

YORK STREET PROJECT
COMBINED FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

FOR THE YEARS ENDING JUNE 30, 2019 & 2018

YORK STREET PROJECT
COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

INDEX

	<u>Page(s)</u>
Independent Auditors' Report on Financial Statements and on the Supplementary Schedule of Expenditures of Federal and State Awards Issued in a Single Audit	1 - 2
Combined Statements of Financial Position	3
Combined Statements of Activities	4
Combined Statements of Functional Expenses	5 - 6
Combined Statements of Cash Flows	7
Notes to the Combined Financial Statements	8 - 15
Schedule of Expenditures of Federal and State Awards	16
Notes to the Schedule of Expenditures of Federal and State Awards	17
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18 - 19
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.	20 - 21
Schedule of Findings and Questioned Costs	22 - 24
Schedule of Prior Year Findings	25
Schedule of Corrective Action Plan	None

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

Report on the Financial Statements

We have audited the accompanying combined financial statements of York Street Project (a nonprofit organization), which comprise the combined statements of financial position as of June 30, 2019 and 2018, and the related combined statements of activities, functional expenses and cash flows for the years ended June 30, 2019 and 2018, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States, as well as the New Jersey Department of the Treasury *Circular Letter 15-08 OMB*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of York Street Project and the York Street Project Legacy Fund, Inc. as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters:

Effect of Adopting New Accounting Standard

As discussed in Note 14, York Street Project adopted the provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of ASU 2016-14 have been retrospectively applied to all periods presented. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, and the New Jersey Department of the Treasury *Circular Letter 15-08 OMB*, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2020, on our consideration of York Street Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering York Street Project's internal control over financial reporting and compliance.

Mountainside, New Jersey
March 12, 2020

Auflore Associates, LLC

YORK STREET PROJECT
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 508,512	\$ 962,963
Investments	2,184,203	2,053,847
Accounts receivable	46,929	191,016
Rent receivable	24,346	2,707
Due from state assistance agency	70,884	73,952
Security deposit	<u>10,500</u>	<u>-</u>
Total current assets	<u>2,845,374</u>	<u>3,284,485</u>
Fixed assets:		
Property and equipment, net of accumulated depreciation of \$975,369 and \$895,618 respectively	<u>636,666</u>	<u>716,416</u>
Total assets	<u>\$ 3,482,040</u>	<u>\$ 4,000,901</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 159,000	\$ 181,261
Accrued payroll	58,565	59,422
Accrued expenses	84,404	64,250
Deferred revenue	<u>-</u>	<u>796</u>
Total current liabilities	<u>301,969</u>	<u>305,729</u>
Other liabilities:		
Lien-secured grant	22,500	30,000
Security deposit	<u>1,000</u>	<u>1,000</u>
Total other liabilities	<u>23,500</u>	<u>31,000</u>
Net assets:		
Without donor restriction:		
Undesignated - YSP	632,928	889,714
Undesignated - Legacy	<u>2,523,643</u>	<u>2,774,458</u>
Total net assets	<u>3,156,571</u>	<u>3,664,172</u>
Total liabilities and net assets	<u>\$ 3,482,040</u>	<u>\$ 4,000,901</u>

