

YORK STREET PROJECT
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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JUNE 30, 2015 AND 2014

INDEX

	<u>Page(s)</u>
Independent Auditors' Report	1
Financial Statements:	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	3
Consolidated Statements of Functional Expenses	4 - 5
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 15

Anzelone Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

917 Mountain Avenue · Mountainside, New Jersey 07092 · Tel (908) 654-6150 · Fax (908) 654-6161

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, 2015 and 2014, 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, 2015 and 2014, 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
October 6, 2015

YORK STREET PROJECT
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 596,257	\$ 121,267
Investments	138,959	607,351
Accounts receivable	11,470	29,195
Prepaid expenses	1,307	0
Rent receivable	4,258	12,796
Due from state assistance agency	<u>33,587</u>	<u>22,918</u>
Total current assets	<u>785,838</u>	<u>793,527</u>
Fixed assets:		
Property and equipment, net of accumulated depreciation of \$774,567 and \$729,015 respectively	<u>458,863</u>	<u>467,871</u>
Total assets	<u>\$ 1,244,701</u>	<u>\$ 1,261,398</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 56,585	\$ 105,322
Accrued payroll	119,810	109,877
Accrued expenses	52,049	50,601
Deferred revenue	<u>30,788</u>	<u>29,788</u>
Total current liabilities	<u>259,232</u>	<u>295,588</u>
Other liabilities:		
Mortgage-secured grant	22,500	45,000
Security deposit	<u>1,000</u>	<u>1,000</u>
Total other liabilities	<u>23,500</u>	<u>46,000</u>
Net assets:		
Unrestricted	745,093	503,216
Temporarily restricted	<u>216,876</u>	<u>416,594</u>
Total net assets	<u>961,969</u>	<u>919,810</u>
Total liabilities and net assets	<u>\$ 1,244,701</u>	<u>\$ 1,261,398</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, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Support						
Grants	\$ 11,288	\$ 595,275	\$ 606,563	\$ 87,664	\$ 585,523	\$ 673,187
Intra-institute grants	7,480.	92,520	100,000	-	91,966	91,966
Intra-institute contributions	-	13,700	13,700	-	26,344	26,344
Contributions and bequests	1,607,507	10,000	1,617,507	789,923	-	789,923
Fundraising events	29,934	-	29,934	25,801	-	25,801
Facilities contribution	1,137,091	-	1,137,091	1,137,091	-	1,137,091
Providence direct subsidy	922,117	-	922,117	922,117	-	922,117
Total support	3,715,417	711,495	4,426,912	2,962,596	703,833	3,666,429
Revenue						
Tuition and residence fees	406,191	-	406,191	360,098	-	360,098
Rents	302,530	-	302,530	306,792	-	306,792
Investment income	1,734	1,203	2,937	5,732	5,267	10,999
Reimbursements	4,200	-	4,200	8,144	-	8,144
Realized gain (loss) on securities	59,733	39,789	99,522	43,016	42,271	85,287
Unrealized gain (loss) on securities	(59,527)	(39,651)	(99,178)	14,385	14,135	28,520
Total revenue	714,861	1,341	716,202	738,167	61,673	799,840
Net assets released from restrictions: Satisfaction of usage restrictions	912,555	(912,555)	-	842,719	(842,719)	-
Total support and revenue	5,342,833	(199,719)	5,143,114	4,543,482	(77,213)	4,466,269
EXPENSES						
Transitional housing	1,181,963	-	1,181,963	1,134,519	-	1,134,519
Child development	847,882	-	847,882	759,505	-	759,505
Supportive services	540,272	-	540,272	559,136	-	559,136
Residency	944,592	-	944,592	930,369	-	930,369
Education	640,281	-	640,281	662,021	-	662,021
General and administrative - all programs	572,205	-	572,205	540,599	-	540,599
Fund raising and public relations - all programs	373,760	-	373,760	340,288	-	340,288
Total expenses	5,100,955	-	5,100,955	4,926,437	-	4,926,437
Change in net assets	241,878	(199,719)	42,159	(382,955)	(77,213)	(460,168)
Other changes				32,486		32,486
Net assets, beginning of year	503,215		416,594	853,684		493,807
Net assets, end of year	\$ 745,093	\$ 216,876	\$ 961,969	\$ 503,215	\$ 416,594	\$ 919,810

