



MY SISTER'S PLACE, INC.

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL AND FEDERAL
AWARD COMPLIANCE EXAMINATION**

**For the Years Ended
September 30, 2020 and 2019**

MY SISTER'S PLACE, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
My Sister's Place, Inc.
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of ***My Sister's Place, Inc.*** (a non-profit organization), which comprise the statements of financial position as of September 30, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***My Sister's Place, Inc.*** as of September 30, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

MY SISTER'S PLACE, INC.
Independent Auditors' Report
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Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 April 26, 2021, on our consideration of **My Sister's Place, Inc.**'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 an audit performed in accordance with *Government Auditing Standards* in considering My Sister's Place, Inc.'s internal control over financial reporting and compliance.

DeLeon & Stang

DeLeon & Stang, CPAs and Advisors
Frederick, Maryland
April 26, 2021

MY SISTER'S PLACE, INC.
Statements of Financial Position
September 30, 2020 and 2019

Assets	2020	2019
<u>Current assets:</u>		
Cash and equivalents	\$ 798,084	\$ 867,902
Investments	1,486	1,486
Accounts receivable	217,255	102,860
Prepaid expenses and other assets	6,722	8,052
Total current assets	1,023,547	980,300
<u>Property and equipment:</u>		
Land	70,184	70,184
Building and improvements	3,054,026	3,054,026
Furniture and equipment	495,446	495,446
Vehicles	49,400	49,400
Less: Accumulated depreciation	(1,557,812)	(1,450,334)
Net property and equipment	2,111,244	2,218,722
Total assets	\$ 3,134,791	\$ 3,199,022
Liabilities and net assets		
<u>Current liabilities:</u>		
Accounts payable	\$ 3,208	\$ 14,311
Accrued salaries and related liabilities	135,650	68,721
Total current liabilities	138,858	83,032
<u>Net assets:</u>		
Without donor restrictions		
Undesignated	2,485,933	3,115,990
Board-designated reserves	510,000	-
Total net assets	2,995,933	3,115,990
Total liabilities and net assets	\$ 3,134,791	\$ 3,199,022

MY SISTER'S PLACE, INC.
Statements of Activities
For the Years Ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Grants	\$ 2,124,090	\$ -	\$ 2,124,090	\$ 1,838,939	\$ -	\$ 1,838,939
Other contributions	544,450	-	544,450	449,668	-	449,668
Child & family services	-	-	-	58,200	-	58,200
United Way/CFC	19,074	-	19,074	22,043	-	22,043
In-kind contributions	34,441	-	34,441	-	-	-
In-kind services	24,432	-	24,432	28,584	-	28,584
Special events	-	-	-	56,090	-	56,090
Interest and dividend income	1,100	-	1,100	1,799	-	1,799
Net assets released from restrictions	-	-	-	41,000	(41,000)	-
Total revenue and support	<u>2,747,587</u>	<u>-</u>	<u>2,747,587</u>	<u>2,496,323</u>	<u>(41,000)</u>	<u>2,455,323</u>
Expenses:						
Program services:						
Shelter services	1,317,289	-	1,317,289	1,214,835	-	1,214,835
Community education	118,367	-	118,367	103,035	-	103,035
Community counseling and consultation	255,545	-	255,545	119,495	-	119,495
Transitional housing	785,181	-	785,181	611,168	-	611,168
Total program services	<u>2,476,382</u>	<u>-</u>	<u>2,476,382</u>	<u>2,048,533</u>	<u>-</u>	<u>2,048,533</u>
Supporting services:						
Management and general	279,855	-	279,855	256,450	-	256,450
Fundraising	111,407	-	111,407	90,259	-	90,259
Total supporting services	<u>391,262</u>	<u>-</u>	<u>391,262</u>	<u>346,709</u>	<u>-</u>	<u>346,709</u>
Total expenses	<u>2,867,644</u>	<u>-</u>	<u>2,867,644</u>	<u>2,395,242</u>	<u>-</u>	<u>2,395,242</u>
Change in net assets	(120,057)	-	(120,057)	101,081	(41,000)	60,081
Net assets, beginning of year	<u>3,115,990</u>	<u>-</u>	<u>3,115,990</u>	<u>3,014,909</u>	<u>41,000</u>	<u>3,055,909</u>
Net assets, end of year	<u>\$ 2,995,933</u>	<u>\$ -</u>	<u>\$ 2,995,933</u>	<u>\$ 3,115,990</u>	<u>\$ -</u>	<u>\$ 3,115,990</u>

