

MY SISTER'S HOUSE

Independent Accountant's Review Report
and Consolidated Financial Statements

Year Ended June 30, 2017

**MY SISTER'S HOUSE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
My Sister's House
Sacramento, CA

We have reviewed the accompanying consolidated statements of My Sister's House (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, California
January 11, 2018

MY SISTER'S HOUSE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

Assets

Current assets:

Cash and equivalents	\$ 309,377
Certificates of deposit	57,114
Grants receivable	327,988
Contributions receivable	14,000
Accounts receivable	5,169
Prepaid expenses	25,554
Refundable deposits	<u>3,090</u>
Total current assets	<u>742,292</u>

Fixed assets, net	<u>367,347</u>
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Total assets	<u><u>\$ 1,109,639</u></u>
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Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 75,585
Accrued expenses	66,779
Current portion of long-term debt	<u>8,164</u>
Total current liabilities	150,528

Long-term debt, net of current portion	<u>202,163</u>
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Total liabilities	352,691
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Net assets:

Unrestricted	657,218
Temporarily restricted	98,730
Permanently restricted	<u>1,000</u>
Total net assets	<u>756,948</u>

Total liabilities and net assets	<u><u>\$ 1,109,639</u></u>
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See accompanying notes and independent accountant's review report.

MY SISTER'S HOUSE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:				
Government grant revenue	\$ 1,025,011	-	-	\$ 1,025,011
Foundation and other grant revenue	-	\$ 203,288	-	203,288
Contributions	141,057	49,512	\$ 1,000	191,569
Special event revenue	191,063	-	-	191,063
Less: Costs of direct benefits to donors	(47,787)	-	-	(47,787)
Café income	180,630	-	-	180,630
Less: Café cost of sales	(62,375)	-	-	(62,375)
Conference revenue	33,338	-	-	33,338
Contract service revenue	1,200	-	-	1,200
Interest revenue	152	-	-	152
Net assets released from restrictions	245,876	(245,876)	-	-
Total support and revenue	<u>1,708,165</u>	<u>6,924</u>	<u>1,000</u>	<u>1,716,089</u>
Expenses:				
Program services:				
Shelter	371,897	-	-	371,897
Crisis Line	64,075	-	-	64,075
W2W	542,542	-	-	542,542
Outreach and education	482,797	-	-	482,797
Total program services	<u>1,461,311</u>	<u>-</u>	<u>-</u>	<u>1,461,311</u>
Supporting services:				
Management and general	104,788	-	-	104,788
Fundraising	46,665	-	-	46,665
Total supporting services	<u>151,453</u>	<u>-</u>	<u>-</u>	<u>151,453</u>
Total expenses	<u>1,612,764</u>	<u>-</u>	<u>-</u>	<u>1,612,764</u>
Change in net assets	95,401	6,924	1,000	103,325
Net assets, beginning of year	<u>561,817</u>	<u>91,806</u>	<u>-</u>	<u>653,623</u>
Net assets, end of year	<u>\$ 657,218</u>	<u>\$ 98,730</u>	<u>\$ 1,000</u>	<u>\$ 756,948</u>

See accompanying notes and independent accountant's review report.

MY SISTER'S HOUSE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services				Supporting Services			Total Expenses
	Shelter	Crisis Line	W2W	Outreach and Education	Total Program Services	Management and General	Fundraising	
Salaries & wages	\$ 170,935	\$ 47,251	\$ 350,203	\$ 165,905	\$ 734,294	\$ 41,377	\$ 36,113	\$ 811,784
Employee benefits	29,708	7,225	44,221	23,601	104,755	4,302	2,875	111,932
Payroll taxes	15,379	4,268	30,750	14,624	65,021	3,649	3,601	72,271
Total personnel costs	216,022	58,744	425,174	204,130	904,070	49,328	42,589	995,987
Professional services	333	92	12,367	155,107	167,899	45,951	71	213,921
Office supplies	1,680	430	3,185	1,509	6,804	376	328	7,508
Supportive services	60,632	-	26,951	-	87,583	-	-	87,583
Occupancy	28,641	1,773	13,144	6,228	49,786	1,553	1,356	52,695
Communications	10,152	559	4,146	1,964	16,821	490	428	17,739
Travel	13,445	504	3,744	31,345	49,038	441	385	49,864
Furniture & equipment	3,164	494	3,663	1,735	9,056	433	378	9,867
Training & development	1,128	312	2,312	1,095	4,847	729	238	5,814
Outreach	-	-	-	75,588	75,588	-	-	75,588
Café expenses	-	-	39,210	-	39,210	-	-	39,210
Insurance	4,677	837	6,203	2,939	14,656	733	640	16,029
Depreciation	17,808	254	1,882	891	20,835	222	194	21,251
Interest expense	9,826	-	-	-	9,826	-	-	9,826
Tax & license	4,098	-	-	-	4,098	800	-	4,898
Miscellaneous	291	76	561	266	1,194	3,732	58	4,984
Totals	<u>\$ 371,897</u>	<u>\$ 64,075</u>	<u>\$ 542,542</u>	<u>\$ 482,797</u>	<u>\$ 1,461,311</u>	<u>\$ 104,788</u>	<u>\$ 46,665</u>	<u>\$ 1,612,764</u>