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, 2015

	Program Services				Supporting Services			Total
	Transitional Housing	Child Development	Supportive Services	Housing	Education	General Administrative	Fund Raising and Public Relations	
Salaries	\$ 370,096	\$ 483,065	\$ 217,392	\$ 212,119	\$ 350,326	\$ 186,067	\$ 164,996	\$ 1,984,061
Benefits and payroll taxes	160,668	215,577	102,713	111,425	102,792	72,050	44,728	809,953
Equipment	2,782	1,616	-	-	-	1,839	-	6,237
Repairs and maintenance	16,938	5,484	1,559	36,966	609	2,338	97	63,991
Supplies and materials	92,220	50,418	2,361	74,567	9,238	1,829	148	230,781
Technical computer support	-	-	-	-	-	-	-	-
Special funds	50,403	-	-	-	-	4,440	-	54,843
Member benefits	-	14,534	-	-	-	-	-	14,534
Purchased services	32,091	6,517	29,434	10,172	14,788	38,723	6,340	138,065
Professional fees	-	-	-	-	-	59,350	-	59,350
Occupancy	445,451	60,975	127,665	496,847	150,800	86,938	7,979	1,376,654
Postage	293	291	-	-	-	3,171	3,812	7,567
Telephone	2,088	3,012	-	-	-	21,164	1,485	27,749
Office expenses	-	-	-	-	-	18,093	7,139	25,232
Other expenses	8,933	6,393	-	2,495	11,728	24,313	7,209	61,071
Child care	-	-	-	-	-	-	-	-
Major Repairs	-	-	-	-	-	-	-	-
Rent subsidy	-	-	-	-	-	-	-	-
Restricted program support	-	-	13,665	-	-	-	-	13,665
Direct program support	-	-	13,758	-	-	-	-	13,758
Child Care	-	-	31,725	-	-	-	-	31,725
Fund raising activities	-	-	-	-	-	8,002	127,237	135,239
Capital campaign	-	-	-	-	-	-	2,590	2,590
Depreciation	-	-	-	-	-	43,886	-	43,886
Total functional expenses	\$ 1,181,963	\$ 847,882	\$ 540,272	\$ 944,591	\$ 640,281	\$ 572,203	\$ 373,760	\$ 5,100,955

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	Residency	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	80,645	
Supplies and materials	91,806	49,344	2,002	73,760	10,075	2,128	125	229,240	
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	1,375,856	
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	
Major repairs	11,372	10,356	-	2,098	12,958	26,173	6,232	69,189	
Other expenses	-	-	105,480	-	-	-	-	105,480	
Program subsidies	-	-	-	-	-	-	-	-	
Rent	-	-	-	-	-	-	-	-	
Program Subsidies	-	-	7,359	-	-	-	-	7,359	
Fund raising activities	-	-	-	-	-	5,705	100,367	106,072	
Capital Grant	-	-	-	-	-	-	-	-	
Capital campaign	-	-	-	-	-	-	2,675	2,675	
Depreciation	-	-	-	-	-	40,858	-	40,858	
Total functional expense	\$ 1,134,519	\$ 759,505	\$ 559,136	\$ 930,369	\$ 662,021	\$ 540,599	\$ 340,288	\$ 4,926,437	

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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants and entitlements	\$ 681,510	\$ 752,276
Cash received from rentals	261,655	240,097
Section 8 subsidy received	109,413	117,102
Cash received from residents and students	469,934	479,943
Cash received from York Street Project support	1,182,577	688,612
York Street Project rent subsidy received	-	0
Subsidies received	951,963	988,907
Contributions received	1,718,010	900,170
Cash received from fund raising events	29,934	25,801
Cash received from reimbursements	4,200	4,200
Interest and dividends received	2,939	10,999
Cash paid for employee costs	(2,780,573)	(2,632,062)
Cash paid for operating expenses	<u>(2,590,428)</u>	<u>(2,071,010)</u>
Net cash provided by (used for) operating activities	<u>41,134</u>	<u>(494,966)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(34,880)	(118,889)
Proceeds from sale of investments	<u>468,736</u>	<u>447,394</u>
Net cash provided by (used for) investing activities	<u>433,856</u>	<u>328,505</u>
Net increase (decrease) in cash	474,990	(166,467)
Cash and cash equivalents at beginning of year	<u>121,267</u>	<u>287,733</u>
Cash and cash equivalents at end of year	<u>\$ 596,257</u>	<u>\$ 121,267</u>

