

**YORK STREET PROJECT**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

YORK STREET PROJECT  
CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

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# Anzelone Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
York Street Project  
Jersey City, New Jersey

We have audited the accompanying consolidated financial statements of York Street Project (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2014 and 2013, and the related consolidated 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.

### 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. 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.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of York Street Project as of June 30, 2014 and 2013, 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.



Mountainside, New Jersey  
December 15, 2014

YORK STREET PROJECT  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 121,267	\$ 287,728
Investments	607,351	940,938
Accounts receivable	29,195	32,613
Prepaid expenses	-	12,635
Rent receivable	12,796	3,203
Due from state assistance agency	<u>22,918</u>	<u>45,219</u>
Total current assets	<u>793,527</u>	<u>1,322,336</u>
Fixed assets:		
Property and equipment, net of accumulated depreciation of \$729,015 and \$689,824 respectively	<u>467,871</u>	<u>389,844</u>
Total assets	<u>\$ 1,261,398</u>	<u>\$ 1,712,180</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 105,322	\$ 66,149
Accrued payroll	109,877	136,091
Accrued expenses	50,601	49,161
Deferred revenue	<u>29,788</u>	<u>44,788</u>
Total current liabilities	<u>295,588</u>	<u>296,189</u>
Other liabilities:		
Mortgage-secured grant	45,000	67,500
Security deposit	<u>1,000</u>	<u>1,000</u>
Total other liabilities	<u>46,000</u>	<u>68,500</u>
Net assets:		
Unrestricted	503,216	853,684
Temporarily restricted	<u>416,594</u>	<u>493,807</u>
Total net assets	<u>919,810</u>	<u>1,347,491</u>
Total liabilities and net assets	<u>\$ 1,261,398</u>	<u>\$ 1,712,180</u>

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

**YORK STREET PROJECT  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	2014		2013	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
<b>SUPPORT AND REVENUE</b>				
Support				
Grants	\$ 87,664	\$ 585,523	\$ -	\$ 819,863
Intra-institute grants	-	91,966	-	150,024
Intra-institute contributions	-	26,344	-	14,680
Contributions and bequests	789,923	-	746,170	37,065
Fundraising events	25,801	-	32,804	-
Facilities contribution	1,137,091	-	727,800	-
Providence rent subsidy	-	-	389,592	-
Providence direct subsidy	922,117	-	922,117	-
Total support	2,962,596	703,833	2,818,483	1,021,632
Revenue				
Tuition and residence fees	360,098	-	370,372	-
Rents	306,792	-	290,484	-
Investment income	5,732	5,267	9,859	4,697
Reimbursements	8,144	-	8,725	-
Realized gain (loss) on securities	43,016	42,271	23,376	12,328
Unrealized gain (loss) on securities	14,385	14,135	52,743	27,785
Total revenue	738,166	61,674	755,559	44,810
Net assets released from restrictions:				
Satisfaction of usage restrictions	894,798	(894,798)	1,020,589	(1,020,589)
Total support and revenue	4,595,560	(129,291)	4,594,631	45,853
<b>EXPENSES</b>				
Transitional housing	1,134,519	-	1,055,204	-
Child development	759,505	-	803,099	-
Supportive services	559,136	-	463,327	-
Residency	930,369	-	1,139,204	-
Education	662,021	-	672,044	-
General and administrative - all programs	540,599	-	635,889	-
Fund raising and public relations - all programs	340,288	-	298,398	-
Total expenses	4,926,437	-	5,067,165	-
Change in net assets	(330,877)	(129,291)	(472,534)	45,853
Other changes	32,486			
Net assets, beginning of year	853,684	493,807	1,326,218	447,954
Net assets, end of year	\$ 555,293	\$ 364,516	\$ 853,684	\$ 493,807
				\$ 1,347,491

