

YORK STREET PROJECT
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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JUNE 30, 2013 AND 2012

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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 consolidated financial statements of York Street Project (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2013 and 2012, 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, 2013 and 2012, 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 29, 2013

YORK STREET PROJECT
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 287,736	\$ 419,023
Investments	940,938	1,176,105
Accounts receivable	32,613	9,142
Prepaid expenses	12,635	9,374
Rent receivable	3,203	9,762
Due from state assistance agency	<u>45,219</u>	<u>59,734</u>
Total current assets	<u>1,322,344</u>	<u>1,683,140</u>
Fixed assets:		
Property and equipment, net of accumulated depreciation of \$689,824 and \$646,103 respectively	<u>389,844</u>	<u>433,566</u>
Total assets	<u>\$ 1,712,188</u>	<u>\$ 2,116,706</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 66,157	\$ 49,828
Accrued payroll	136,091	131,894
Accrued expenses	49,161	50,461
Deferred revenue	<u>44,788</u>	<u>19,351</u>
Total current liabilities	<u>296,197</u>	<u>251,534</u>
Other liabilities:		
Mortgage-secured grant	67,500	90,000
Security deposit	<u>1,000</u>	<u>1,000</u>
Total other liabilities	<u>68,500</u>	<u>91,000</u>
Net assets:		
Unrestricted	853,684	1,326,218
Temporarily restricted	<u>493,807</u>	<u>447,954</u>
Total net assets	<u>1,347,491</u>	<u>1,774,172</u>
Total liabilities and net assets	<u>\$ 1,712,188</u>	<u>\$ 2,116,706</u>

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	Housing	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	75,529
Supplies and materials	92,595	49,127	1,544	73,346	16,012	1,334	97	234,055
Technical computer support	-	-	-	-	-	-	-	-
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
Other expenses	9,170	8,788	-	2,156	16,983	29,529	5,837	72,463
Child care	-	-	-	-	-	-	-	-
Major Repairs	-	-	-	-	-	-	-	-
Rent subsidy	-	-	-	-	-	-	-	-
Restricted program support	-	-	-	-	-	-	-	-
Direct program support	-	-	-	-	-	-	-	-
Child Care	-	-	-	202,300	-	-	-	202,300
Fund raising activities	-	-	-	-	-	6,783	100,164	106,947
Capital campaign	-	-	-	-	-	-	276	276
Depreciation	-	-	-	-	-	43,722	-	43,722
Total functional expenses	\$ 1,055,204	\$ 803,099	\$ 463,327	\$ 1,139,204	\$ 672,044	\$ 635,889	\$ 298,398	\$ 5,067,165

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, 2012

	Program Services				Supporting Services			Total
	Transitional Housing	Child Development	Supportive Services	Residency	Education	General Administrative	Fund Raising and Public Relations	
Salaries	\$ 334,848	\$ 435,945	\$ 201,050	\$ 205,885	\$ 338,188	\$ 155,325	\$ 166,058	\$ 1,837,299
Benefits and payroll taxes	127,937	206,686	79,408	102,766	91,400	65,454	70,336	743,987
Equipment	9,169	5,242	-	-	-	709	-	15,120
Repairs and maintenance	84,368	1,489	1,181	52,880	1,194	828	74	142,013
Supplies and materials	87,051	68,106	3,391	72,353	13,501	2,440	212	247,054
Special funds	4,806	-	-	-	-	-	-	4,806
Member benefits	2,068	23,649	-	-	-	330	-	26,047
Purchased services	41,077	2,757	21,814	4,809	24,535	49,365	1,363	145,720
Professional fees	-	-	-	-	-	53,981	-	53,981
Occupancy	383,956	98,116	125,051	496,338	150,800	82,637	7,816	1,344,714
Postage	259	597	-	-	-	5,190	3,278	9,324
Telephone	1,612	2,521	-	-	-	4,992	1,376	10,501
Office expenses	-	-	-	-	-	16,539	8,712	25,251
Major repairs	9,066	7,462	-	2,629	6,412	36,113	16,664	78,346
Other expenses	-	-	-	-	-	-	-	-
Program subsidies	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-
Program Subsidies	-	-	-	-	-	-	-	-
Fund raising activities	-	-	-	-	-	5,593	100,549	106,142
Capital Grant	-	-	-	-	-	-	-	-
Capital campaign	-	-	-	-	-	-	6,825	6,825
Depreciation	-	-	-	-	-	50,637	-	50,637
Total functional expenses	\$ 1,086,217	\$ 852,570	\$ 431,895	\$ 937,660	\$ 626,030	\$ 530,132	\$ 383,263	\$ 4,847,767