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

Change in net assets	\$ <u>42,159</u>	\$ <u>(427,682)</u>
Adjustment to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	43,886	40,894
(Increase) decrease in accounts receivable	12,331	26,220
(Increase) decrease in contribution receivable	8,538	(9,593)
(Increase) decrease in rent receivables	-	838
(Increase) decrease in due from affiliates	(48,293)	40,335
Increase (decrease) in accounts payable	3,073	(25,155)
Increase (decrease) in accrued payroll	(1,295)	(797)
Increase (decrease) in security deposit	1,000	300
(Increase) decrease in prepaid expenses	2,586	8,200
Increase (decrease) in accrued expenses	-	2,285
Increase (decrease) in deferred income	-	(15,000)
Gain on securities transactions	(344)	(113,807)
Increase (decrease) in mortgage secured grant	<u>(22,500)</u>	<u>(22,500)</u>
Total adjustments	<u>(1,018)</u>	<u>(67,284)</u>
Net cash provided by (used for) operating activities	<u>\$ 41,134</u>	<u>\$ (494,966)</u>

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

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the York Street Project and St. Joseph's Home, an affiliated non-profit organization sponsored by the Sisters of St. Joseph of Peace in Englewood Cliffs, New Jersey. 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 programs; The Kenmare School and St. Mary's Residence. Prior to fiscal year 2015 The Kenmare School and St. Mary's Residence were separate affiliated non-profit organizations. For fiscal year 2015 these organizations were merged into the York Street Project. Additionally the York Street Project continues to provide administrative support for St. Joseph's Home. In fiscal year 2016 St. Joseph's Home will also be merged into the York Street Project. The description of these programs is as follows:

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.

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.

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.

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2015, 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, 2015, 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, 2015 AND 2014

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, 2015 AND 2014

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2015	2014
Equipment and furniture	\$ 902,916	\$ 866,372
Leasehold Improvements	285,552	285,552
Vehicles	44,962	44,962
	1,233,430	1,196,886
Less - Accumulated Depreciation	(774,567)	(729,015)
	\$ 458,863	\$ 467,871

Depreciation expense for the years ended June 30, 2015 and 2014 amounted to \$43,886 and \$39,191, 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, 2015 and 2014, investments consisted of the following:

	June 30, 2015	June 30, 2014
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>Unrestricted Investments</u>		
Equity Securities	\$ -	\$ -
Mutual Funds	\$ 138,960	\$ 607,351
Totals	\$ 138,960	\$ 607,351

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3 - FAIR VALUE MEASUREMENT (Continued)

A summary of the net return on investments consist of the following for the years ended June 30, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 3,098	\$ 10,627
Net realized gain (loss)	99,522	85,287
Net unrealized gain/(loss)	<u>(93,950)</u>	<u>28,521</u>
Net return/(loss) on investments	<u>\$ 8,670</u>	<u>\$ 124,435</u>

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>Total</u>	
	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Provisions of bequests	\$ 214,376	\$ 360,001
Other restricted grants	<u>2,500</u>	<u>56,593</u>
Total temporarily restricted net assets	<u>\$ 216,876</u>	<u>\$ 416,594</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</u>	<u>York St.</u>	<u>Kenmare</u>	<u>Total</u>	
	<u>Home</u>	<u>Project</u>	<u>School</u>	<u>June 30,</u>	
				<u>2015</u>	<u>2014</u>
Purpose restriction accomplished:					
Foundation and government Grants	\$ 22,500	\$ 304,992	\$ 12,288	\$ 349,172	\$ 279,696
HUD Grant	468,678	-	-	468,678	528,720
NJ Department of Agriculture	43,695	-	-	34,303	34,303
HUD Rapid Rehousing	<u>60,402</u>	<u>-</u>	<u>-</u>	<u>60,402</u>	<u>-</u>
Total temporarily restricted net assets released from restriction	<u>\$ 595,275</u>	<u>\$ 304,992</u>	<u>\$ 12,288</u>	<u>\$ 912,555</u>	<u>\$ 842,719</u>

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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, 2015 and 2014, the Home received \$468,678 and \$528,720, respectively from the grant.

