

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

FOR THE YEAR ENDED JUNE 30, 2022

**YORK STREET PROJECT
COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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 Statement of Financial Position	3
Combined Statement of Activities	4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows	6
Notes to the Combined Financial Statements	7 - 14
Schedule of Expenditures of Federal and State Awards	15
Notes to the Schedule of Expenditures of Federal and State Awards	16
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>	17 - 18
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.	19 - 21
Schedule of Findings and Questioned Costs	22 - 24
Schedule of Prior Year Findings	25
Schedule of Corrective Action Plan	None

Stevens & Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying combined financial statements of York Street Project (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2022, and the related combined statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

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, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the York Street Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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 the combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about York Street Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 York Street Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the York Street Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 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, and 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 schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the 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 December 20, 2022, 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 solely 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 the effectiveness of the York Street Project's 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.



Stevens & Associates, LLC
Lake Hopatcong, New Jersey
December 20, 2022

YORK STREET PROJECT
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

	<u>2022</u>
Current assets:	
Cash and cash equivalents	\$ 1,931,133
Investments	2,527,963
Accounts receivable	178,623
Rent receivable	59,749
Due from government assistance agencies	339,187
Security deposit	<u>5,948</u>
Total current assets	<u>5,042,601</u>
Fixed assets:	
Property and equipment, net of accumulated depreciation of \$1,098,283	<u>622,401</u>
Total assets	<u>\$ 5,665,002</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 49,688
Accrued payroll	141,385
Accrued expenses	55,000
Deferred revenue	36,899
Resident savings	<u>93,211</u>
Total current liabilities	<u>376,183</u>
Other liabilities:	
Security deposit	<u>1,000</u>
Total other liabilities	<u>1,000</u>
Net assets:	
Without donor restriction:	
Undesignated - YSP	2,461,138
Undesignated - Legacy	<u>2,826,681</u>
Total net assets	<u>5,287,819</u>
Total liabilities and net assets	<u>\$ 5,665,002</u>

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

**YORK STREET PROJECT
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

		2022	
	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Support			
Federal government grants	\$	\$ 1,913,440	\$ 1,913,440
State government grants	-	7,500	7,500
Other grants	205,000	114,500	319,500
Contributions and bequests	982,252	2,000	984,252
Facilities contribution	1,960,208	-	1,960,208
Province direct subsidy	675,000	-	675,000
Total support	<u>3,822,460</u>	<u>2,037,440</u>	<u>5,859,900</u>
Revenue			
Tuition and residence fees	815,007	-	815,007
Rents	320,937	-	320,937
Investment income	220,059	-	220,059
Other revenue	60,271	-	60,271
Change In unrealized appreciation/ depreciation on Investments	<u>(572,691)</u>	<u>-</u>	<u>(572,691)</u>
Total revenue	<u>843,583</u>	<u>-</u>	<u>843,583</u>
Net assets released from restrictions:			
Satisfaction of usage restrictions	<u>2,037,440</u>	<u>(2,037,440)</u>	<u>-</u>
Total support and revenue	<u>6,703,483</u>	<u>-</u>	<u>6,703,483</u>
EXPENSES			
Family housing and rental assistance	2,948,787	-	2,948,787
Child development	1,137,026	-	1,137,026
Residency	1,022,485	-	1,022,485
General and administrative - all programs	1,157,834	-	1,157,834
Fundraising and public relations - all programs	<u>487,461</u>	<u>-</u>	<u>487,461</u>
Total expenses	<u>6,753,593</u>	<u>-</u>	<u>6,753,593</u>
Change in net assets	(50,111)	-	(50,111)
Net assets, beginning of year	<u>5,359,926</u>	<u>-</u>	<u>5,359,926</u>
Net assets, end of year	<u>\$ 5,309,815</u>	<u>\$ -</u>	<u>\$ 5,309,815</u>

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, 2022

	Program Services			Supporting Services		
	Family Housing and Rental Assistance	Child Development	Residency	General Administrative	Fund Raising and Public Relations	Total
Salaries	\$ 769,440	\$ 496,063	\$ 286,530	\$ 430,611	\$ 206,142	\$ 2,188,785
Benefits and payroll taxes	167,862	178,489	70,922	162,842	61,139	641,254
Equipment, furniture, supplies & materials	52,653	11,680	15,086	14,902	3,621	97,943
Repairs and maintenance	12,012	2,713	7,750	2,589	-	25,064
Rental assistance	689,489	-	-	-	-	689,489
Dietary	22,117	62,426	22,154	24	331	107,053
Direct client assistance	43,732	-	-	-	-	43,732
Contracted/purchased services	136,612	24,117	17,652	146,367	54,932	379,680
Office & operating expenses	25,688	9,374	3,607	74,676	30,330	143,674
Occupancy	977,616	339,130	577,338	242,564	40,698	2,177,346
Telephone & internet	10,474	5,537	7,184	4,731	-	27,926
Other expenses	6,918	4,992	9,357	20,361	2,720	44,348
Fundraising activities	-	-	-	-	87,548	87,548
Depreciation	34,174	2,507	4,904	58,167	-	99,752
Total functional expenses	\$ 2,948,787	\$ 1,137,026	\$ 1,022,485	\$ 1,157,834	\$ 487,461	\$ 6,753,593