See Accompanying Notes to Financial Statements
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MY SISTER'S PLACE, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2020

	Program Services				Supporting Services			
	Shelter Services	Community Education	Community Counseling & Consultation	Transitional Housing	Total	Management and General	Fundraising	
Payroll, payroll taxes, benefits	\$847,150	\$82,752	\$203,880	\$262,425	\$ 1,396,207	\$140,678	\$83,163	\$ 1,620,048
Rent and housing units	15,088	15,088	15,088	458,396	503,660	45,265	15,088	564,013
Depreciation	61,176	5,524	12,169	15,664	94,533	9,333	3,612	107,478
Resident assistance and costs	79,596	-	-	19,636	99,232	-	-	99,232
Repairs and maintenance	53,148	-	-	-	53,148	-	-	53,148
Consultants	29,450	-	1,175	-	30,625	7,827	1,800	40,252
Utilities, trash collection, exterminator	48,657	-	-	-	48,657	-	-	48,657
Cleaning and ground maintenance	35,810	-	-	-	35,810	1,405	-	37,215
Professional fees	-	-	-	-	-	19,000	-	19,000
In-kind legal fees	-	-	-	-	-	24,432	-	24,432
Insurance	30,070	2,937	5,670	6,871	45,548	9,004	2,952	57,504
Information systems	24,967	2,439	6,009	7,734	41,149	4,146	2,451	47,746
Telephone and website	5,129	1,368	2,641	3,201	12,339	1,536	504	14,379
Office supplies and expenses	10,324	2,812	1,771	2,145	17,052	917	-	17,969
In-kind expenses	34,441	-	-	-	34,441	-	-	34,441
Equipment rental	9,400	919	2,298	2,958	15,575	1,480	-	17,055
Staff development and training	-	-	-	-	-	11,014	-	11,014
Printing and copying	4,592	449	866	1,049	6,956	1,375	451	8,782
Travel	3,030	122	122	122	3,396	269	-	3,665
Automobile	585	-	-	-	585	-	-	585
Postage and delivery	250	-	-	-	250	-	-	250
Food and beverages	2,155	147	188	535	3,025	-	-	3,025
Advertising and annual event	-	-	-	-	-	-	288	288
Miscellaneous	22,271	3,810	3,668	4,445	34,194	2,174	1,098	37,466
Totals	\$ 1,317,289	\$ 118,367	\$ 255,545	\$ 785,181	\$ 2,476,382	\$ 279,855	\$ 111,407	\$ 2,867,644

See Accompanying Notes to Financial Statements.
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MY SISTER'S PLACE, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2019

	Program Services				Supporting Services			
	Shelter Services	Community Education	Community Counseling & Consultation	Transitional Housing	Total	Management and General	Fundraising	Total
Payroll, payroll taxes, benefits	\$ 806,588	\$ 61,358	\$ 78,555	\$ 188,846	\$ 1,135,347	\$ 97,677	\$ 35,277	\$ 1,268,301
Rent and housing units	15,592	15,591	-	350,040	381,223	62,365	15,591	459,179
Resident assistance and costs	67,358	-	-	27,359	94,717	-	-	94,717
Repairs and maintenance	47,725	-	-	-	47,725	-	-	47,725
Consultants	11,711	3,692	21,313	-	36,716	7,896	1,150	45,762
Utilities, trash collection, exterminator	45,342	-	-	-	45,342	-	-	45,342
Cleaning and ground maintenance	30,242	-	-	-	30,242	2,288	-	32,530
Professional fees	-	-	-	-	-	19,100	-	19,100
In-kind legal fees	-	-	-	-	-	28,584	-	28,584
Insurance	31,357	2,390	3,060	7,356	44,163	3,805	1,374	49,342
Depreciation	68,471	5,213	6,678	16,049	96,411	8,305	2,994	107,710
Information systems	25,637	1,954	2,502	6,014	36,107	3,111	1,123	40,341
Telephone and website	4,138	1,586	1,675	2,243	9,642	502	181	10,325
Office supplies and expenses	6,361	485	621	1,492	8,959	772	279	10,010
Equipment rental	34,654	2,641	3,382	8,130	48,807	4,204	1,519	54,530
Staff development and training	-	-	-	-	-	15,898	-	15,898
Printing and copying	335	3,923	335	335	4,928	335	3,827	9,090
Travel	3,239	3,394	339	816	7,788	322	152	8,262
Automobile	905	-	-	-	905	-	-	905
Postage and delivery	310	150	192	461	1,113	238	1,965	3,316
Food and beverages	2,456	187	240	576	3,459	298	108	3,865
Advertising and annual event	-	-	-	-	-	-	24,447	24,447
Miscellaneous	12,414	471	603	1,451	14,939	750	272	15,961
Totals	\$ 1,214,835	\$ 103,035	\$ 119,495	\$ 611,168	\$ 2,048,533	\$ 256,450	\$ 90,259	\$ 2,395,242