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

YORK STREET PROJECT
COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE						
Support						
Federal government grants	\$ -	\$ 963,605	\$ 963,605	\$ -	\$ 749,030	\$ 749,030
State government grants	-	7,500	7,500	-	160,752	160,752
Other grants	16,968	64,998	81,966	12,841	20,000	32,841
Contributions and bequests	750,520	5,000	755,520	918,981	7,953	926,934
Facilities contribution	1,137,090	-	1,137,090	1,137,090	-	1,137,090
Providence direct subsidy	922,117	-	922,117	922,117	-	922,117
Total support	2,826,695	1,041,103	3,867,798	2,991,029	937,735	3,928,764
Revenue						
Tuition and residence fees	700,720	-	700,720	785,779	-	785,779
Rents	317,342	-	317,342	323,359	-	323,359
Investment income	49,326	-	49,326	43,302	-	43,302
Other revenue	45,668	-	45,668	61,194	-	61,194
Realized gain (loss) on securities	-	-	-	247,429	-	247,429
Unrealized gain (loss) on securities	94,174	-	94,174	(85,038)	-	(85,038)
Total revenue	1,207,230	-	1,207,230	1,376,025	-	1,376,025
Net assets released from restrictions:						
Satisfaction of usage restrictions	1,041,103	(1,041,103)	-	937,735	(937,735)	-
Total support and revenue	5,075,028	-	5,075,028	5,304,789	-	5,304,789
EXPENSES						
Shelter housing and rental assistance	1,782,499	-	1,782,499	1,726,788	-	1,726,788
Child development	807,429	-	807,429	844,761	-	844,761
Supportive services	520,737	-	520,737	504,643	-	504,643
Residency	897,721	-	897,721	944,947	-	944,947
Education	410,323	-	410,323	445,584	-	445,584
General and administrative - all programs	707,092	-	707,092	654,394	-	654,394
Fundraising and public relations - all programs	456,829	-	456,829	428,411	-	428,411
Total expenses	5,582,630	-	5,582,630	5,549,532	-	5,549,532
Change in net assets	(507,602)	-	(507,602)	(244,743)	-	(244,743)
Other changes						
Net assets, beginning of year	3,664,172	-	3,664,172	3,908,915	-	3,908,914
Net assets, end of year	\$ 3,156,571	\$ -	\$ 3,156,571	\$ 3,664,172	\$ -	\$ 3,664,172

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

YORK STREET PROJECT
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services					Supporting Services			Total
	Housing	Child Development	Supportive Services	Residency	Education	General Administrative	Fundraising and Public Relations		
Salaries	\$ 550,340	\$ 511,962	\$ 258,346	\$ 222,040	\$ 186,645	\$ 176,538	\$ 241,213	\$	\$ 2,147,084
Benefits and payroll taxes	142,442	179,827	85,083	62,759	48,376	65,636	45,590		629,713
Equipment	188	336	-	661	-	9,838	-		11,023
Repairs and maintenance	24,795	386	7,544	80,358	714	4,943	472		119,212
Supplies and materials	56,046	37,890	4,257	62,726	3,095	1,579	266		165,859
Rental assistance	522,761	-	-	-	-	33,278	-		556,039
Member benefits	-	3,951	-	-	-	-	-		3,951
Purchased services	17,215	1,904	35,120	495	15,277	91,247	27,252		188,510
Professional fees	-	-	-	-	-	73,400	-		73,400
Occupancy	447,219	59,105	130,387	466,616	150,800	88,888	8,149		1,351,164
Postage	460	198	-	-	-	3,005	6,020		9,683
Telephone	3,003	3,750	-	-	-	18,400	-		25,153
Office expenses	-	-	-	-	-	13,292	-		26,324
Other expenses	18,030	8,120	-	2,066	5,416	47,297	13,032		94,802
Fund raising activities	-	-	-	-	-	-	100,962		100,962
Depreciation	-	-	-	-	-	79,751	-		79,751
Total functional expenses	\$ 1,782,499	\$ 807,429	\$ 520,737	\$ 897,721	\$ 410,323	\$ 707,092	\$ 456,829	\$	\$ 5,582,630

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

YORK STREET PROJECT
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services					Supporting Services			Total
	Housing	Child Development	Supportive Services	Residency	Education	General Administrative	Fundraising and Public Relations		
Salaries	\$ 477,367	\$ 496,117	\$ 245,580	\$ 257,326	\$ 223,556	\$ 163,342	\$ 221,313	\$ 2,084,601	
Benefits and payroll taxes	143,528	199,322	83,177	71,901	53,140	67,413	44,995	663,476	
Equipment	3,432	4,231	-	96	-	5,028	-	12,787	
Repairs and maintenance	17,246	2,458	7,342	66,310	692	7,195	459	101,702	
Supplies and materials	56,809	60,482	2,983	71,737	4,464	1,215	186	197,876	
Rental assistance	536,138	-	-	-	-	34,376	-	570,514	
Member benefits	-	8,546	-	637	-	472	-	9,655	
Purchased services	29,890	1,848	38,205	2,000	7,380	60,924	26,365	166,612	
Professional fees	-	-	-	-	-	82,066	-	82,066	
Occupancy	444,505	60,597	127,356	471,751	150,800	88,334	7,960	1,351,310	
Postage	545	245	-	-	-	2,316	4,874	7,980	
Telephone	3,078	3,823	-	-	-	35,311	969	43,181	
Office expenses	-	-	-	-	-	15,169	12,306	27,475	
Major repairs	14,250	7,092	-	3,189	5,552	31,412	14,207	75,702	
Fund raising activities	-	-	-	-	-	-	94,777	94,777	
Depreciation	-	-	-	-	-	59,818	-	59,818	
Total functional expenses	\$ 1,726,788	\$ 844,761	\$ 504,643	\$ 944,947	\$ 445,584	\$ 654,391	\$ 428,411	\$ 5,549,532	

