

**My Sisters' Place, Inc.**  
**Financial Statements**  
**June 30, 2020 and 2019**

**My Sisters' Place, Inc.**

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
My Sisters' Place, Inc.  
White Plains, New York

**Report on the Financial Statements**

We have audited the accompanying financial statements of My Sisters' Place, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, 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 audits 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.

## 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, 2020 and 2019, 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.

## Emphasis of Matter

As discussed in Note 19 to the financial statements, My Sisters' Place, Inc. adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. No. 2014-09, No. 2016-18 and No. 2018-08. Our opinion is not modified with respect to this matter.

*Grassi & Co., CPAs, P.C.*

GRASSI & CO., CPAs, P.C.

White Plains, New York  
December 29, 2020

**My Sisters' Place, Inc.**  
**Statements of Financial Position**  
June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 823,820	\$ 1,641,416
Restricted cash	79,450	69,099
Investments	2,547,889	708,494
Shelter per-diem billings receivable, net	114,455	182,220
Grants receivable	1,448,641	1,024,332
Prepaid expenses and deposits	97,233	79,681
Property and equipment	1,507,833	1,605,660
Total Assets	\$ 6,619,321	\$ 5,310,902
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued liabilities	\$ 153,208	\$ 152,221
Accrued salary and related expenses	311,010	258,678
Deferred rent liabilities	853,794	938,411
Deferred revenue	125,696	79,651
Payroll Protection Program loan payable	824,000	-
Grant enforcement mortgage lien	1,419,082	1,513,445
Total Liabilities	3,686,790	2,942,406
Net Assets		
Without donor restrictions	2,829,406	2,354,139
With donor restrictions	103,125	14,357
Total Net Assets	2,932,531	2,368,496
Total Liabilities and Net Assets	\$ 6,619,321	\$ 5,310,902

The accompanying notes are an integral part of these financial statements.

**My Sisters' Place, Inc.**  
**Statements of Activities**  
For the Years Ended June 30, 2020 and 2019

	<b>2020</b>			<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>						
Residential shelter service, net	\$ 712,469	\$ -	\$ 712,469	\$ 727,875	\$ -	\$ 727,875
Government grants	4,868,478	-	4,868,478	3,851,297	-	3,851,297
Private grants	222,724	120,000	342,724	331,473	-	331,473
Contributions						
Individual	956,309	-	956,309	598,890	-	598,890
Corporate	269,886	-	269,886	83,301	-	83,301
Foundation	242,544	-	242,544	54,760	15,600	70,360
Donated services and goods	281,000	-	281,000	310,500	-	310,500
Fundraising event income	49,185	-	49,185	609,933	-	609,933
Less: Direct cost of fundraising events	(26,729)	-	(26,729)	(113,308)	-	(113,308)
Investment income	18,050	-	18,050	41,283	-	41,283
Other revenue	21,724	-	21,724	22,046	-	22,046
Gain on sale of assets held for sale	-	-	-	175,172	-	175,172
Net assets released from donor restrictions	31,232	(31,232)	-	19,473	(19,473)	-
<b>Total Revenues, Gains and Other Support</b>	<b>7,646,872</b>	<b>88,768</b>	<b>7,735,640</b>	<b>6,712,695</b>	<b>(3,873)</b>	<b>6,708,822</b>
<b>EXPENSES</b>						
Residential program services	1,234,446	-	1,234,446	1,136,901	-	1,136,901
Non-residential program services	2,856,634	-	2,856,634	2,693,352	-	2,693,352
Legal program services	2,005,564	-	2,005,564	1,712,466	-	1,712,466
Fundraising	390,929	-	390,929	361,925	-	361,925
Administration	684,032	-	684,032	731,296	-	731,296
<b>Total Expenses</b>	<b>7,171,605</b>	<b>-</b>	<b>7,171,605</b>	<b>6,635,940</b>	<b>-</b>	<b>6,635,940</b>
Change in net assets	475,267	88,768	564,035	76,755	(3,873)	72,882
<b>NET ASSETS</b>						
Beginning of year	2,354,139	14,357	2,368,496	2,277,384	18,230	2,295,614
End 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>

The accompanying notes are an integral part of these financial statements.