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

YORK STREET PROJECT
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022

	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from grants	\$ 2,401,927
Cash received from rents	292,621
Cash received from tuition and residence fees	757,038
Cash received from other revenue	60,271
Subsidy received	675,000
Contributions received	1,017,493
Interest and dividends received	34,754
Cash paid for employee costs	(2,758,319)
Cash paid for operating expenses	(2,022,587)
Net cash provided by (used for) operating activities	<u>458,198</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(103,989)
Purchases of investments	(312,754)
Proceeds from sale of investments	278,000
Net cash provided by (used for) investing activities	<u>(138,743)</u>
Net Increase (decrease) in cash	319,455
Cash and cash equivalents at beginning of year	<u>1,611,678</u>
Cash and cash equivalents at end of year	<u>\$ 1,931,133</u>

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

Change in net assets	\$ <u>(50,111)</u>
Adjustment to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation expense	99,752
(Increase) decrease in accounts receivable	(57,969)
(Increase) decrease in rent receivables	(28,317)
(Increase) decrease in due from government agencies	168,988
Increase (decrease) in accounts payable	(87,045)
Increase (decrease) in accrued payroll	71,720
Increase (decrease) in accrued expenses	(8,250)
Increase (decrease) in deferred income	33,241
Increase (decrease) in resident savings	(63,697)
Forgiveness of loan (1)	(7,500)
Realized (gains) losses on investments	(185,305)
Change in unrealized appreciation/depreciation on investments	572,691
Total adjustments	<u>508,309</u>
Net cash provided by (used for) operating activities	<u>\$ 458,198</u>

(1) represents a non-cash financing activity

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

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The York Street Project (YSP) is a non-profit corporation whose mission is to weave innovative programs that shelter, feed, educate and promote the healing and independence of persons in need, especially women and children.

York Street Project's programs include:

- Emergency shelter for homeless families
- Transitional housing for pregnant and/or parenting youth
- Hybrid transitional to rapid rehousing for homeless families
- Rapid rehousing for homeless families
- Transitional living for low-income working women
- Early childhood development

YSP works to break the cycle of poverty by providing those we serve with holistic, wrap around services designed to address the complex causes of poverty and homelessness. We clearly recognize and understand that a family's survival hangs in the balance if they have no home, no education, and no childcare – and that these issues cannot be viewed in isolation.

Our programs for homeless families provide a continuum of housing options, from shelter, transitional, and permanent housing, depending on a family's need. Our families participate in ongoing life skills and social support services, including counseling, case management, crisis intervention, family therapy, health education, employment readiness and job search, parenting and life skills, household management, and family budgeting. These services are crucial to their learning to support themselves successfully and develop the skills necessary to maintain a stable home once they transition to independent living.

Our child development center provides year-round licensed early childhood development and education for children (2 months to 5 years) while their parents are at work or school. This educational program, rated 4-stars by Grow NJ Kids, helps to facilitate increased language development, cognitive thinking, emotional stability, and to improve socialization, interpersonal development, problem-solving abilities, and motor skills. Most important, it helps children to acquire a love of learning and the ability to give and receive affection – lessons that can last a lifetime.

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 funding for the York Street Project. Combined financial statements are presented because of the common control of the York Street Project and the Legacy Fund by Peace Ministries Inc. All intercompany balances and transactions have been eliminated in the combination.

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The York Street Project is a non-profit organization qualifying as tax-exempt organization under 501(c)(3) of the Internal Revenue Code. Accordingly, the York Street Project is exempt from federal and state income taxes and therefore has made no provision for income taxes in the accompanying financial statements.

Generally accepted accounting principles require 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 uncertain tax position. York Street Project does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrealizable 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.

Property and Equipment

The York Street 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.

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.

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. Donated noncash assets are recorded at their fair value in the period received. 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.

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of credit risk

Financial instruments which potentially subject the York Street Project to concentrations of credit risk consist principally of money market funds. At June 30, 2022, the York Street Project had certain balances in excess of Securities Investor Protection Corporation insured limits. However, the York Street Project has not experienced any losses and believes it is not exposed to any significant credit risk on its cash balances.

Unearned Income

Income from special events is deferred and recognized in the period in which the event occurs.

Net Asset Classification

Financial statement presentation follows the recommendations of current accounting pronouncements; the York Street 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 are not reclassified since their restrictions never expire.