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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants and entitlements	\$ 716,202	\$ 788,167
Cash received from rentals	242,505	299,701
Section 8 subsidy received	108,546	77,354
Cash received from residents and students	500,976	493,179
Cash received from York Street Project support	804,145	595,067
York Street Project rent subsidy received	434,302	453,207
Subsidies received	1,382,080	1,383,788
Contributions received	1,093,618	821,109
Cash received from fund raising events	32,804	26,460
Cash received from reimbursements	4,200	75,053
Interest and dividends received	14,556	19,528
Cash paid for employee costs	(2,605,362)	(2,557,403)
Cash paid for operating expenses	<u>(3,211,258)</u>	<u>(2,851,095)</u>
Net cash provided by (used for) operating activities	<u>(482,686)</u>	<u>(375,886)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	<u>351,399</u>	<u>191,605</u>
Net cash provided by (used for) investing activities	<u>351,399</u>	<u>191,605</u>
Net increase (decrease) in cash	(131,287)	(184,287)
Cash and cash equivalents at beginning of year	<u>419,023</u>	<u>603,309</u>
Cash and cash equivalents at end of year	\$ <u><u>287,736</u></u>	\$ <u><u>419,023</u></u>

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

Change in net assets	\$ <u>(426,681)</u>	\$ <u>(430,765)</u>
Adjustment to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	43,722	52,014
(Increase) decrease in accounts receivable	(38,054)	28,467
(Increase) decrease in contribution receivable	559	(3,722)
(Increase) decrease in rent receivables	35,099	(9,792)
(Increase) decrease in due from affiliates	16,330	3,978
Increase (decrease) in accounts payable	3,439	(17)
Increase (decrease) in accrued payroll	(3,270)	3,228
Increase (decrease) in security deposit	25,937	(12,705)
(Increase) decrease in prepaid expenses	(534)	25,881
Increase (decrease) in accrued expenses	-	-
Increase (decrease) in deferred income	-	-
Gain on securities transactions	(116,232)	(9,953)
Increase (decrease) in mortgage secured grant	<u>(22,500)</u>	<u>(22,500)</u>
Total adjustments	<u>(55,504)</u>	<u>54,879</u>
Net cash provided by (used for) operating activities	\$ <u><u>(482,686)</u></u>	\$ <u><u>(375,886)</u></u>

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

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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, 2013 AND 2012

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, 2013, 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, 2013, 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, 2013 AND 2012

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, 2013 AND 2012

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2013	2012
Equipment and furniture	\$ 749,155	\$ 749,155
Leasehold Improvements	285,552	285,552
Vehicles	44,962	44,962
	1,079,669	1,079,669
Less - Accumulated Depreciation	(689,824)	(646,103)
	\$ 389,845	\$ 433,566

Depreciation expense for the years ended June 30, 2013 and 2012 amounted to \$43,721 and \$52,014, 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, 2013 and 2012, investments consisted of the following:

	June 30, 2013	June 30, 2012
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Active Markets for Identical Assets (Level 1)
Unrestricted Investments		
Equity Securities	\$ -	\$ -
Mutual Funds	\$ 940,938	\$ 1,176,105
Totals	\$ 940,938	\$ 1,176,105

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 3 - FAIR VALUE MEASUREMENT (Continued)

A summary of the net return on investments consist of the following for the years ended June 30, 2013 and 2012, respectively:

	2013	2012
Interest and dividends	\$ 14,091	\$ 19,528
Net realized gain (loss)	35,704	11,882
Net unrealized gain/(loss)	80,528	(1,929)
Net return/(loss) on investments	<u>\$ 130,323</u>	<u>\$ 29,481</u>

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

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

	St. Joseph's	York St. Project	Kenmare School	Total June 30,	
				2013	2012
Provisions of bequests	\$ -	\$ 484,807	-	\$ 484,807	\$ 438,954
Scholarships	-	-	9,000	9,000	9,000
Total temporarily restricted net assets	<u>\$ -</u>	<u>\$ 484,807</u>	<u>9,000</u>	<u>\$ 493,807</u>	<u>\$ 447,954</u>