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

YORK STREET PROJECT  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services				Supporting Services			Total
	Transitional Housing	Child Development	Supportive Services	Housing	Education	General Administrative	Fund Raising and Public Relations	
Salaries	\$ 362,405	\$ 408,766	\$ 215,179	\$ 209,821	\$ 345,390	\$ 161,608	\$ 159,342	\$ 1,862,511
Benefits and payroll taxes	143,562	200,020	82,055	101,006	117,993	70,419	44,619	759,674
Equipment	201	4,450	-	-	-	4,474	-	9,125
Repairs and maintenance	29,242	4,487	2,733	40,740	1,661	1,612	171	80,646
Supplies and materials	91,806	49,344	2,002	73,760	10,075	2,128	125	229,240
Technical computer support	-	-	-	-	-	-	-	-
Special funds	4,444	-	-	-	-	-	-	4,444
Member benefits	300	16,296	-	-	-	7	-	16,603
Purchased services	39,392	2,933	17,623	8,107	23,144	49,156	8,544	148,899
Professional fees	-	-	-	-	-	55,200	-	55,200
Occupancy	449,769	59,569	126,705	494,837	150,800	86,257	7,919	1,375,855
Postage	173	385	-	-	-	4,988	2,180	7,726
Telephone	1,853	2,899	-	-	-	12,478	1,367	18,597
Office expenses	-	-	-	-	-	19,537	6,747	26,284
Other expenses	11,372	10,356	-	2,098	12,958	26,173	6,232	69,189
Child care	-	-	-	-	-	-	-	-
Major Repairs	-	-	-	-	-	-	-	-
Rent subsidy	-	-	-	-	-	-	-	-
Restricted program support	-	-	-	-	-	-	-	-
Direct program support	-	-	-	-	-	-	-	-
Child Care	-	-	7,359	-	-	-	-	7,359
Fund raising activities	-	-	105,480	-	-	5,705	100,367	105,480
Capital campaign	-	-	-	-	-	-	2,675	106,072
Depreciation	-	-	-	-	-	40,858	-	2,675
	-	-	-	-	-	-	-	40,858
<b>Total functional expenses</b>	<b>\$ 1,134,519</b>	<b>\$ 759,505</b>	<b>\$ 559,136</b>	<b>\$ 930,369</b>	<b>\$ 662,021</b>	<b>\$ 540,600</b>	<b>\$ 340,288</b>	<b>\$ 4,926,437</b>

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

YORK STREET PROJECT  
 CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 2013

	Program Services				Supporting Services			Total
	Transitional Housing	Child Development	Supportive Services	Residency	Education	General Administrative	Fund Raising and Public Relations	
Salaries	\$ 357,192	\$ 417,355	\$ 212,894	\$ 211,748	\$ 349,065	\$ 163,087	\$ 119,008	\$ 1,830,349
Benefits and payroll taxes	136,396	183,067	90,353	108,619	116,102	78,188	45,873	758,598
Equipment	3,890	14,263	-	58	-	2,970	-	21,181
Repairs and maintenance	17,719	2,193	7,879	43,201	900	3,347	290	75,528
Supplies and materials	92,595	49,127	1,544	73,346	16,012	1,334	97	234,055
Special funds	3,128	-	-	-	-	-	-	3,128
Member benefits	40	21,324	-	-	-	623	-	21,987
Purchased services	42,342	5,829	22,966	3,459	22,182	141,450	5,298	243,526
Professional fees	-	-	-	-	-	55,370	-	55,370
Occupancy	391,082	98,013	127,691	494,317	150,800	87,232	7,981	1,357,116
Postage	100	490	-	-	-	3,764	4,112	8,466
Telephone	1,550	2,650	-	-	-	5,260	1,068	10,528
Office expenses	-	-	-	-	-	13,230	8,394	21,624
Major repairs	9,170	8,788	-	2,156	16,983	29,529	5,837	72,463
Other expenses	-	-	-	202,300	-	-	-	202,300
Program subsidies	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-
Program Subsidies	-	-	-	-	-	-	-	-
Fund raising activities	-	-	-	-	-	-	-	-
Capital Grant	-	-	-	-	-	6,783	100,164	106,947
Capital campaign	-	-	-	-	-	-	276	276
Depreciation	-	-	-	-	-	43,722	-	43,722
<b>Total functional expense</b>	<b>\$ 1,055,204</b>	<b>\$ 803,099</b>	<b>\$ 463,327</b>	<b>\$ 1,139,204</b>	<b>\$ 672,044</b>	<b>\$ 635,888</b>	<b>\$ 298,398</b>	<b>\$ 5,067,165</b>