**My Sisters' Place, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2020**

	<b>Residential Program Services</b>	<b>Non-Residential Program Services</b>	<b>Legal Program Services</b>	<b>Fundraising</b>	<b>Administration</b>	<b>Total</b>
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>

The accompanying notes are an integral part of these financial statements.

**My Sisters' Place, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2019**

	<b>Residential Program Services</b>	<b>Non-Residential Program Services</b>	<b>Legal Program Services</b>	<b>Fundraising</b>	<b>Administration</b>	<b>Total</b>
Salaries and wages	\$ 582,493	\$ 1,420,036	\$ 843,981	\$ 236,526	\$ 426,332	\$ 3,509,368
Employee benefits and payroll taxes	147,171	426,100	214,894	42,849	124,558	955,572
Consultants and temporary help	1,024	42,297	84,148	2,161	63,420	193,050
Staff training and recruitment	5,413	8,291	5,573	1,514	4,863	25,654
	<u>736,101</u>	<u>1,896,724</u>	<u>1,148,596</u>	<u>283,050</u>	<u>619,173</u>	<u>4,683,644</u>
Office rent, utilities and parking	20,602	131,114	77,895	6,721	16,360	252,692
Audit and legal fees	6,270	24,173	299,179	1,292	1,198	332,112
Subcontractor expense	-	244,878	-	-	-	244,878
Client assistance	48,504	131,561	15,236	-	-	195,301
Telephone and technology	38,925	73,378	50,736	6,238	8,940	178,217
Shelter maintenance and utilities	96,082	37	23	-	-	96,142
Staff travel and meetings	4,698	51,263	7,844	5,194	12,006	81,005
Repairs and maintenance	37,634	15,468	9,090	3,851	3,248	69,291
Equipment rental	26,065	55,228	41,864	21,289	54,836	199,282
Insurance	7,730	29,308	19,633	542	1,331	58,544
Office supplies and postage	4,895	15,347	20,288	5,935	6,990	53,455
Printing	1,301	2,426	2,389	12,166	567	18,849
Memberships and subscriptions	365	4,628	6,699	33	1,799	13,524
External affairs and public relations	5,765	5,765	5,765	-	-	17,295
Credit card and bank fees	-	-	-	12,502	1,745	14,247
Direct cost of special events	-	-	-	113,308	-	113,308
Miscellaneous expense	3,008	6,754	3,484	1,478	1,609	16,333
Depreciation	98,956	5,300	3,745	1,634	1,494	111,129
	<u>1,136,901</u>	<u>2,693,352</u>	<u>1,712,466</u>	<u>475,233</u>	<u>731,296</u>	<u>6,749,248</u>
Total Expenses						
Less expenses deducted directly from revenues:						
Direct cost of special events	-	-	-	(113,308)	-	(113,308)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,308)</u>	<u>-</u>	<u>(113,308)</u>
Total expenses reported by function on the statement of activities	<u>\$ 1,136,901</u>	<u>\$ 2,693,352</u>	<u>\$ 1,712,466</u>	<u>\$ 361,925</u>	<u>\$ 731,296</u>	<u>\$ 6,635,940</u>

The accompanying notes are an integral part of these financial statements.



