

YORK STREET PROJECT

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

YORK STREET PROJECT

JUNE 30, 2016 AND 2015

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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 financial statements of York Street Project (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and 2015, 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.

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 financial statements referred to above present fairly, in all material respects, the financial position of York Street Project as of June 30, 2016 and 2015, 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
November 9, 2016



YORK STREET PROJECT
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 98,488	\$ 596,257
Investments	-	138,959
Accounts receivable	44,355	11,470
Prepaid expenses	-	1,307
Rent receivable	3,681	4,258
Due from state assistance agency	<u>64,888</u>	<u>33,587</u>
Total current assets	<u>211,412</u>	<u>785,838</u>
Fixed assets:		
Property and equipment, net of accumulated depreciation of \$816,421 and \$774,567 respectively	<u>431,789</u>	<u>458,863</u>
Total assets	<u>\$ 643,201</u>	<u>\$ 1,244,701</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 47,240	\$ 56,585
Accrued payroll	57,463	119,810
Accrued expenses	53,801	52,049
Deferred revenue	<u>15,000</u>	<u>30,788</u>
Total current liabilities	<u>173,504</u>	<u>259,232</u>
Other liabilities:		
Mortgage-secured grant	-	22,500
Security deposit	<u>1,000</u>	<u>1,000</u>
Total other liabilities	<u>1,000</u>	<u>23,500</u>
Net assets:		
Unrestricted	233,727	745,093
Temporarily restricted	<u>234,970</u>	<u>216,876</u>
Total net assets	<u>468,697</u>	<u>961,969</u>
Total liabilities and net assets	<u>\$ 643,201</u>	<u>\$ 1,244,701</u>

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

YORK STREET PROJECT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Support						
Grants	\$ 16,798	\$ 567,716	\$ 584,514	\$ 11,288	\$ 595,275	\$ 606,563
Intra-Institute grants	-	104,000	104,000	7,480	92,520	100,000
Intra-Institute contributions	-	30,150	30,150	-	13,700	13,700
Contributions and bequests	891,116	10,000	901,116	1,607,507	10,000	1,617,507
Fundraising events	26,639	-	26,639	29,934	-	29,934
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	2,993,761	711,866	3,705,627	3,715,417	711,495	4,426,912
Revenue						
Tuition and residence fees	501,495	-	501,495	406,191	-	406,191
Rents	318,491	-	318,491	302,530	-	302,530
Investment income	289	102	391	1,734	1,203	2,937
Reimbursements	8,643	-	8,643	4,200	-	4,200
Realized gain (loss) on securities	(9,378)	10,557	1,179	59,733	39,789	99,522
Unrealized gain (loss) on securities	-	-	-	(59,527)	(39,651)	(99,178)
Total revenue	819,540	10,659	830,199	714,861	1,341	716,202
Net assets released from restrictions:						
Satisfaction of usage restrictions	704,430	(704,430)	-	912,555	(912,555)	-
Total support and revenue	4,517,731	18,095	4,535,826	5,342,833	(199,719)	5,143,114
EXPENSES						
Transitional housing	1,248,372	-	1,248,372	1,181,963	-	1,181,963
Child development	868,064	-	868,064	847,882	-	847,882
Supportive services	450,511	-	450,511	540,272	-	540,272
Residency	950,296	-	950,296	944,592	-	944,592
Education	629,672	-	629,672	640,281	-	640,281
General and administrative - all programs	550,488	-	550,488	572,205	-	572,205
Fund raising and public relations - all programs	331,692	-	331,692	373,760	-	373,760
Total expenses	5,029,095	-	5,029,095	5,100,955	-	5,100,955
Change in net assets	(511,364)	18,095	(493,269)	241,878	(199,719)	42,159
Other changes						
Net assets, beginning of year	745,093	216,875	961,969	503,215	416,594	919,809
Net assets, end of year	\$ 233,729	\$ 234,971	\$ 468,697	\$ 745,093	\$ 216,875	\$ 961,969