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

YORK STREET PROJECT  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from grants and entitlements	\$ 752,276	\$ 716,202
Cash received from rentals	240,097	242,499
Section 8 subsidy received	117,102	108,544
Cash received from residents and students	479,943	500,976
Cash received from York Street Project support	688,612	804,145
York Street Project rent subsidy received	-	434,302
Subsidies received	988,907	1,382,080
Contributions received	900,170	1,093,618
Cash received from fund raising events	25,801	32,804
Cash received from reimbursements	4,200	4,200
Interest and dividends received	10,999	14,556
Cash paid for employee costs	(2,632,062)	(2,605,362)
Cash paid for operating expenses	<u>(2,071,011)</u>	<u>(3,211,257)</u>
Net cash provided by (used for) operating activities	<u>(494,966)</u>	<u>(482,694)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(118,889)	-
Proceeds from sale of investments	<u>447,394</u>	<u>351,399</u>
Net cash provided by (used for) investing activities	<u>328,505</u>	<u>351,399</u>
Net increase (decrease) in cash	(166,461)	(131,301)
Cash and cash equivalents at beginning of year	<u>287,728</u>	<u>419,028</u>
Cash and cash equivalents at end of year	<u>\$ 121,267</u>	<u>\$ 287,728</u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO  
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

Change in net assets	\$ <u>(427,682)</u>	\$ <u>(426,681)</u>
Adjustment to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	40,894	43,722
(Increase) decrease in accounts receivable	26,220	(38,054)
(Increase) decrease in contribution receivable	(9,593)	559
(Increase) decrease in rent receivables	838	35,089
(Increase) decrease in due from affiliates	40,335	16,335
Increase (decrease) in accounts payable	(25,155)	3,432
Increase (decrease) in accrued payroll	8,200	(797)
Increase (decrease) in security deposit	(15,000)	300
(Increase) decrease in prepaid expenses	2,285	(3,270)
Increase (decrease) in accrued expenses	-	(534)
Increase (decrease) in deferred income	-	25,437
Gain on securities transactions	(113,807)	(116,232)
Increase (decrease) in mortgage secured grant	<u>(22,500)</u>	<u>(22,500)</u>
Total adjustments	<u>(67,283)</u>	<u>(56,013)</u>
Net cash provided by (used for) operating activities	<u>\$ (494,966)</u>	<u>\$ (482,694)</u>

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



YORK STREET PROJECT  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the York Street Project and its affiliated non-profit organizations founded and sponsored by the Sisters of St. Joseph of Peace in Englewood Cliffs, New Jersey. These non-profit organizations include St. Joseph's Home, Kenmare School and St. Mary's Residence. All significant inter-affiliated transactions and accounts are eliminated.

Organization

The York Street Project (the "Project") is a non-profit corporation which provides administrative and development support for the charitable purposes of its affiliated non-profit organizations referred to above.

St. Joseph's Home, (the "Home") provides transitional housing for economically disadvantaged women and their dependents and, under the name of The Nurturing Place, provides a development center for preschool children.

The Kenmare School, (the "School") provides an alternative education program for economically disadvantaged women who choose to complete their secondary education.

St. Mary's Residence, (the "Residence") provides a room with meals to single working women under rental agreements cancelable upon 30 days notice.

Income Tax Status

All members of the consolidation are non-profit organizations qualifying as tax-exempt organizations under 501(c)(3) of the Internal Revenue Code. Accordingly, the Project is exempt from federal and state income taxes.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

Property and Equipment

The Project follows the practice of capitalizing expenditures in excess of \$1,000 for property and equipment at cost or at estimated fair value at date of gift, if donated. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Reclassifications

Certain accounts in prior-year financial statements may have been reclassified for comparative purposes to conform with the presentation in current-year financial statements. There were no such reclassifications in these financial statements.

YORK STREET PROJECT  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash in banks, interest-bearing deposits and short-term highly liquid investments with original maturities of three months or less. Bank accounts are federally insured up to \$250,000 under FDIC. At times, account balances may be in excess of the insurable limit. At June 30, 2014, there were no uninsured excess cash balances.