MY SISTER'S PLACE, INC.
Statements of Cash Flows
For the Years Ended September 30, 2020 and 2019

	2020	2019
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ (120,057)	\$ 60,081
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	107,478	107,710
Unrealized loss on investments	-	39
Decrease in contributions receivable	-	41,000
(Increase) decrease in accounts receivable	(114,395)	67,971
(Increase) decrease in prepaid expenses and other assets	1,330	(1,330)
Increase (decrease) in accounts payable	(11,103)	14,311
Increase in accrued salaries and related liabilities	66,929	5,733
Net cash provided by (used in) operating activities	(69,818)	295,515
<u>Cash flows from investing activities:</u>		
Purchases of property and equipment	-	(56,601)
Net cash provided by (used in) investing activities	-	(56,601)
Increase (decrease) in cash and equivalents	(69,818)	238,914
Cash and equivalents, beginning of year	867,902	628,988
Cash and equivalents, end of year	\$ 798,084	\$ 867,902

MY SISTER'S PLACE, INC.
Notes to Financial Statements
September 30, 2020 and 2019

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

My Sister's Place, Inc. (MSP) is a non-profit corporation organized under the laws of the District of Columbia to provide a full continuum of care from emergency shelter through transitional-to-permanent housing. An experienced team of case managers and residential counselors provides clinical counseling, case management, and comprehensive services to empower survivors to recover and thrive. MSP also provides training, case consultation, and advocacy to engage communities to prevent violence and abuse.

My Sister's Place shelters, supports, and empowers survivors of domestic violence and their children, while providing leadership and education to build a supportive community. The impact of COVID-19 between March 2020 and September 2020 affected My Sister's Place programs and finances in a number of ways. As the country locked-down and businesses closed or reduced hours, staff, clients and other stakeholders had to adapt. My Sister's Place staff continued to provide programming, with many staff working remotely and programs adopting COVID restrictions. MSP incurred increased costs in office supplies to support staff working from home and with the need to better support remote collaboration. The cost of client supplies increased as clients were now not going to work or school and spending more time at shelter or at home, increasing food, utilities, and other household supplies.

Many clients who would have moved out of supportive housing (RISE) to their own self-sustained homes needed extensions of rent support as they dealt with reduced income and increased expenses, along with having to be home as children were forced to remote schooling. To support client one-time expenses, MSP created the Fresh Start Fund. The Fund helps clients cover unexpected one-time expenses that could affect their stability and their ability to remain housed. It also helps support clients as they seek education or job opportunities by helping to pay for tuition or certifications. MSP was grateful to receive grants from DC Department of Human Services (DHS), The Community Partnership for the Prevention of Homelessness (TCP) and the Phil Graham Fund that were targeted to help MSP cover some of the increased expenses related to COVID. MSP's donors also responded by increasing donations, including contributions made through our Amazon wish-list.

A summary of MSP's significant programs follows:

Shelter Services - MSP's shelter for domestic violence victims provides safe, secure housing for up to 15 families at a time and provides wrap around services, including case management and counseling for victims and their children.

Transitional Housing - In 2012, MSP launched RISE (Reaching Independence through Survivor Empowerment), an innovative transitional-to-permanent housing program. MSP works to rebuild clients' credit and budgeting skills, helps them secure employment and leases in their own names, and provides rental subsidy for 12 months (with the option to extend up-to an additional 12 months). MSP has expanded their RISE program significantly to serve an average of 30 families.

MY SISTER'S PLACE, INC.
Noted to Financial Statements (Continued)
September 30, 2020 and 2019

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Community Case Management – New in 2020, MSP provides case management to 54 families in the city's FRSP (Family Rehousing and Stabilization Program), delivering supportive services to families that have experienced domestic violence.