NOTE 6 - RELATED PARTY TRANSACTIONS

For the years ended June 30, 2015 and 2014, The Sisters of St. Joseph of Peace provided direct financial support to its programs and the affiliated non-profit organization as follows:

	<u>2015</u>	<u>2014</u>
York Street Project	\$ 360,000	\$ 360,000
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	117,348	117,348
Total related party transactions	<u>\$ 922,116</u>	<u>\$ 922,116</u>

The York Street Project provided direct financial support to its programs and affiliated organization as follows:

	<u>2015</u>	<u>2014</u>
The Kenmare School	\$ 339,389	\$ 367,346
The Nurturing Place	462,274	208,500
St. Mary's Residence	127,566	98,500
St. Joseph's Home	245,848	47,266
Total support from York Street Project to its Programs and affiliated organization.	<u>\$ 1,175,077</u>	<u>\$ 721,612</u>

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 6 - RELATED PARTY TRANSACTIONS (Continued)

The Sisters of St. Joseph of Peace provided the use of facilities in which the programs and organization operate. That fair rental value amounted to \$1,137,091 at June 30, 2015, and at June 30, 2014. That amount is 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.

The Kenmare School conducts its operations from facilities that are leased from the York Street Project, which was extended for an additional five years expiring April 30, 2019. The rent paid to the Project for the year ended June 30, 2014 amounted to \$60,000. 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 year June 30, 2014, representing the difference between actual rent paid and the fair rental value of the facilities. Since The Kenmare School is now merged into the York Street project the rent is no longer necessary and the fair rental value of the space Kenmare utilizes is properly included in the support provide by The Sisters of St. Joseph of Peace and occupancy expense.

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, 2015 and 2014, these payments totaled \$14,530 and \$17,371, respectively.

The Project provides administrative services to St. Joseph's Home. For the years ended June 30, 2015 and 2014, York Street Project provided services to St. Joseph's Home in the amount of \$29,846 each year. In addition, the Project has a payable due to the Home for the years ended June 30, 2015 and 2014 in the amount of \$278,109 for each year.

NOTE 7 - 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

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 7 - MORTGAGE SECURED GRANT (Continued)

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, 2015 and 2014 and therefore 90% of the secured grant has been released.

NOTE 8 - 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, 2015 and 2014 was as follows:

	<u>2015</u>	<u>2014</u>
York Street Project	\$ 37,763	\$ 29,423
St. Joseph's Home	70,884	65,003
The Kenmare School	23,721	29,708
St. Mary's Residence	<u>16,163</u>	<u>18,394</u>
Total pension expense	<u>\$ 148,531</u>	<u>\$ 142,528</u>

NOTE 9 - 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.

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 10 - 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, 2015.

<u>Fiscal year</u>	<u>Amount</u>
2016	7,800
2017	7,800
2018	1,300
Total future minimum rental payments:	\$ <u>16,900</u>

NOTE 11 - CONCENTRATIONS

York Street Project receives approximately 55% of its revenue and support from related organizations and approximately 12% 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 12 - DONATED SERVICES

For the years ended June 30, 2015 and 2014 the Home received approximately 5,741 and 5,476 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 \$17,000 each year for the years ended June 30, 2015 and 2014, and have been included in revenue and expenses for each year.

NOTE 13 - 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 14 - SUBSEQUENT EVENTS

The Project, in accordance with a recent accounting pronouncement, has evaluated the effect of subsequent events through October 6, 2015, which corresponds to the date the financial statements were available to be issued.