Public Support and Revenue

In accordance with current accounting pronouncements, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of credit risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. At June 30, 2014, the organization had no balances in excess of Federal Deposit Insurance Corporation insured limits.

Unearned Income

Income from special events is deferred and recognized over the periods to which the income relates.

YORK STREET PROJECT  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Financial statement presentation follows the recommendations of current accounting pronouncements; the Project is required to report information regarding its financial position and activities to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets

Unrestricted net assets represent resources whose use is not limited or restricted by donors. They generally arise as a result of exchange transactions (including contracts with government agencies), unrestricted contributions (including board designated contributions), or restricted contributions whose restrictions have expired.

Temporarily restricted net assets

Temporarily restricted net assets represent resources whose use is limited by donors for the purpose and/or time in which they may be expended. Eventually, temporarily restricted net assets are reclassified to unrestricted as their time and purpose requirements are met.

Permanently restricted net assets

Permanently restricted net assets represent resources that must be maintained permanently. Like temporarily restricted net assets, permanent restrictions may be imposed only by a donor. However, permanently restricted net assets generally do not get reclassified, since, by definition, their restrictions never expire.

Fair Value of Financial Instruments

Investments consist of mutual funds investing in debt and equity securities. They are carried at fair value and any gain or loss on investments is reported in the statement of activities as increases or decreases in unrestricted net assets.

The Organization adopted FASB Codification No 820 Fair Value Measurement. The Codification provides guidance on how to measure fair value, when required, under existing accounting standards. The Codification also establishes a fair value hierarchy that priorities the inputs to valuation techniques used to measure fair value into three levels ('Level 1,2,3').

The Project's investment portfolio is held by a financial broker. Interest and dividends are reported as part of the investment income.

YORK STREET PROJECT  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2014</u>	<u>2013</u>
Equipment and furniture	\$ 759,055	\$ 749,155
Leasehold Improvements	285,552	285,552
Vehicles	44,962	44,962
	<u>1,089,569</u>	<u>1,079,669</u>
Less - Accumulated Depreciation	(729,015)	(689,824)
	<u>\$ 360,554</u>	<u>\$ 389,845</u>

Depreciation expense for the years ended June 30, 2014 and 2013 amounted to \$39,191 and \$43,721, respectively.

NOTE 3 - FAIR VALUE MEASUREMENT

The Organization states its investments at fair value using Level 1 fair value measures (quoted prices in active markets) to reflect unrealized gains in the Statement of Revenue and Expenses and Changes in Net Assets. Investment income of unrestricted net assets is recorded as revenue in the Unrestricted Fund. At June 30, 2014 and 2013, investments consisted of the following:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
<u>Unrestricted Investments</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equity Securities	\$ -	\$ -
Mutual Funds	\$ 607,351	\$ 940,938
Totals	<u>\$ 607,351</u>	<u>\$ 940,938</u>

YORK STREET PROJECT  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 3 - FAIR VALUE MEASUREMENT (Continued)

A summary of the net return on investments consist of the following for the years ended June 30, 2014 and 2013, respectively:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 10,627	\$ 14,091
Net realized gain (loss)	85,287	35,704
Net unrealized gain/(loss)	<u>28,521</u>	<u>80,528</u>
Net return/(loss) on investments	<u>\$ 124,435</u>	<u>\$ 130,323</u>

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	<u>York St. Project</u>	<u>Total June 30,</u>	
		<u>2014</u>	<u>2013</u>
Provisions of bequests	\$ 360,001	\$ 360,001	\$ 484,807
Other restricted grants	<u>56,593</u>	<u>56,593</u>	<u>9,000</u>
Total temporarily restricted net assets	<u>\$ 416,594</u>	<u>\$ 416,594</u>	<u>\$ 493,807</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>St. Joseph's Home</u>	<u>York St. Project</u>	<u>Kenmare School</u>	<u>Total June 30,</u>	
				<u>2014</u>	<u>2013</u>
Purpose restriction accomplished:					
Foundation and government Grants	\$ 22,500	\$ 292,157	\$ 17,118	\$ 331,755	\$ 421,126
HUD Grant	528,720	-	-	528,720	555,562
NJ Department of Agriculture	34,303	-	-	34,303	43,901
Time and usage restrictions expired	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total temporarily restricted net assets released from restriction	<u>\$ 585,523</u>	<u>\$ 292,157</u>	<u>\$ 17,118</u>	<u>\$ 894,798</u>	<u>\$ 1,020,589</u>