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 sale and change in unrealized appreciation/depreciation on investments is reported in the statement of activities as increases or decreases in unrestricted net assets.

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

NOTE 2 – LIQUIDITY AND AVAILABILITY

York Street 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. York Street Project has \$5,036,655 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of \$1,931,133 in cash, \$2,527,963 in investments, and \$577,559 in receivables.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2022
Equipment and furniture	\$ 1,295,507
Leasehold Improvements	339,872
Vehicles	85,738
	<u>1,721,117</u>
Less: Accumulated Depreciation	(1,098,283)
	<u>\$ 622,401</u>

Depreciation expense for the year ended June 30, 2022 amounted to \$99,752.

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – FAIR VALUE MEASUREMENT

York Street Project states its investments at fair value using Level 1 fair value measures (quoted prices in active markets) and reflects unrealized changes in appreciation/depreciation of investments in the Statement of Activities. None of the investments are Net assets with donor restriction hence investment income is recorded as revenue in Net assets without donor restrictions classification. At June 30, 2022, Investments consisted of the following:

		<u>June 30, 2022</u> Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments		
Equity Mutual Funds	\$	1,380,624
Bond Mutual Funds		1,147,339
Totals	\$	<u>2,527,963</u>

A summary of the net return on investments consists of the following for the year ended June 30, 2022.

	<u>2022</u>
Interest and dividends	\$ 34,754
Net realized gain (loss)	185,305
Net change in unrealized appreciation/depreciation	<u>(572,691)</u>
Net return(loss) on investments	<u>\$ (352,632)</u>

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>
Purpose restriction accomplished:	
HUD Rapid Rehousing	\$ 624,427
HUD Hybrid	445,521
HHS Transitional Living	277,133
HUD Hardship Assistance	118,006
NJ Department of Agriculture	41,439
Corona Virus State and Local Fiscal Recovery Fund	49,000
Corona Virus Relief Fund	91,701
Other Grants and Contributions	<u>390,213</u>
Total net assets with donor restrictions released from restriction	<u>\$ 2,037,440</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

For the year ended June 30, 2022, the Sisters of St. Joseph of Peace provided direct financial support to the York Street Project in the amount of \$675,000.

The Sisters of St. Joseph of Peace also provided the use of facilities in which the programs operate. Management estimates that the fair rental value amounted to \$1,960,208 at June 30, 2022. That amount is reported as support and occupancy expense in the financial statements.

NOTE 7 – LIEN SECURED GRANT

York Street Project 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 shelter 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 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 families temporarily residing at the shelter. The outstanding principal balance will be due upon default of the terms of the note or upon sale of the van. Accordingly, \$7,500 is included in fiscal year 2022 grant revenue. The promissory note is now completely forgiven.

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – PENSION PLAN

Beginning in 2019, York Street Project established a 401(k) plan for its employees. Through the annual approval of the budget, the York Street Board of Trustees determines the contribution amount. York Street Project contributed 3% of each eligible employee's calendar year wages amounting to \$49,018 for the year ended June 30, 2022. Prior to 2019, York Street Project participated in a defined benefit pension plan established by the Sisters of St. Joseph of Peace for employees of its Ministries. The pension plan was frozen in 2018. During 2022, York Street Project was required to make a contribution to the pension plan of \$58,262.

NOTE 9 – COMPENSATED ABSENCES

York Street 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 10 – CONCENTRATIONS

The York Street Project receives approximately 40% of its revenue and support from related organizations and approximately 29% from federal and local grants. The current level of the York Street Project's operations and programs may be negatively affected if the current level of funding and support is not maintained.

NOTE 11 – DONATED SERVICES

Normally, but not during the COVID-19 period through June 30, 2022, due to Covid protocols, unpaid volunteers donate their time to serve in the childhood development center. York Street Project has not recognized amounts in the Statement of Activities for these donated services because the criteria for recognition under generally accepted accounting principles have not been satisfied.

YORK STREET PROJECT
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 – 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 services 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 13 – CONTRIBUTED NONFINANCIAL ASSETS

The facilities the York Street Project uses for its programs for the current and past years is a contribution from the Sisters of St. Joseph of Peace. There is no restriction on their usage in fulfillment of York Street Project's mission. The estimate of the fair market value of the rent of the facilities contribution based on its current use and local area market rates is \$1,960,208. Revenues and expenses have each been increased accordingly. There is no effect on net income as the increase in revenues is offset by the same increase in occupancy expense.

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-07, *Presentations and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. ASU 2020-07 requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques.

York Street Project has adopted ASU 2020-07 for the year ended June 30, 2022. The adoption of ASU 2020-07 did not have a significant impact on the financial statements because York Street Project had previously been recognizing the value of the contributed facilities in its' financial statements.