See accompanying notes and independent accountant's review report.

**MY SISTER'S HOUSE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017**

Cash flows from operating activities:	
Change in net assets	\$ 103,325
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	21,251
Increase in certificates of deposit	(37)
Decrease in accounts receivable	32,231
Increase in grants receivable	(113,514)
Increase in contribution receivable	(10,500)
Increase in prepaid expenses	(6,830)
Increase in accounts payable	48,033
Increase in accrued vacation payable	<u>7,503</u>
Net cash provided by operating activities	<u>81,462</u>
Cash flows from investing activities:	
Purchases of fixed assets	<u>(50,819)</u>
Net cash used in investing activities	<u>(50,819)</u>
Cash flows from financing activities:	
Principal payments on note payable	<u>(7,648)</u>
Net cash used in financing activities	<u>(7,648)</u>
Net increase in cash	22,995
Cash and equivalents, beginning of year	<u>286,382</u>
Cash and equivalents, end of year	<u><u>\$ 309,377</u></u>
Supplemental data:	
Interest paid for the year ended June 30, 2017:	<u><u>\$ 9,826</u></u>

See accompanying notes and independent accountant's review report.

MY SISTER'S HOUSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE A – SUMMARY OF PROGRAM AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The consolidated financial statements include the accounts of My Sister's House and its wholly owned subsidiary, Fred McGlasjoy, LLC (collectively My Sisters House or the Organization). The accounts of these two organizations have been consolidated because they are under common management and control.

My Sister's House (the Organization) of Sacramento, California, is a not-for-profit organization with the mission to serve the needs of Asian and Pacific Islander women and children impacted by domestic violence by providing a culturally appropriate and responsive safe have and community services. Those services include providing a 6-bed shelter, 6-bed transitional house, operating a 24-hour multilingual help line, conducting a women to work program which includes an operation of a café, making presentations on domestic violence and human trafficking to the community, and hosting an annual conference. The Organization operates My Sister's Café, a volunteer-based support program to help domestic violence survivors "get back on their feet" financially. Fred McGlasjoy, LLC is a for-profit limited liability company registered in California that owns real property used in the program services of the Organization. The Organization is primarily funded by government and foundation grants, private donations and fundraising events.

Basis of Consolidation

The consolidated financial statements include all the accounts of the Organization. All significant transactions and balances have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization classifies their net assets and changes in net assets as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired.

Temporarily restricted net assets – Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets that are to be held in perpetuity as directed by donors. The income from these net assets is available to support activities as designated by the donors.

MY SISTER'S HOUSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law.

Revenue Recognition

The Organization treats government grants received as exchange transactions. Accordingly, revenue is recognized only to the extent of incurred expenses. Government grant proceeds received in advance of expenditure are recorded as deferred revenue in the statement of financial position. Revenue from conferences and special events are recognized in the periods the events are held. Revenue from the Café is recognized as sales occur. Revenue collected in advance is deferred until earned.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Allowance for Doubtful Accounts

No provision has been made for uncollectible accounts, as management considers all accounts to be currently collectible. Uncollectible accounts are expensed on an individual basis when they are deemed to no longer be collectible.

Cash and Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

MY SISTER'S HOUSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates under different assumptions or conditions.

Fixed assets

Acquisitions of fixed assets in excess of \$5,000 are capitalized and stated at cost. Donated fixed assets are reported at fair value at the date of the gift. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Functional Expenses

The costs of providing the program services and supporting services have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services based on estimates of employees' time incurred and usage of resources.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California code sections. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and is considered a publically supported organization.

Management of the Organization has evaluated the tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist.