YORK STREET PROJECT  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 5 - HOUSING AND URBAN DEVELOPMENT GRANT

On January 6, 1988, the Home was awarded a grant from the U.S. Department of Housing and Urban Development ("HUD") in the amount of \$1,879,660 ending in April, 1994. Since then, the Home has received grants every three years. In April 2001, the Home received a grant in the amount of \$1,675,604 for the period May 2001 through April 2004. Beginning May 1, 2004, the grant is for 12 months, renewable annually. Provisions of the grant agreement require the Home to obtain or provide matching funds for the project and operate the program in accordance with specific federal guidelines. During the years ended June 30, 2014 and 2013, the Home received \$528,720 and \$555,562, respectively from the grant.

NOTE 6 - CITY OF JERSEY CITY COMMUNITY DEVELOPMENT BLOCK GRANT

In August 2010, the Residence was awarded a grant in the amount of \$252,056 from the City of Jersey City Community Development Block Grant Program for interior and exterior repairs to the residence. During fiscal year 2011 the Residence expended \$104,300 of the award and recorded the same amount in grant income. During fiscal year 2012 no funds were expended of the award due to delays in planning. During fiscal year 2013 \$127,900 was expended.

NOTE 7 - RELATED PARTY TRANSACTIONS

For the years ended June 30, 2014 and 2013, The Sisters of St. Joseph of Peace provided direct financial support to the affiliated non-profit organizations as follows:

	<u>2014</u>	<u>2013</u>
York Street Project	\$ 360,000	\$ 749,592
St. Joseph's Home	51,000	51,000
The Kenmare School	201,000	201,000
St. Mary's Residence	192,768	192,768
The Nurturing Place	<u>117,348</u>	<u>117,348</u>
Total related party transactions	<u>\$ 922,116</u>	<u>\$ 1,311,708</u>

The York Street Project provided direct financial support to its affiliated organizations as follows:

	<u>2014</u>	<u>2013</u>
The Kenmare School	\$ 367,346	\$ 368,065
The Nurturing Place	208,500	318,659
St. Mary's Residence	98,500	107,200
St. Joseph's Home	<u>47,266</u>	<u>455,692</u>
Total support from York Street Project to its Affiliated organizations	<u>\$ 721,612</u>	<u>\$ 1,249,216</u>

YORK STREET PROJECT  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 7 - RELATED PARTY TRANSACTIONS (Continued)

The Sisters of St. Joseph of Peace provided the use of facilities in which the organizations operate their programs. That fair rental value amounted to \$1,137,091 at June 30, 2014, and \$727,800 at June 30, 2013. Those respective amounts are reported as support and occupancy expense in the financial statements.

The Home occupies its facilities under a lease with the Sisters of St. Joseph of Peace . The term of the lease is sixty months commencing May 1,1999 and ending April 30, 2005, at a monthly rental of \$32,466. A lease extension and renewal agreement, effective May 1, 2004, extended the lease for a period of ten (10) years, expiring on April 30, 2014. The monthly rental amount for this new lease term is \$32,466. The lease extension and renewal terms are in agreement with the HUD provisions that require the Home to obtain or provide matching funds for the project. As of the beginning of fiscal year 2014, the Home no longer requires the rent contribution as matching funds for the HUD grant. The Home is no longer leasing the premises but continues to utilize the facilities as a contribution from the Sisters of St. Joseph of Peace. For the year ended June 30, 2013, York Street Project received \$389,592 in additional support to fund the lease commitment.

The Kenmare School conducts its operations from facilities that are leased from a related party, the York Street Project, which was extended for an additional five years expiring April 30, 2019. The rent paid to the Project for the years ended June 30, 2014 and 2013 amounted to \$60,000 for each year. However, that rent is below the current fair rental value of the premises, which is estimated to be \$248,000. Accordingly, an additional \$188,000 has been included in revenue and expenses for the years ended June 30, 2014 and 2013, representing the difference between actual rent paid and the fair rental value of the facilities.