Community Education – MSP's community outreach program raises awareness about domestic violence through the distribution of literature, trainings, dissemination of information at events, and innovative projects. This includes two legal and housing resource clinics in the community, one of which is specifically targeted to the immigrant community.

Accounting Method

MSP uses the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Cash and Equivalents

For purposes of the statements of cash flows, MSP considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments with readily determinable fair values are reflected at their fair market value. To adjust the carrying amount of these investments, the difference between cost and fair market value is charged or credited to operations. Interest and dividends are recorded as revenue when earned.

Fair Value of Measurements

MSP complies with Financial Accounting Standards Codification topic, *Fair Value Measurements*. The statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist of unconditional contributions and reimbursement of costs related to grants that have not yet been collected. Accounts receivable are stated at the amount management expects to collect. Management provides for probably uncollectible amounts through an increase in bad debt expense and an increase in allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At September 30, 2020 and 2019, management expects the amount in account receivable to be fully collectible. As such, a provision for doubtful accounts has not been recorded.

MY SISTER'S PLACE, INC.
Notes to Financial Statements (Continued)
September 30, 2019 and 2018

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

It is MSP's policy to capitalize property and equipment over \$3,000. Property and equipment is stated at cost, or if donated, at fair market value at the date of receipt. Depreciation is calculated using the straight-line method over the estimated useful life of the assets, ranging from 3 – 40 years. Upon disposal of depreciable assets, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is credited or charged to income. Repairs and maintenance are charged to expense when incurred.

Description of Net Assets

Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions are currently available for operating purposes under the direction of management and the board of directors or designated by the board for specific use.

Net Assets With Donor Restrictions are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted. These include donor restrictions requiring the net assets to be held in perpetuity or for a specific term with investment return specified for a specific purpose.

New Accounting Pronouncement

During the fiscal year ended September 30, 2020, MSP adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. This update provides clarifying guidance on accounting for the grants and contracts of nonprofit organizations as they relate to the new revenue recognition standards implemented by ASUE 2019-09 and aims to minimize diversity in the classification of grants and contracts that exist under current guidance.

Based on MSP's evaluation process and review of its contracts with customers, the timing and amount of revenue as previously recognized is consistent with revenue recognition under the new standard. The adoption of ASU 2018-08 did not have any effect on net assets balances or previously issued financial statements.

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MY SISTER'S PLACE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020 AND 2019

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions and grants are reported as with donor restrictions to the extent that their availability for operations is restricted by donors based upon the passage of time or the occurrence of certain events. Such restrictions apply only to contributions and grants that have the characteristics of contributions, and not to "exchange" transactions in which MSP provides a service or product to the funding agency. As such, contributions are recognized as revenue at the earlier of when they are received or unconditionally pledged. Grants received from the federal government are recognized as revenue only to the extent of expenditures incurred. Grant funds received in advance are recognized as refundable grant advances on the statements of financial position.

MSP recognizes revenue from program service fees and special events when services are rendered, or when the program or event is held and the revenue is earned.

MSP reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind Contributions

In-kind contributions and contributed services are recorded as support without donor restriction in the accompanying financial statements and are reported at fair market value at the date of the gift. The contributions are recognized as in-kind expenses in the statement of functional expenses.

Contributed services are recognized when they are received if the services create or enhance nonfinancial assets or required specialized skills and are provided by individual possessing those skills, and would, typically need to be purchased if not donated. During the year ended September 30, 2020, MSP had 203 volunteers providing 1,882 hours at the shelter and with the RISE program providing an array of assistance to clients including children's group, financial planning, health group, parenting groups, reading to children and helping with homework, resume writing workshops, renters rights workshops, survivor pampering day, meal service, move-in assistance and administrative help as well including the Clothesline.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

MY SISTER’S PLACE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020 AND 2019

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of 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. Those estimates and assumptions affect the reported amounts of the assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Income Taxes

MSP complies with the provisions of the FASB Accounting Standards Codification topic *Accounting for Uncertainty in Income Taxes*. For the years ended September 30, 2020 and 2019, no unrecognized tax provision or benefit exists.

Tax Exempt Status

MSP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to MSP’s tax exempt purpose is subject to taxation as unrelated business income. The Form 990 Return of Organization Exempt From Income Tax for the fiscal years ended September 30, 2017 through 2019 are subject to review and examination by the Internal Revenue Service.