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

YORK STREET PROJECT
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants and entitlements	\$ 1,159,486	\$ 805,032
Cash received from rentals	218,494	284,755
Section 8 subsidy received	87,209	98,421
Cash received from residents and students	742,327	803,951
Cash received from York Street Project support	888,542	911,620
Subsidies received	941,316	985,534
Contributions received	914,661	1,008,467
Interest and dividends received	49,326	43,302
Cash paid for employee costs	(2,709,714)	(2,723,656)
Cash paid for operating expenses	<u>(2,697,011)</u>	<u>(2,591,724)</u>
Net cash provided by (used for) operating activities	<u>(405,364)</u>	<u>(374,298)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	(227,845)
Purchases of investments	(49,089)	(41,585)
Proceeds from sale of investments	<u>-</u>	<u>858,500</u>
Net cash provided by (used for) investing activities	<u>(49,089)</u>	<u>589,070</u>
Net increase (decrease) in cash	(454,453)	214,772
Cash and cash equivalents at beginning of year	<u>962,963</u>	<u>748,191</u>
Cash and cash equivalents at end of year	<u>\$ 508,512</u>	<u>\$ 962,963</u>

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

Change in net assets	\$ <u>(507,602)</u>	\$ <u>(244,743)</u>
Adjustment to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	79,751	59,818
(Increase) decrease in accounts receivable	144,087	(126,107)
(Increase) decrease in rent receivables	(21,639)	(29,568)
(Increase) decrease in due from state agency	3,068	131,882
Increase (decrease) in accounts payable	(22,264)	4,104
Increase (decrease) in security deposit	10,500	(5,000)
Increase (decrease) in accrued expenses	19,297	6,452
Increase (decrease) in other liabilities	(15,593)	459
Increase (decrease) in deferred income	(796)	(9,204)
Gain on securities transactions	<u>(94,174)</u>	<u>(162,391)</u>
Total adjustments	<u>102,237</u>	<u>(129,555)</u>
Net cash provided by (used for) operating activities	<u>\$ (405,364)</u>	<u>\$ (374,298)</u>

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

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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. 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. The Kenmare school ended operations at the close of the 2018–2019 school year, see Note 15.

St. Mary's Residence, (the "Residence") provides a room with meals to single working women.

St. Joseph's Home, (the "Home") provides shelter 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.

Basis of Combination

The combined financial statements are presented on an accrual basis and include the accounts of the York Street Project Legacy Fund, Inc ("Legacy Fund"). The Legacy Fund is a not-for-profit corporation exempt from income taxes under 501(c)(3) of the Internal Revenue Code. It was created in 2008 as a source of perpetual funding for the Project. Combined financial statements are presented because of the common control of the Project and the Legacy Fund. All intercompany balances and transactions have been eliminated in the combination.

Income Taxes

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 and therefore has made no provision for income taxes in the accompanying financial statements.

ASC 740 requires that organizations must recognize the tax impact of a tax position taken on a tax return when it is more likely than not that the position will not be sustained on audit, based on the technical merits of the position. York Street Project does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. York Street Project has filed Internal Revenue Form 990 tax returns, as required.

Basis of Accounting

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

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2019, there were no uninsured excess cash balances.

Public Support and Revenue

In accordance with current accounting pronouncements, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Grants and other contributions of cash and other assets are reported as with donor restriction 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, with donor restriction net assets are reclassified to without donor restriction 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 money market funds. At June 30, 2019, the organization had no balances in excess of Securities Investor Protection Corporation insured limits.