Future minimum rental payments at June 30, 2014 are summarized as follows:

<u>Fiscal year</u>	<u>Amount</u>
2015	\$ 60,000
2016	60,000
2017	60,000
2018	60,000
2019	50,000
Total future minimum rental payments:	\$ <u>290,000</u>

YORK STREET PROJECT  
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NOTE 7 - RELATED PARTY TRANSACTIONS (Continued)

High school education tuition payments are made by the Home to the School, an affiliated organization, for residents of the Home attending the School. For the years ended June 30, 2014 and 2013, these payments totaled \$17,371 and \$19,819, respectively.

The Project provides administrative services to its sister organizations. For the years ended June 30, 2014 and 2013, York Street Project provided services in these amounts to the following organizations: The Nurturing Place \$11,000; St. Mary's Residence \$11,000; St. Joseph's Home \$32,846; and the Kenmare School \$11,000. In addition, the Project has a payable due to the Home for the years ended June 30, 2014 and 2013 in the amount of \$278,109 and \$566,609, respectively.

NOTE 8 - MORTGAGE SECURED GRANT

The Home obtained financing in the amount of \$225,000 from the New Jersey Department of Community Affairs Division of Housing in order to renovate their facility. In connection with that financing the State of New Jersey secured the property with a mortgage and a mortgage note. The note provides that the outstanding principal balance will be due upon default on the terms of the note or upon sale of the premises at 81 York Street, Jersey City, New Jersey. Among other conditions, the note requires the Home to utilize the funds received to renovate the premises. No principal or interest will be due and the principal will be forgiven at the rate of 10% per year, provided the facility is used as transitional housing for homeless women. Management of St. Joseph's Home certified that the shelter has provided transitional housing for homeless women for the years ended June 30, 2014 and 2013 and therefore 80% of the secured grant has been released.

NOTE 9 - PENSION PLAN

The Sisters of St. Joseph of Peace maintain separate pension plans for religious and lay employees of its affiliated nonprofit organizations who meet minimum age and service requirements. Pension contributions were reduced to 10% from 15% of salary for fiscal year 2014. Pension expense for the affiliated organizations for the years ended June 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
York Street Project	\$ 29,423	\$ 49,928
St. Joseph's Home	65,003	83,255
The Kenmare School	29,708	40,451
St. Mary's Residence	18,394	26,759
	<hr/>	<hr/>
Total pension expense	\$ 142,528	\$ 200,393
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YORK STREET PROJECT  
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NOTE 10 - COMPENSATED ABSENCES

The Project's liability for compensated absences was not significant and has not been recorded in these financial statements since it was not considered material to the financial statements taken as a whole.

NOTE 11 - LEASE OBLIGATION

The School entered into a lease agreement on August 8, 2012 to lease a photocopier with monthly lease payments of \$650 for 60 months. The following is a schedule of future minimum rental payments required under this agreement as of June 30, 2014.

<u>Fiscal year</u>	<u>Amount</u>
2015	7,800
2016	7,800
2017	7,800
2018	1,300
Total future minimum rental payments:	\$ <u>24,700</u>

NOTE 12 - CONCENTRATIONS

York Street Project receives approximately 46% of its revenue and support from related organizations and approximately 17% from federal and local grants. The current level of the Company's operations and program services may be negatively impacted, if the current level of funding and support is not maintained.

NOTE 13 - DONATED SERVICES

For the years ended June 30, 2014 and 2013 the Home received approximately 5,476 and 6,447 hours, respectively, of donated services from unpaid volunteers who assisted in the Child Development Center. No amounts have been recognized in the statement of activities for the services donated by unpaid volunteers, because the criteria for recognition under generally accepted accounting principles have not been satisfied. Noncash donations of materials and supplies to the Child Development Center approximated \$16,000 and \$17,000 for the years ended June 30, 2014 and 2013, respectively, and have been included in revenue and expenses for the respective years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE 14 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 15 - SUBSEQUENT EVENTS

The Project, in accordance with a recent accounting pronouncement, has evaluated the effect of subsequent events through December 15, 2014, which corresponds to the date the financial statements were available to be issued.