NOTE 2- OPERATING LEASES

On August 5, 2011, MSP entered into a lease agreement for office space for administration. The lease agreement began on September 1, 2011 and expired on November 30, 2014. The lease was amended on December 1, 2014 for 3 years. In September 2017, the lease renewed for another 5 years, terminating November 30, 2022. The base annual rent is \$96,315 and includes a 3% annual rent adjustment. Total rent expense for the facilities for the years ended September 30, 2020 and 2019 was \$105,619 and \$109,139, respectively.

Future minimum lease payments are as follows:

For the year ended September 30,

2021	\$	104,480
2022		107,615
2023		27,101
		\$ 239,196
		239,196

NOTE 3- LINE OF CREDIT

In December 2017, MSP obtained a 36-month line of credit with Premier Bank with a maximum amount available of \$500,000. The line of credit was renewed on March 10, 2021. Interest accrues at a rate of 6.25% per annum. The line of credit is secured by land and building owned by MSP. As of September 30, 2020 and 2019, there were no amounts drawn on the line of credit.

MY SISTER'S PLACE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020 AND 2019

NOTE 4- NET ASSETS WITHOUT DONOR RESTRICTIONS, BOARD DESIGNATED

MSP's Board of Directors has designated \$510,000 of its net assets without donor restrictions as of September 30, 2020. This designated amount cannot be used by MSP for operations without permission from the Board. As of September 30, 2020, the Board of Directors has not specified a purpose for the board designated net assets.

MSP is seeking to build six months of Operating Reserves. The purpose of the Operating Reserve is to ensure the stability of the mission, programs, employment, and ongoing operations of the organization. The Operating Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, onetime unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The Reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure. Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of My Sister's Place for Operating Reserves to be used and replenished within a reasonably short period of time. The Operating Reserve Policy will be implemented in concert with the other governance and financial policies of My Sister's Place and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

NOTE 5- RETIREMENT PLAN

MSP established a SIMPLE IRA plan in 1997. On January 1, 2012, MSP transitioned to a new Qualified Retirement Plan. Employees are eligible to contribute to the plan after the first calendar year during which the employee worked a minimum of 1,000 hours with MSP. Under the new plan, the amount of the Organization's Profit Sharing Contribution, if any, is determined by a discretionary formula. There were no employer contributions to the plan for the years ended September 30, 2020 and 2019.

NOTE 6- RISKS AND UNCERTAINTIES

Concentration of Credit Risk

Financial instruments that potentially subject MSP to concentrations of credit risk include cash deposits with commercial banks. MSP's cash management policies limit its exposure to concentrations of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Cash deposits may however, exceed the FDIC insurable limits at times throughout the year. Management does not consider this a significant concentration of credit risk

Revenue Concentration

MSP receives substantial support from the District of Columbia as a pass-through from the Federal government in the form of cost reimbursed grants. Total support received from the District of Columbia for the year ended September 30, 2020 was \$1,912,699 or 70% of total revenue and \$1,838,939 or 75% of total revenue for the year ended September 30, 2019.

MY SISTER'S PLACE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020 AND 2019

NOTE 6- RISKS AND UNCERTAINTIES (Continued)

Global Pandemic

Subsequent to year end, U.S. and global business and financial markets continue to be severely impacted by the COVID-19 pandemic. The potential long-term impact on MSP's revenue, expenses, and cash flows cannot be determined at this time.

NOTE 7- LIQUIDITY AND FUNDS AVAILABLE

The following table reflects MSP's financial assets as of September 30, 2020 and 2019, reduced by amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, funds that are purpose or time restricted beyond one year, endowments and accumulated earnings net of appropriations within one year and board designated endowments. These board designations could be drawn upon if the board approves that action.

Financial assets available to meet cash needs for general expenditures within one year as of September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and equivalents	\$ 798,084	\$ 867,902
Investments	1,486	1,486
Accounts receivable	<u>217,255</u>	<u>102,860</u>
Financial assets available to meet cash needs for general expenditure within one year:	<u>\$ 1,016,825</u>	<u>\$ 972,248</u>

MSP has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 8- SUBSEQUENT EVENTS

All subsequent events have been evaluated through April 26, 2021, which is the date the financial statements were available to be issued. This review and evaluation revealed no other material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.