**My Sisters' Place, Inc.**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 564,035	\$ 72,882
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	114,507	111,129
Accretion of grant enforcement mortgage lien	(94,363)	(94,363)
Gain on sale of assets held for sale	-	(175,172)
Realized and unrealized loss on investments	32,087	-
Straight-line rent amortization	(84,617)	(101,872)
Provision for uncollectible receivables	(1,141)	4,743
Loss from retirement of fixed assets	-	2,400
(Increase) decrease in operating assets:		
Shelter per-diem billings receivable	68,906	(46,865)
Grants receivable	(424,309)	(245,480)
Lease novation receivable	-	216,000
Prepaid expenses and other assets	(17,552)	146
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	987	13,861
Accrued salaries payable and related expenses	52,332	(26,201)
Deferred rent	-	282,507
Deferred revenue	46,045	(16,549)
Net cash provided by (used in) operating activities	256,917	(2,834)
<b>Cash flows from investing activities:</b>		
Proceeds from sale of assets	-	603,700
Purchase of property and equipment	(16,680)	(101,190)
Proceeds from sale of investments	4,709,714	-
Purchase of investments	(6,581,196)	(328,277)
Net cash (used in) provided by investing activities	(1,888,162)	174,233
<b>Cash flows from financing activities:</b>		
Proceeds from Payroll Protection Program loan	824,000	-
<b>Net change in cash and cash equivalents and restricted cash</b>	(807,245)	171,399
<b>Cash and cash equivalents, beginning of year</b>	1,710,515	1,539,116
<b>Cash and cash equivalents, end of year</b>	\$ 903,270	\$ 1,710,515
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents	\$ 823,820	\$ 1,641,416
Restricted cash	79,450	69,099
Total	\$ 903,270	\$ 1,710,515

The accompanying notes are an integral part of these financial statements.

**My Sisters' Place, Inc.**  
Notes to Financial Statements  
June 30, 2020 and 2019

**Note 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; (3) to provide community education and training related to domestic violence and human trafficking and its prevention.

**Note 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 (Note 6).

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  
June 30, 2020 and 2019

**Note 2 - Summary of Significant Accounting Policies (cont'd.)**

Fair Value of Financial Instruments (cont'd.)

At June 30, 2020 and 2019, 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 5 - 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 grants 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, 2020 and 2019, the Organization has recorded an allowance for doubtful accounts of \$19,952 and \$21,063, 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, 2020 and 2019.

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, 2020, 2019 and 2018 were \$6,161, \$5,081 and \$3,089, respectively, and are included in grants receivable on the statements of financial position.

**My Sisters' Place, Inc.**  
Notes to Financial Statements  
June 30, 2020 and 2019

**Note 2 - Summary of Significant Accounting Policies (cont'd.)**

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, 2020 and 2019.

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, 2020, 2019 and 2018, contract liabilities totaled \$125,696, \$79,651, and \$96,200, 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.

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.

**My Sisters' Place, Inc.**  
Notes to Financial Statements  
June 30, 2020 and 2019

**Note 2 - Summary of Significant Accounting Policies (cont'd.)**

Contributions (cont'd.)

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 time 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.

Publicity Costs

Publicity costs are expensed as incurred.

Reclassifications

Certain accounts relating to the prior year have been reclassified to conform to the current year's presentation.

**My Sisters' Place, Inc.**  
Notes to Financial Statements  
June 30, 2020 and 2019

**Note 2 - Summary of Significant Accounting Policies (cont'd.)**

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 not 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, 2017.

**Note 3 - Gain on Assets Held for Sale**

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 was subject to a contractual provision requiring the Organization to operate such shelter until March 31, 2018. HHAC retained a reversionary interest in the property in the event the Organization did not abide by that provision. In April 2018, HHAC released such reversionary interest, as the Organization had satisfied all contractual provisions through March 31, 2018.

After HHAC's release of its reversionary interest, the Organization ceased operating this property as a residential shelter and held the property for sale at June 30, 2018. In September 2018, this property was sold, which yielded net proceeds of \$603,700 and a gain on sale of \$175,172.

**Note 4 - Property and Equipment**

Property and equipment, net, consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 70,000	\$ 70,000
Buildings and improvements	1,568,073	1,586,578
Equipment	<u>986,177</u>	<u>1,024,470</u>
	2,624,250	2,681,048
Less: Accumulated depreciation	<u>1,116,417</u>	<u>1,075,388</u>
	<u>\$ 1,507,833</u>	<u>\$ 1,605,660</u>

At June 30, 2020 and 2019, depreciation expense related to property and equipment amounted to \$114,507 and \$111,129, respectively. During the year ended June 30, 2020, the Organization wrote off \$73,478 of fully depreciated property and equipment. There were no amounts written off during the year ended June 30, 2019.