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

YORK STREET PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services						Supporting Services			Total
	Transitional Housing	Child Development	Supportive Services	Housing	Education	General Administrative	Fund Raising and Public Relations			
Salaries	\$ 398,302	\$ 501,804	\$ 224,827	\$ 210,020	\$ 357,401	\$ 181,724	\$ 119,784	\$	\$ 1,993,862	
Benefits and payroll taxes	159,452	212,211	67,378	98,997	97,812	68,850	45,703		750,403	
Equipment	3,214	544	-	1,222	-	2,563	-		7,543	
Repairs and maintenance	12,954	7,690	1,857	50,226	565	5,509	116		78,917	
Supplies and materials	89,988	59,265	1,436	75,446	4,628	1,924	90		232,777	
Rental assistance	84,198	-	-	-	-	7,773	-		91,971	
Member benefits	-	9,499	-	134	-	196	-		9,829	
Purchased services	39,256	3,548	25,159	12,979	11,050	26,838	22,362		141,192	
Professional fees	-	-	-	-	-	57,950	-		57,950	
Occupancy	449,183	63,071	129,854	497,076	150,800	88,463	8,116		1,386,562	
Postage	405	355	-	-	-	3,377	5,578		9,715	
Telephone	2,606	3,302	-	-	-	17,943	1,908		25,759	
Office expenses	-	-	-	-	-	16,256	17,723		33,979	
Other expenses	8,814	6,775	-	4,196	7,416	24,539	12,606		64,346	
Fund raising activities	-	-	-	-	-	4,729	94,576		99,305	
Capital campaign	-	-	-	-	-	-	3,130		3,130	
Depreciation	-	-	-	-	-	41,854	-		41,854	
Total functional expenses	\$ 1,248,372	\$ 868,064	\$ 450,511	\$ 950,296	\$ 629,672	\$ 550,488	\$ 331,692	\$	\$ 5,029,095	

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

YORK STREET PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services					Supporting Services			Total
	Transitional Housing	Child Development	Supportive Services	Residency	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	
Rental assistance	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	1,376,655	
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	
Major repairs	8,933	6,393	-	2,495	11,728	24,313	7,209	61,073	
Other expenses	-	-	31,725	-	-	-	-	31,725	
Program Subsidies	-	-	27,423	-	-	-	-	27,423	
Fund raising activities	-	-	-	-	-	8,003	127,237	135,240	
Capital campaign	-	-	-	-	-	-	2,590	2,590	
Depreciation	-	-	-	-	-	43,886	-	43,886	
Total functional expense	\$ 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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants and entitlements	\$ 630,879	\$ 681,510
Cash received from rentals	269,046	261,655
Section 8 subsidy received	110,022	109,413
Cash received from residents and students	529,977	469,934
Cash received from York Street Project support	1,034,877	1,182,577
Subsidies received	956,406	951,963
Contributions received	1,070,316	1,718,010
Cash received from fund raising events	26,639	29,934
Cash received from reimbursements	4,200	4,200
Interest and dividends received	391	2,939
Cash paid for employee costs	(2,820,000)	(2,780,573)
Cash paid for operating expenses	<u>(2,435,877)</u>	<u>(2,590,428)</u>
Net cash provided by (used for) operating activities	<u>(623,124)</u>	<u>41,134</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(14,780)	(34,880)
Proceeds from sale of investments	<u>140,137</u>	<u>468,736</u>
Net cash provided by (used for) investing activities	<u>125,357</u>	<u>433,856</u>
Net increase (decrease) in cash	(497,767)	474,990
Cash and cash equivalents at beginning of year	<u>596,257</u>	<u>121,267</u>
Cash and cash equivalents at end of year	<u>\$ 98,488</u>	<u>\$ 596,257</u>

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

Change in net assets	\$ <u>(493,269)</u>	\$ <u>42,159</u>
Adjustment to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	41,854	43,886
(Increase) decrease in accounts receivable	(37,766)	12,331
(Increase) decrease in contribution receivable	577	8,538
(Increase) decrease in rent receivables	(21,145)	-
(Increase) decrease in due from affiliates	(8,844)	(48,293)
Increase (decrease) in accounts payable	(53,601)	3,073
Increase (decrease) in accrued payroll	1,295	-
(Increase) decrease in prepaid expenses	(12,754)	(1,295)
Increase (decrease) in accrued expenses	-	2,586
Increase (decrease) in deferred income	-	1,000
Gain on securities transactions	(1,179)	(344)
Increase (decrease) in mortgage secured grant	<u>(22,500)</u>	<u>(22,500)</u>
Total adjustments	<u>(114,063)</u>	<u>(1,018)</u>
Net cash provided by (used for) operating activities	<u>\$ (623,124)</u>	<u>\$ 41,134</u>

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

YORK STREET PROJECT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, St. Mary's Residence, and St. Joseph's Home. 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. In fiscal year 2016 St. Joseph's Home, also an affiliated non-profit organization, was merged into the York Street Project as well. 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 and rental assistance 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

The Project is a non-profit organization 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 FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 2016, 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, 2016, 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 FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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.