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

	St. Joseph's Home	York St. Project	St. Mary's Residence	Kenmare School	Total June 30,	
					2013	2012
Purpose restriction accomplished:						
Foundation and government Grants	\$ 22,500	\$ 194,661	\$ 197,900	\$ 6,065	\$ 421,126	\$ 199,363
HUD Grant	555,562	-	-	-	555,562	558,524
NJ Department of Agriculture	43,901	-	-	-	43,901	34,002
Time and usage restrictions expired	-	-	-	-	-	-
Total temporarily restricted net assets released from restriction	<u>\$ 621,963</u>	<u>\$ 194,661</u>	<u>\$ 197,900</u>	<u>\$ 6,065</u>	<u>\$ 1,020,589</u>	<u>\$ 791,889</u>

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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, 2013 and 2012, the Home received \$555,562 and \$558,524, 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, 2013 and 2012, The Sisters of St. Joseph of Peace provided direct financial support to the affiliated non-profit organizations as follows:

	<u>2013</u>	<u>2012</u>
York Street Project	\$ 749,592	\$ 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	117,348	117,348
Total related party transactions	<u>\$ 1,311,708</u>	<u>\$ 1,311,708</u>

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

	<u>2013</u>	<u>2012</u>
The Kenmare School	\$ 368,065	\$ 223,874
The Nurturing Place	318,659	348,462
St. Mary's Residence	106,800	73,175
St. Joseph's Home	455,692	428,692
Total support from York Street Project to its Affiliated organizations	<u>\$ 1,249,216</u>	<u>\$ 1,074,203</u>

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 7 - RELATED PARTY TRANSACTIONS (Continued)

Except for St. Joseph's Home, the Sisters of St. Joseph of Peace provided the use of facilities in which the organizations operate their programs.

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.

Future minimum rental payments at June 30, 2013 are summarized as follows:

<u>Fiscal year</u>	<u>Amount</u>
2014	<u>324,660</u>
Total future minimum rental payments:	\$ <u>324,660</u>

For the years ended June 30, 2013 and 2012, rental expense amounted to \$389,592.

The Sisters of St. Joseph of Peace donate the use of facilities in which the Project operates its programs. The annual fair rental value of those facilities is estimated to be \$100,000 for both years ended June 30, 2013 and 2012 and has been included in revenue and expenses for the years then ended.

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, 2013 and 2012 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, 2013 and 2012, representing the difference between actual rent paid and the fair rental value of the facilities.

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 - RELATED PARTY TRANSACTIONS (Continued)

Future minimum rental payments at June 30, 2013 are summarized as follows:

<u>Fiscal year</u>	<u>Amount</u>
2014	\$ 60,000
2015	60,000
2016	60,000
2017	60,000
2018	60,000
Subsequent Years	<u>50,000</u>
Total future minimum rental payments:	<u>\$ 350,000</u>

The Sister's of St. Joseph of Peace also provided the use of facilities in which the Residence operates. The annual fair rental value of the premises, which is estimated to be \$439,800 has been included in support and expenses for the years ended June 30, 2013 and 2012.

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, 2013 and 2012, these payments totaled \$19,819 and \$23,730, respectively.

The Project provides administrative services to its sister organizations. For the years ended June 30, 2013 and 2012, York Street Project was reimbursed by 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, 2013 and 2012 in the amount of \$566,609.

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, 2013 and 2012 and therefore 70% of the secured grant has been released.

YORK STREET PROJECT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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 expense for the affiliated organizations for the years ended June 30, 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
York Street Project	\$ 49,928	\$ 58,740
St. Joseph's Home	83,255	87,499
The Kenmare School	40,451	33,501
St. Mary's Residence	26,759	25,463
	<u>\$ 200,393</u>	<u>\$ 205,203</u>
Total pension expense	<u>\$ 200,393</u>	<u>\$ 205,203</u>

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, 2013.

<u>Fiscal year</u>	<u>Amount</u>
2014	\$ 7,800
2015	7,800
2016	7,800
2017	7,800
2018	1,300
	<u>32,500</u>
Total future minimum rental payments:	<u>\$ 32,500</u>

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NOTE 12 - DONATED SERVICES

For the years ended June 30, 2013 and 2012 the Home received approximately 6,447 and 6,495 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 SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, have not been satisfied. Noncash donations of materials and supplies to the Child Development Center approximated \$17,000 and \$37,000 for the years ended June 30, 2013 and 2012, respectively, and have been included in revenue and expenses for the respective years.

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 November 29, 2013, which corresponds to the date the financial statements were available to be issued.