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Income

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

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions

Net assets without donor restrictions 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.

Net assets with donor restrictions

Net assets with donor restrictions represent resources whose use is limited by donors for the purpose and/or time in which they may be expended. Eventually, some net assets with donor restrictions are reclassified to net assets without donor restrictions as their time and purpose requirements are met. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. These net assets generally do not get reclassified since 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 COMBINED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Project manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Project has \$2,834,874 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of \$508,512 in cash, \$2,184,203 in investments, and \$142,159 in receivables. \$214,970 is purpose restricted to be used for the Home program's expenses. In fiscal year 2018 The Project had \$3,284,485 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of \$962,963 in cash, \$2,053,847 in investments, and \$267,675 in receivables. \$214,970 was purpose restricted to be used for the Home program's expenses.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Equipment and furniture	\$ 1,240,745	\$ 1,240,745
Leasehold Improvements	285,552	285,552
Vehicles	<u>85,738</u>	<u>85,738</u>
	1,612,035	1,612,035
Less - Accumulated Depreciation	<u>(975,369)</u>	<u>(895,618)</u>
	<u>\$ 636,666</u>	<u>\$ 716,416</u>

Depreciation expense for the years ended June 30, 2019 and 2018 amounted to \$79,751 and \$59,818, respectively.

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 4 - FAIR VALUE MEASUREMENT

The Project 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 net assets without donor restrictions is recorded as revenue in the Net assets without donor restrictions Fund. At June 30, 2019 and 2018, investments consisted of the following:

<u>Investments</u>	<u>June 30,2019</u> <u>Quoted Prices in</u> <u>Active Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>June 30, 2018</u> <u>Quoted Prices in</u> <u>Active Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>
Equity Mutual Funds	\$ 1,284,221	\$ 1,207,164
Bond Mutual Funds	899,982	846,683
Totals	<u>\$ 2,184,203</u>	<u>\$ 2,053,847</u>

A summary of the net return on investments consist of the following for the years ended June 30, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 49,326	\$ 43,302
Net realized gain (loss)	-	247,429
Net unrealized gain/(loss)	94,172	(85,038)
Net return/(loss) on investments	<u>\$ 143,498</u>	<u>\$ 205,693</u>

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

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	Total	
			2019	2018
Purpose restriction accomplished:				
Foundation and government Grants	\$ -	\$ 99,140	\$ 99,140	\$ 214,872
C-WEP	3,358	-	3,358	533
HUD Hybrid	276,949	-	276,949	-
NJ Department of Agriculture	39,056	-	39,056	41,979
HUD Rapid Rehousing	622,600	-	622,600	680,351
Total net assets with donor restrictions released from restriction	\$ 941,963	\$ 99,140	\$ 1,041,103	\$ 937,735

NOTE 6 - HOUSING AND URBAN DEVELOPMENT GRANT

The Home was awarded a grant from the U.S. Department of Housing and Urban Development ("HUD") in the amount of \$654,667 in 2017 to fund the Rapid Rehousing Program with the grant year ending September 30, 2018. HUD continued the funding in 2018 with a grant in the amount of \$649,464. It is expected this will be a continuing funding for homelessness prevention activities. In addition, HUD is also funding a second Hybrid program also for homeless. This grant was in the amount of \$425,348 and coincides with the Project's fiscal year. Due to the late start of the granting process and the subsequent start of the program \$276,949 of the grant was utilized. Provisions of the grant agreements 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, 2019 and 2018, the Home received \$899,549 and \$680,351, respectively from the grants.

NOTE 7 - RELATED PARTY TRANSACTIONS

For the years ended June 30, 2019 and 2018, The Sisters of St. Joseph of Peace provided direct financial support to the Project in the amount of \$922,117 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 \$1,137,090 at June 30, 2019, and at June 30, 2018. That amount is reported as support and occupancy expense in the financial statements.

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 8 - LIEN SECURED GRANT

The Home obtained financing in the amount of \$30,000 in fiscal year 2018 from the New Jersey Department of Community Affairs in order to purchase a passenger van to provide transportation for its residents. In connection with that financing the State of New Jersey secured the property with a lien and a promissory 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 van. No principal or interest will be due and the principal will be forgiven at the rate of 25% per year, provided the van is used as transportation for homeless women temporarily residing at the shelter. Accordingly, \$7,500 is included in fiscal year 2019 revenue.