MY SISTER'S HOUSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE B – GRANTS RECEIVABLE

Grants receivable, which management considers fully collectible, consisted of the following at June 30, 2017:

Cal-OES	\$ 254,690
WEAVE - HT	39,771
DOJ – Project Reach	10,033
Other grants	<u>23,494</u>
 Total grants receivable	 <u>\$ 327,988</u>

NOTE C – CONTRIBUTIONS RECEIVABLE

Contributions receivable, which management considers fully collectible within one year, consisted of the following at June 30, 2017:

CPEDV	\$ 10,000
Ann Land	<u>4,000</u>
 Total contributions receivable	 <u>\$ 14,000</u>

NOTE D – FIXED ASSETS

Fixed assets consisted of the following at June 30, 2017:

Land	\$ 97,950
Building	245,784
Leasehold improvement	36,936
Vehicles	25,000
Less: accumulated depreciation	<u>(38,323)</u>
 Total fixed assets	 <u>\$ 367,347</u>

Depreciation expense for the year ended June 30, 2017 was \$21,251.

MY SISTER'S HOUSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE E – LINE OF CREDIT

The Organization has a line of credit with a bank, principle amount of \$15,000, due October 2, 2017, carrying a variable interest rate at prime plus .75%. The line of credit is secured by the assets of My Sister's House. There were no amounts outstanding under the line of credit at June 30, 2017.

NOTE F – LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2017:

Note payable with monthly installments of \$1,498, including interest at 4.75%; secured by a deed of trust; maturing September 2024.	\$ 210,327
Less current portion	<u>(8,164)</u>
Long-term portion	<u>\$ 202,163</u>

Required payments of principal on the long-term note payable at June 30, 2017, including current maturities, are summarized as follows:

2018	\$ 8,164
2019	8,561
2020	8,976
2021	9,412
2022	9,869
Thereafter	<u>165,345</u>
Total	<u>\$ 210,327</u>

NOTE G – RESTRICTED NET ASSETS

At June 30, 2017, temporarily restricted net assets of \$98,730 consisted of time and purpose restricted contributions in connection with the shelter and related programs. Permanently restricted net assets of \$1,000 consist of legacy gifts, the income from which can be used for operating purposes.

MY SISTER'S HOUSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE H – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of substantially all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying value of such amounts.

NOTE I – COMMITMENTS

The Organization leases space and equipment under multi-year non-cancellable operating leases, which expire from 2020-2022. The following is a schedule of future minimum rental payments required under the above operating leases for the years ended June 30:

2018	\$ 52,653
2019	54,393
2020	46,046
2021	27,936
2022	<u>29,064</u>
Total future minimum rental payments	<u>\$ 210,093</u>

Rental expense for the year ended June 30, 2017 was \$59,095.

NOTE J – CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and equivalents and grants receivable. The Organization maintains its cash and equivalents with various financial institutions and may be exposed from time to time to credit risk with bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

The Organization did not have any cash and equivalent balances which exceeded FDIC insured limits as of June 30, 2017.

During the year ended June 30, 2017, the Organization had grants from one significant grantor that represented approximately 30% of total support and revenue, and 78% of grants receivable.

NOTE K – RELATED PARTIES

During the year ended June 30, 2017, the Organization received contributions from board members totaling \$24,859.

MY SISTER'S HOUSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE L – RETIREMENT PLAN

The Organization has a Simple IRA retirement plan to which eligible employees may elect to make contributions under salary reduction agreements. For those employees electing to participate, the Organization makes contributions on behalf of the participant of up to 3% of compensation. Employer contributions totaled \$16,259 for the year ended June 30, 2017.

NOTE M – DONATED SERVICES

The Organization received donated services from professional level employees in several areas of program operations. The value of those donated services was \$19,503 and is included in contributions and professional services in the accompanying consolidated statements of activities and functional expenses.

The Organization also received donated services from a variety of unpaid volunteers assisting in leadership, committees, fund-raising activities and program services. The value of this donated time is not reflected in the accompanying consolidated financial statements since it does not meet the criteria for recognition as a contribution.

NOTE N – CONTINGENCIES

The Organization is primarily funded by grants and is subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

NOTE O – SUBSEQUENT EVENTS

The management of the Organization has reviewed the results of operations for the period of time from its year end June 30, 2017 through January 11, 2018, the date the financial statements were available to be issued, and other than the following matters, have determined that no adjustments are necessary to the amounts reported in the accompanying consolidated financial statements nor have any subsequent events occurred, the nature of which would require disclosure.