NOTE 15 - SUBSEQUENT EVENTS

The management of York Street Project has evaluated events and transactions for potential recognition or disclosure through December 20, 2022, which is the date the financial statements were available to be issued.

Management is carefully monitoring the potential consequences related to the COVID-19 pandemic that began to affect the York Street Project in March 2020 and is evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty. No other significant events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

YORK STREET PROJECT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

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
Federal:						
U.S. Department of Housing and Urban Development (HUD)						
Rapid Rehousing Program	14.267	NJ0428L2F061906	\$ 679,092	10/1/20 - 9/30/21	\$ 182,605	\$ 182,605
Rapid Rehousing Program	14.267	NJ0428L2F062007	808,904	10/1/21 - 9/30/22	441,822	441,822
Hybrid Program	14.267	NJ0548L2F062003	481,100	7/1/21 - 6/30/22	445,521	445,521
Pass through the City of Jersey City, NJ						
Division of Community Development	14.218	59-200-56-109-956	\$ 60,000	4/1/21 - 3/31/22	\$ 60,000	\$ 60,000
Community Development Block Grant Public Service	14.218	58-200-56-001-004	500,000	4/1/20 - 3/31/22	118,006	118,006
COVID 19 - Community Development Block Grant Public Service						
Pass through the New Jersey State						
Department of Community Affairs - Div. of Housing and Community Resources	14.231	2021-02149-0061	\$ 317,663	1/1/20 - 12/4/22	\$ 206,214	\$ 206,214
Shelter Support 2021						
U.S. Department of Health and Human Services						
Transitional Living Program	93.550	90CX7296-02-00	\$ 239,277	9/30/20 - 9/29/21	\$ 72,812	\$ 72,812
Transitional Living Program	93.550	90CX7296-03-00	239,277	9/30/21 - 9/29/22	188,768	188,768
COVID 19 - Transitional Living Program	93.550	90CX7296-02-00	62,212	9/30/20 - 9/29/21	15,553	15,553
U.S. Department of the Treasury						
Pass through the New Jersey State						
Department of Human Services - Division of Family Development						
COVID 19 - Corona Virus State and Local Fiscal Recovery Fund	21.027	6559	\$ 9,000	12/1/21 - 8/31/23	\$ 9,000	\$ 9,000
COVID 19 - Corona Virus State and Local Fiscal Recovery Fund	21.027	FR-002857	40,000	12/1/21 - 8/31/23	40,000	40,000
COVID 19 - Corona Virus Relief Fund	21.019	UC21009	91,701	10/1/20 - 9/30/22	91,701	91,701
U.S. Department of Agriculture (USDA)						
Pass through the New Jersey State						
Department of Agriculture - Division of Food and Nutrition						
Child and Adult Care Food Program	10.558	2021/17-1379	\$ 8,819	10/1/20 - 9/30/21	\$ 8,819	\$ 8,819
Child and Adult Care Food Program	10.558	2022/CH-010388-HDS	27,618	10/1/21 - 9/30/22	27,618	27,618
COVID 19 - Emergency Operational Cost Program - CACFP	10.558	2021/17-1379	5,002	10/1/20 - 9/30/21	5,002	5,002
State of New Jersey:						
Department of Community Affairs						
Division of Housing and Community Resources						
Shelter Support 2017		2017-02149-0079	\$ 215,677	11/1/16 - 6/15/18	\$ 7,500	
Total Federal and State Expenditures					\$ 1,920,940	\$ 1,913,440

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, 2022

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, 2022. 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, 2022.

Reconciliation to Financial Statement:

Schedule of Expenditures of Federal Awards		\$ <u>1,913,440</u>
Federal Grants per Statement of Activities	\$ 1,913,440	
State Grants per Statement of Activities	<u>7,500</u>	
Total Federal and State Awards		\$ <u>1,920,940</u>

**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 statement of financial position as of June 30, 2022, 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 December 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered York Street Project's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether York Street Project's 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 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 black ink that reads "Stevens & Associates, LLC". The script is cursive and fluid, with the letters "S" and "A" being particularly large and stylized.

Stevens & Associates, LLC
Lake Hopatcong, New Jersey
December 20, 2022

Stevens & Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

347 Espanong Road • Lake Hopatcong, New Jersey 07849 • Tel (908) 347-9195 • Fax (973) 663-1242

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

Opinion on Each Major Federal and State Program

We have audited York Street Project's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of York Street Project and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of York Street Project's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to York Street Project's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on York Street Project's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about York Street Project's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding York Street Project's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of York Street Project's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of York Street Project's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Stevens & Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

347 Espanong Road · Lake Hopatcong, New Jersey 07849 · Tel (908) 347-9195 · Fax (973) 663-1242

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Stevens & Associates, LLC
Lake Hopatcong, New Jersey
December 20, 2022

YORK STREET PROJECT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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

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

YORK STREET PROJECT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022

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, 2022

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.