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 expense for the York Street Project for the years ended June 30, 2019 and 2018 amounted to \$64,073 and \$127,015, respectively. The pension was frozen in 2018 and the 2019 contribution is to a 401K plan based on 3% of calendar year wages.

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 - CONCENTRATIONS

The Project receives approximately 42% of its revenue and support from related organizations and approximately 20% 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, 2019 and 2018 the Home received approximately 4,022 and 5,605 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 \$13,000 and \$18,000 for the years ended June 30, 2019 and 2018. Those amounts have been included in revenue and expenses for the respective years.

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 by both natural and functional classification. Accordingly, certain costs have been allocated on a reasonable basis that is consistently applied among the programs and supporting services benefited. Costs are directly applied to the related program or supporting service category when identifiable and possible. General operating costs across nearly all natural categories are allocated on the basis of estimates of time and effort.

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profits Entities*. ASU 2016-14 amends the current reporting model for non-profit organizations and enhances their required disclosures. The major changes impacting York Street Project include: (1) requiring the presentation of only two classes of net assets now titled "net assets without donor restriction" and "net assets with donor restriction", (2) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources.

York Street Project has adopted ASU 2016-14 as of and for the year ended June 30, 2019, with retrospective application for the June 30, 2018 financial statements.

York Street Project changed its presentation of net asset classes and expanded footnote disclosures as required by ASU 2016-14.

NOTE 15 - CHANGE IN OPERATIONS

In fiscal 2019, the York Street Project (YSP) Board of Trustees, in collaboration with leadership staff, completed an assessment of its program offerings, undertaken to assure YSP was continuing to meet the critical needs of our client community in furtherance of our mission. After evaluating the needs of the community and the strengths of and value provided through YSP services, the Trustees, at our meeting on September 11, 2018, concluded that service to its client community would best be served by ending the high school diploma program and allocating those resources to its other programs. On December 6, 2018, a presentation which included the closing of the diploma program was made to the organizations sponsors, the Sisters of St. Joseph of Peace, their leadership council and other stakeholders within the congregation. The cessation of the high school diploma program was effective on July 31, 2019, following its final graduation. All actively engaged students received their diplomas from the Kenmare School prior to its closing.

NOTE 16 - SUBSEQUENT EVENTS

The Project has evaluated events and transactions for the potential recognition or disclosure through March 12, 2020, which is the date the financial statements were available to be issued. Management believes that no material events have occurred since June 30, 2019 that require recognition or disclosure in the financial statements.

YORK STREET PROJECT
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

Federal or State Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Contract/ Account Number	Grant Amount	Grant Period	Receipts or Revenue Recognized	Total Expenditures
<u>Federal:</u>						
<u>U.S. Department of Housing and Urban Development (HUD)</u>						
Rapid Rehousing Program	14.267	NJ0429L2F061603	\$ 654,667	10/1/17 - 9/30/18	162,198	162,198
Rapid Rehousing Program	14.267	NJ0429L2F061604	\$ 649,464	10/1/18 - 9/30/19	460,402	460,402
Hybrid Program	14.267	NJ0549L2F061700	\$ 425,348	7/1/18 - 6/30/19	276,949	276,949
Pass through the Hudson County, NJ Division of Housing and Community Development Emergency Solutions Grant Program	14.231	ESG-SJH-2018	\$ 25,000	7/1/18 - 6/30/19	\$ 25,000	\$ 25,000
<u>U.S. Department of Agriculture (USDA)</u>						
Pass through the New Jersey State Department of Agriculture - Division of Food and Nutrition Child and Adult Care Food Program	10.558	18-17-1379	\$ 11,587	10/1/17 - 9/30/18	\$ 8,981	\$ 8,981
Child and Adult Care Food Program	10.558	18-17-1379	\$ 30,391	10/1/18 - 9/30/19	\$ 30,075	\$ 30,075
<u>State of New Jersey:</u>						
<u>Department of Community Affairs</u>						
Division of Housing and Community Resources Shelter Support 2017		2017-02149-0079	\$ 215,677	11/1/16 - 6/15/18	\$ 7,500	0
Total Federal and State Expenditures					\$ 971,105	\$ 963,605

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

YORK STREET PROJECT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") includes the federal and state grant activity of York Street Project under programs for the federal and New Jersey state governments for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey department of the Treasury *Circular Letter 15-08 OMB*. Because the Schedule presents only a selected portion of the operations of York Street Project, it is not intended to and does not present the financial position, changes in net assets or cash flows of York Street Project.

Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey Department of the Treasury *Circular Letter 15-08 OMB*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect costs

York Street Project elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

Subrecipients

There were no amounts provided to subrecipients from federal or state awards received during the year ended June 30, 2019.

Reconciliation to Financial Statement:

Schedule of Expenditures of Federal Awards		\$	<u>963,605</u>
Federal Grants per Statement of Activities	\$ 963,605		
State Grants per Statement of Activities	<u>7,500</u>		
Total Federal and State Awards		\$	<u>971,105</u>

Anzelone Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the New Jersey Department of Treasury *Circular Letter 15-08 OMB*, the combined financial statements of York Street Project (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2019, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated February 7, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered York Street Project's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of York Street Project's internal control. Accordingly, we do not express an opinion on the effectiveness of York Street Project's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether York Street Project's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of combined financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Anzalone Associates LLC".

Mountainside, New Jersey
March 12, 2020

Anzelone Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY DEPARTMENT OF THE TREASURY *CIRCULAR LETTER 15-08 OMB*

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

Report on Compliance for Each Major Federal and State Program

We have audited York Street Project's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of York Street Project's major federal and state programs for the year ended June 30, 2019. York Street Project's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of York Street Project's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the New Jersey Department of the Treasury *Circular Letter 15-08 OMB*. Those standards, the Uniform Guidance, and the New Jersey Department of the Treasury *Circular Letter 15-08 OMB* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about York Street Project's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of York Street Project's compliance.

Opinion on Each Major Federal and State Program

In our opinion, York Street Project complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of York Street Project is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered York Street Project's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey Department of the Treasury *Circular Letter 15-08 OMB*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of York Street Project's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the New Jersey Department of the Treasury *Circular Letter 15-08 OMB*. Accordingly, this report is not suitable for any other purpose.



Mountainside, New Jersey
March 12, 2020

YORK STREET PROJECT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Part I - Summary of Auditor's Results

Financial Statements:

- A) Type of auditors' report issued: Unmodified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? ___ yes x no
- 2) Significant deficiencies identified? ___ yes x no
- C) Noncompliance material to general-purpose financial statements noticed? ___ yes x no n/a

Federal and State Awards:

- D) Dollar threshold used to determine Type A programs \$750,000
- E) Auditee qualified as low-risk auditee? x yes no
- F) Type of auditors' report on compliance for major programs: Unmodified
- G) Internal control over compliance:
- 1) Material weakness(es) identified? ___ yes x no
- 2) Significant deficiencies identified? ___ yes x no
- H) Any audit findings disclosed that are required to be reported in accordance with *Government Auditing Standards* and the New Jersey Department of the Treasury *Circular Letter 15-08 OMB*? ___ yes x no
- I) Identification of major programs

Identifying number	Federal or State Grantor/Pass-Through Grant or/Program
14.267	<u>U.S. Department Of Housing and Urban Development (HUD)</u> Rapid Rehousing Program Hybrid Program

YORK STREET PROJECT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Part II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Uniform Guidance and New Jersey Department of the Treasury Circular Letter 15-08 OMB audit.

None

YORK STREET PROJECT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Part III - Schedule of Federal and State Awards Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance and New Jersey Department of the Treasury Circular Letter 15-08 OMB (significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs) as well as any abuse findings involving federal awards that are material to a major federal or state program.

None

YORK STREET PROJECT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS
PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2019

This section identifies the status of prior year findings related to the financial statements and federal awards that are required to be reported in accordance with *Government Auditing Standards* the Uniform Guidance, and the New Jersey Department of the Treasury Circular Letter 15-08 OMB.

There were no prior year audit findings and questioned costs.