknown at this time.

Program Audits

Government grants are subject to audit by the grantor and other oversight agencies. Management is of the opinion that any potential disallowances that may result from an audit will not be material and has not set aside a reserve for this. Any future disallowances will be recorded when they become known and the amount is probable that it will be paid.

Claims

In the normal course of business, the Organization may become a party to various claims related to operating programs and general employment matters. There are no amounts accrued for potential claims or losses because there are no claims that are considered probable of requiring payment. Any future claims will be recorded if such claims are considered to be probable.

MY SISTERS' PLACE, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

15. NET ASSETS

Net assets with donor restrictions are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Client assistance	\$ 7,374	\$ 7,374
Human trafficking	-	75,000
Aftercare counseling	10,918	3,970
Education and prevention	<u>34,064</u>	<u>16,781</u>
	<u>\$ 52,356</u>	<u>\$ 103,125</u>

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the following:

	<u>2021</u>	<u>2020</u>
Client assistance	\$ -	\$ 6,983
Human trafficking	75,000	-
Aftercare counseling	18,052	8,219
Education and prevention	<u>12,717</u>	<u>16,030</u>
	<u>\$ 105,769</u>	<u>\$ 31,232</u>

Included in net assets without donor restrictions as of June 30, 2021 and 2020 is \$1,542,874 and \$1,342,720, respectively, that has been designated by the Organization's Board of Directors as an operating reserve.

16. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in several financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. From time to time, the Organization's balances may exceed these limits.

MY SISTERS' PLACE, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

17. LIQUIDITY

The following reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 745,887	\$ 823,820
Investments	2,076,833	2,547,889
Shelter per-diem billings receivable, net	168,131	114,455
Grants receivable	<u>2,404,670</u>	<u>1,448,641</u>
Total financial assets	5,395,521	4,934,805
Less:		
Board designated operating reserve	1,542,874	1,342,720
Net assets with donor restrictions	<u>52,356</u>	<u>103,125</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,800,291</u>	<u>\$ 3,488,960</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, and investments.

The Organization's board-designated operating reserve is designated for specified purpose but may be utilized for other purposes, as determined by the Board of Directors. It is not the intent of the Board of Directors to utilize the operating reserve for anything other than its intended purpose.

To help manage unanticipated liquidity needs, the Organization has committed lines of credit in the amount of \$450,000 which it could draw upon.

18. SUBSEQUENT EVENTS

The Organization has evaluated all events or transactions that occurred after June 30, 2021 through May 6, 2022 which is the date that these financial statements were available to be issued.

On July 23, 2021, the PPP loan principal amounting to \$644,048 was forgiven.

MY SISTERS' PLACE, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

19. FUTURE CHANGES IN ACCOUNTING PRINCIPLES

ASU No. 2016-02

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board (IASB) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards (IFRS). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB Accounting Standards Codification (“ASC”) Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the statement of financial position for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For the Organization, the ASU will be effective for the fiscal year ending June 30, 2023.

ASU No. 2020-07

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU increases transparency and provides financial clarity with the reporting of noncash contributions, known as gifts-in-kind. The guidance in this ASU provides for new presentation and disclosure requirements regarding contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. It requires not-for-profit entities to present contributed nonfinancial assets separately in the statement of activities apart from contributions of cash or other financial assets.

For the Organization, the ASU will be effective for the fiscal year ending June 30, 2022.

The Organization has not yet determined if these ASUs will have a material effect on its financial statements.

MY SISTERS' PLACE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Pass-through New York State Department of Health Child and Adult Care Food Program	10.558	5484	\$ -	\$ 10,917
Total U.S. Department of Agriculture			-	10,917
<u>U.S. Department of Housing and Urban Development</u>				
Pass-through Yonkers Community Development Agency Emergency Solutions Grant Program	14.231	PO-2018-8115	-	30,000
Pass-through Caring for the Homeless of Peekskill Continuum of Care Program	14.267	DSS3027-21	-	57,498
Total U.S. Department of Housing and Urban Development			-	87,498
<u>U.S. Department of Justice</u>				
Office for Victims of Crime Services for Trafficking Victims	16.320		-	278,629
Office on Violence Against Women Legal Assistance for Victims	16.524		-	193,968
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529		-	131,606
Pass-through New York State Office of Victim Services Crime Victim Assistance	16.575	OVS01-C11001GG-1080200	-	1,570,512
Crime Victim Assistance	16.575	T012559	-	34,970
Crime Victim Assistance	16.575	OVS01-C10818GG-1080200	-	403,507
Crime Victim Assistance	16.575	OVS01-C10720GG-1080200	-	129,994
Total Crime Victim Assistance			-	2,138,983
Pass-through New York State Division of Criminal Justice Services Violence Against Women Formula Grants	16.588	C652086	-	17,611
Total U.S. Department of Justice			-	2,760,797
<u>U.S. Department of Health and Human Services</u>				
Administration for Children and Families Family Violence Prevention and Services/Discretionary	93.592		-	65,786
Pass-through Westchester County Department of Social Services Social Services Block Grant	93.667	DSS6047-20	-	125,728
Pass-through Westchester County Office for Women Social Services Block Grant	93.667	OFWMSPC121	-	141,916
Social Services Block Grant	93.667	OFWMSPC121	-	93,501
Social Services Block Grant	93.667	OFWMSPD121	-	88,466
Pass-through Legal Services of Hudson Valley Social Services Block Grant	93.667	OFWLSHVA322	-	38,533
Total Social Services Block Grant			-	488,144
Pass-through New York State Office of Children and Family Services Family Violence Prevention and Services/Domestic Violence Shelter and Support Services	93.671	C027536	-	60,549
Family Violence Prevention and Services/Domestic Violence Shelter and Support Services	93.671	CO28807	-	61,623
Family Violence Prevention and Services/Domestic Violence Shelter and Support Services	93.671	T012380	-	38,000
Total Family Violence Prevention and Services/Domestic Violence Shelter and Support Services			-	160,172
Total U.S. Department of Health and Human Services			-	714,102
Total Expenditures of Federal Awards			\$ -	\$ 3,573,314

See notes to schedule of expenditures of federal awards.

MY SISTERS' PLACE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of My Sisters' Place, Inc. (the "Organization") for the year ended June 30, 2021. The information on this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Passthrough entity identifying numbers are presented where available.

3. INDIRECT COST RATE

The Organization elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
My Sisters' Place, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of My Sisters' Place, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 6, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* – CONTINUED

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watson Rice LLP

New York, New York
May 6, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board Directors
My Sisters' Place, Inc.

Report on Compliance for Each Major Federal Program

We have audited My Sisters' Place, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE – CONTINUED

Opinion on the Major Federal Program

In our opinion, My Sisters' Place, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE – CONTINUED**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Watson Rice LLP

New York, New York
May 6, 2022

**MY SISTERS' PLACE, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2021**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes ✓ no

Significant deficiency(ies) identified?

 yes ✓ none reported

Noncompliance material to financial statements noted?

 yes ✓ no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

 yes ✓ no

Significant deficiency(ies) identified?

 yes ✓ none reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 yes ✓ no

Identification of Major Federal Program:

Assistance Listing Number

Name of Federal Program or Cluster

16.575

Crime Victim Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

 ✓ yes no

**MY SISTERS' PLACE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.