MY SISTER'S PLACE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Employer I.D. # 52-1263256

<u>Federal Grantor/Pass-through Grantors/ Program Cluster</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Identifying Number</u>	<u>Federal Expenditures</u>
Family Violence Prevention Services Cluster U.S. Department of Health and Human Services Pass-Through Programs Passed-through District of Columbia's Department of Human Services Department of Human Services Shelter Services Grant Award	93.671	JA-FSA-0733-1-20	\$ 522,352
	93.671	JA-FSA-0733-5-20	210,000
Department of Human Services Education and Outreach Grant Award	93.671	JA-FSA-0731-1-20	20,000
Department of Human Services Case Management Services Grant Award	93.671	JA-FSA-0732-1-20	<u>30,000</u>
Total Department of Health and Human Services/ Family Violence Prevention Services Cluster			<u>782,352</u>
Passed-through the District of Columbia's Department of Human Services through The Community Partnership for the Prevention of Homelessness TANF Funds	93.558	2013MSPPRH	<u>193,891</u>
Total U.S. Department of Health and Human Services			<u>976,243</u>
U.S. Department of Justice Programs Office on Violence Against Women Reaching Independence through Survivor Empowerment	16.736	2020-MSP-02	484,652
U.S. Department of Justice Pass-Through Programs Passed-through District of Columbia's Office of Victim Services Office of Victim Services Comprehensive Opportunities for Recovery and Empowerment	16.unknown	2020-MSP-01	<u>645,695</u>
Total U.S. Department of Justice			<u>1,130,347</u>
Total Expenditures of Federal Awards			<u>\$ 2,106,590</u>

MY SISTER'S PLACE, INC.
Notes to the Schedule of Expenditures of Federal Awards
September 30, 2020

NOTE 1- BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal grant activity of My Sister's Place, Inc. (MSP) under programs of the Federal government and is presented on the accrual basis of accounting for the year ended September 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of MSP, it is not intended to and does not present the financial position, changes in net assets or cash flows of MSP.

NOTE 2- 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in their normal course of business to amounts reported as expenditures in prior years.

NOTE 3- CFDA NUMBERS

Pass-through and partial pass-through awards have been presented by pass-through entity, CFDA number, sponsor's award number, when available or by MSP's assigned identifier. When CFDA numbers are not available, the Federal awards have been presented by agency number and the suffix "unknown" for the federal identification number. When the federal agency and the federal identification number are not available, "99.unknown" is used.

NOTE 4- INDIRECT COST RATE

MSP has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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 Directors of
My Sister's Place, Inc.

We have audited, 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 General of the United States, the financial statements of ***My Sister's Place, Inc.*** (a non-profit organization), which comprise the statement of financial position as of September 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ***My Sister's Place, Inc.***'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of My Sister's Place, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of ***My Sister's Place, Inc.***'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 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, therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **My Sister's Place, Inc.**'s financial statements are free of 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.

DeLeon & Stang

DeLeon & Stang, CPAs and Advisors
Gaithersburg, Maryland
April 26, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
My Sister's Place, Inc.

Report on Compliance for Each Major Federal Program

We have audited ***My Sister's Place, Inc.***'s compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of ***My Sister's Place, Inc.***'s major federal programs for the year ended September 30, 2020. ***My Sister's Place, Inc.***'s major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of ***My Sister's Place, Inc.***'s major federal 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 Regulations* Part 200, *Uniform Administrative Requirements, Cost principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about ***My Sister's Place, Inc.***'s compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ***My Sister's Place, Inc.***'s compliance.

Opinion on Each Major Federal Program

In our opinion, ***My Sister's Place, Inc.*** 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 programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of **My Sister's Place, Inc.** 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 **My Sister's Place, Inc.**'s internal control over compliance with the types of requirements that could have direct and material effect on each major federal 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 program 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 on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **My Sister's Place, Inc.**'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 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 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 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 the 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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DeLeon & Stang

DeLeon & Stang, CPAs and Advisors
April 26, 2021

MY SISTER'S PLACE, INC.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

A. Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR Section 200.516(a)? Yes No

Identification of Major Programs:

CFDA Number/ Grant Number
16.unknown

Program Title
U.S. Department of Justice:
Comprehensive Opportunities for Recovery
and Empowerment

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Auditee qualified as a low-risk auditee? Yes N

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

D. Prior Year Audit Findings

None