**My Sisters' Place, Inc.**  
Notes to Financial Statements  
June 30, 2020 and 2019

**Note 4 - Property and Equipment (cont'd.)**

In 2013, 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, 2020 and 2019, the Organization has a book value of \$1,419,082 and \$1,513,445, 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.

**Note 5 - 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.

The following table presents the Organization's assets that are measured at fair value on a recurring basis at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
	Level 1	Level 1
Mutual funds		
Short term bonds	\$ 952,845	\$ 492,114
US Treasury securities	800,878	-
Exchange traded funds		
Fixed income	391,047	-
Equities	403,119	-
Certificate of deposit	-	216,380
Total assets measured at fair value	<u>\$ 2,547,889</u>	<u>\$ 708,494</u>

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**Note 6 - Grant Enforcement Mortgage Lien**

Under the terms of the grant funding from HHAC for the Residential Facility (see Note 4), 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, 2020 and 2019, the liability for the grant enforcement mortgage lien was \$1,419,082 and \$1,513,445, 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.

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, 2020 and 2019, the Organization had set aside \$79,450 and \$69,099, which was in excess of the requirement of \$74,586 and \$67,879, respectively.

**Note 7 - Grant Commitments**

The Organization receives grants from various government funders, and recognizes revenue when expenses incurred 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, 2020, the total grant amount from outstanding government grant contracts is \$5,680,358, the cumulative amount claimed is \$2,793,901, and the remaining funding available is \$2,886,457. The majority of these contracts is for annual periods and is expected to renew at the expiration date.

**Note 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 recently issued SBA guidance, the Organization can delay its submission for loan forgiveness until September 2021. The loan is set to mature in April 2022; however, the Organization anticipates applying for forgiveness and repaying the unforgiven balance prior to June 30, 2021.



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**Note 9 - Line of Credit**

In February 2011, the Organization obtained an unsecured line of credit in the amount of \$350,000, which was set to expire on February 17, 2012 but was extended through January 31, 2020, at which point it was not extended. The line bore interest at prime plus 1.5%, which was 7% at June 30, 2019. The Organization did not utilize the line of credit during the years ended June 30, 2020 and 2019.

In February 2020, the Organization obtained an unsecured line of credit in the amount of \$450,000, which is set to expire on February 19, 2021. The line bears interest at prime plus 1%, which was 4.25% at June 30, 2020. The Organization did not utilize the line of credit during the year ended June 30, 2020.

**Note 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.

**Note 11 - Donated Services and Goods**

Donated legal services amounted to \$246,500 and \$287,200 for the years ended June 30, 2020 and 2019, respectively. Donated goods amounted to \$34,500 and \$23,300 for the years ended June 30, 2020 and 2019, 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.

**Note 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 2022.

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 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.

The Organization took possession of the new premises during the year ended June 30, 2019, at which time the lease on the existing premises was terminated, and \$65,446 was recognized as a reduction of rent expense related to the extinguishment of the deferred rent liability on the existing premises.

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**Note 12 - Lease Commitments and Deferred Rent Liability (cont'd.)**

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

	White Plains	Yonkers	Equipment	Total
2021	\$ 194,157	\$ 111,673	\$ 27,900	\$ 333,730
2022	195,884	94,607	21,200	311,691
2023	196,983	-	-	196,983
2024	199,337	-	-	199,337
2025	201,221	-	-	201,221
Thereafter	887,128	-	-	887,128
	<u>\$ 1,874,710</u>	<u>\$ 206,280</u>	<u>\$ 49,100</u>	<u>\$ 2,130,090</u>

For the years ended June 30, 2020 and 2019, rental expenses, inclusive of utilities, parking and deferred rent amortization, amounted to \$302,720 and \$252,692, respectively. Leases are subject to normal escalation provisions based on building expenses and taxes.

**Note 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. The Organization may make employer matching contributions at its discretion. Employer contributions were \$14,771 and \$14,534, respectively, for the years ended June 30, 2020 and 2019.

**Note 14 - Contingencies**

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.