NOTE 2 - MERGER

Effective October 1, 2015, St. Joseph's Home, a previously consolidated entity, merged into York Street Project. On the date of the merger St. Joseph's Home, which provides transitional housing and rental assistance to economically disadvantaged women and their dependents, had net assets of \$6,234. The purpose of the merger of the related entities was to consolidate administrative and support functions.

YORK STREET PROJECT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2016</u>	<u>2015</u>
Equipment and furniture	\$ 917,696	\$ 902,916
Leasehold Improvements	285,552	285,552
Vehicles	44,962	44,962
	<u>1,248,210</u>	<u>1,233,430</u>
Less - Accumulated Depreciation	(816,421)	(774,567)
	<u>\$ 431,789</u>	<u>\$ 458,863</u>

Depreciation expense for the years ended June 30, 2016 and 2015 amounted to \$41,854 and \$43,886, respectively.

NOTE 4 - 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, 2016 and 2015, investments consisted of the following:

<u>Unrestricted Investments</u>	<u>June 30, 2016</u>	<u>June 30, 2015</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	\$ -	\$ 138,960
Totals	<u>\$ -</u>	<u>\$ 138,960</u>

YORK STREET PROJECT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 4 - FAIR VALUE MEASUREMENT (Continued)

A summary of the net return on investments consist of the following for the years ended June 30, 2016 and 2015, respectively:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 391	\$ 3,098
Net realized gain (loss)	1,179	99,522
Net unrealized gain/(loss)	-	(93,950)
Net return/(loss) on investments	<u>\$ 1,570</u>	<u>\$ 8,670</u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>Total</u>	
	June 30,	
	<u>2016</u>	<u>2015</u>
Provisions of bequests	\$ 214,970	\$ 214,376
Other restricted grants	<u>20,000</u>	<u>2,500</u>
Total temporarily restricted net assets	<u>\$ 234,970</u>	<u>\$ 216,876</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>	
	Home	Project	School	June 30,	
				<u>2016</u>	<u>2015</u>
Purpose restriction accomplished:					
Foundation and government Grants	\$ 22,500	\$ 126,214	\$ 10,500	\$ 159,214	\$ 349,172
HUD Grant	390,550	-	-	390,550	468,678
NJ Department of Agriculture	52,073	-	-	52,073	34,303
HUD Rapid Rehousing	<u>102,593</u>	<u>-</u>	<u>-</u>	<u>102,593</u>	<u>60,402</u>
Total temporarily restricted net assets released from restriction	<u>\$ 567,716</u>	<u>\$ 124,150</u>	<u>\$ 10,500</u>	<u>\$ 704,430</u>	<u>\$ 912,555</u>

YORK STREET PROJECT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 6 - 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. The grant expired April 2016 and will not be renewed. During the years ended June 30, 2016 and 2015, the Home received \$390,550 and \$468,678, respectively from the grant.

NOTE 7 - RELATED PARTY TRANSACTIONS

For the years ended June 30, 2016 and 2015, The Sisters of St. Joseph of Peace provided direct financial support to the York Street Project in the amount of \$922,116 each year.

The Sisters of St. Joseph of Peace also provided the use of facilities in which the programs and organization operate. That fair rental value amounted to \$1,137,091 at June 30, 2016, and at June 30, 2015. That amount is reported as support and occupancy expense in the financial statements.

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, 2016 and 2015 and therefore 100% 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 who meet minimum age and service requirements. Pension contributions are 10% of salary. Pension expense for the York Street Project for the years ended June 30, 2016 and 2015 amounted to \$158,226 and \$148,531, respectively.

YORK STREET PROJECT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 2016.

<u>Fiscal year</u>	<u>Amount</u>
2017	7,800
2018	1,300
Total future minimum rental payments:	\$ <u>11,100</u>

NOTE 12 - CONCENTRATIONS

York Street Project receives approximately 46% of its revenue and support from related organizations and approximately 13% 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, 2016 and 2015 the Home received approximately 6,514 and 5,741 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 \$23,000 and \$17,000 for the years ended June 30, 2016 and 2015. Those amounts have been included in revenue and expenses for the respective years.

YORK STREET PROJECT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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 has evaluated events and transactions for the potential recognition or disclosure through November 9, 2016, which is the date the financial statements were available to be issued.