**Note 15 - Net Assets**

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

	<u>2020</u>	<u>2019</u>
Client assistance	\$ 7,374	\$ 14,357
Human trafficking	75,000	-
Aftercare counseling	3,970	-
Education and prevention	16,781	-
	<u>\$ 103,125</u>	<u>\$ 14,357</u>

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**Note 15 - Net Assets (cont'd.)**

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

	<u>2020</u>	<u>2019</u>
Client assistance	\$ 6,983	\$ 19,473
Education and prevention	8,219	-
Aftercare counseling	<u>16,030</u>	<u>-</u>
	<u>\$ 31,232</u>	<u>\$ 19,473</u>

Included in net assets without donor restrictions as of June 30, 2020 and 2019 is \$1,342,720 and \$1,339,109 that has been designated by the Organization's Board of Directors as an operating reserve.

**Note 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.

**Note 17 - Liquidity**

The following reflects the Organization's financial assets as of June 30, 2020 and 2019, 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 823,820	\$ 1,641,416
Investments	2,547,889	708,494
Shelter per-diem billings receivable, net	114,455	182,220
Grants receivable	<u>1,448,641</u>	<u>1,024,332</u>
Total financial assets	4,934,805	3,556,462
Less:		
Board designated operating reserve	1,342,720	1,339,109
Net assets with donor restrictions	<u>103,125</u>	<u>14,357</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,488,960</u>	<u>\$ 2,202,996</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.

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**Note 17 - Liquidity (cont'd.)**

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.

**Note 18 - Subsequent Events**

The Organization has evaluated all events or transactions that occurred after June 30, 2020 through December 29, 2020 which is the date that these financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.

**Note 19 - Changes in Accounting Principles**

ASU No. 2014-09

Effective July 1, 2019, the Organization adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), using a modified retrospective method of adoption to all contracts with customers at July 1, 2019. ASU 2014-09 requires the Organization to recognize revenue to depict the provision of services to members in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those services. The amount to which the Organization is to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing the services. Because contracts are generally complete within one year, the Organization used the actual transaction price rather than estimating variable consideration amounts for contracts completed during the year ended June 30, 2020.

The Organization receives funding from a number of New York State County Departments of Social Services to provide services to individuals who seek emergency shelter. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the support and services. Generally, the Organization bills the Counties after the services are performed. Receivables are due in full when billed, and revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Revenue is recognized at a point in time, as the performance obligation is based on an individual being provided shelter services for a night. The Organization determines the transaction price based on established rates and contracts for services provided. The Organization typically does not incur contract costs in connection with its service revenue.

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**Note 19 - Changes in Accounting Principles (cont'd.)**

ASU No. 2014-09 (cont'd.)

Laws and regulations concerning government programs are complex and subject to varying interpretation. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. Management is of the opinion that, if any claims or penalties were to be assessed, they would not be material.

The Organization has elected the practical expedient allowed under FASB ASC Subtopic 606-10-32-18 and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a customer and the time the customer or a third-party payor pays for that service will be one year or less.

ASU No. 2018-08

Effective July 1, 2019, the Organization adopted the provisions of FASB ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), on a modified prospective basis. This ASU provides for guidance to assist the Organization in evaluating the transfer of assets and the nature of the related transactions. The Organization considers whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both indicates that the recipient is not entitled to the transferred assets or a future transfer of assets until it has overcome any barriers in the agreement.

The adoption of these ASUs resulted in changes in the disclosures in the notes to the financial statements.

ASU No. 2016-18

In 2019, the Organization adopted the provisions of FASB ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The new accounting guidance in ASU 2016-18 requires balances generally described as restricted cash or restricted cash equivalents to be included with cash and cash equivalents when reconciling beginning and end of the period balances on the statement of cash flows.

The adoption of this ASU resulted in changes to previously reported cash and cash equivalents on the June 30, 2019 statement of cash flows.

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**Note 20 - Future Changes in Accounting Principles**

ASU No. 2016-02

In February 2016, the FASB issued 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 balance sheet 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 ASC Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet 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.