SHEFFIELD PLACE

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2013 AND 2012

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PC &M

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Sheffield Place
Kansas City, Missouri

We have audited the accompanying financial statements of Sheffield Place (the "Organization"), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Pickett, Chaney & McMullen LLP

Overland Park, Kansas
March 31, 2014

SHEFFIELD PLACE

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 473,041	$ 297,321
Grants receivable	24,828	27,176
Contributions receivable		3,934
Promises receivable	39,196	73,968
Other receivable		4,591
Total Current Assets	537,065	406,990
Property and Equipment, Net	276,466	230,540
Total Assets	$ 813,531	$ 637,530
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 12,850	$ 7,565
Accrued payroll expenses and withholdings	32,523	33,108
Accrued vacation	14,409	13,100
Clients' accounts	585	1,095
Total Current Liabilities	60,367	54,868
Net Assets:		
Unrestricted	565,533	443,717
Temporarily restricted	187,631	138,945
Total Net Assets	753,164	582,662
Total Liabilities and Net Assets	$ 813,531	$ 637,530

See notes to financial statements.

SHEFFIELD PLACE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:						
Federal government grants	$ 255,340		$ 255,340	$ 219,155		$ 219,155
Other government grants	106,000		106,000	96,000		96,000
In-kind contributions	42,323	$ 40,547	82,870	29,660		29,660
Contributions and grants	254,687	192,092	446,779	158,294	$ 223,991	382,285
Special events	100,102		100,102	52,431		52,431
Occupancy fees	5,213		5,213	7,938		7,938
Interest income	937		937	674		674
Rental income	3,475		3,475			
Net assets released from restrictions	183,953	(183,953)	-	258,266	(258,266)	
Total revenues, gains and other support	952,030	48,686	1,000,716	822,418	(34,275)	788,143
EXPENSES:						
Program services	657,089		657,089	568,833		568,833
Administrative	93,389		93,389	89,039		89,039
Fundraising	79,736		79,736	57,273		57,273
Total expenses	830,214	-	830,214	715,145	-	715,145
CHANGE IN NET ASSETS	121,816	48,686	170,502	107,273	(34,275)	72,998
NET ASSETS, BEGINNING OF YEAR	443,717	138,945	582,662	336,444	173,220	509,664
NET ASSETS, END OF YEAR	$ 565,533	$ 187,631	$ 753,164	$ 443,717	$ 138,945	$ 582,662

See notes to financial statements.

SHEFFIELD PLACE

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013				2012			
	Program	Administrative	Fundraising	Total	Program	Administrative	Fundraising	Total
Salaries and wages	$ 331,918	$ 54,292	$ 26,706	$ 412,916	$ 291,645	$ 54,405	$ 22,689	$ 368,739
Payroll taxes	26,521	4,180	2,141	32,842	23,143	4,493	1,860	29,496
Employee benefits	37,070	6,582	2,892	46,544	34,242	6,099	2,403	42,744
Professional fees	1,720	15,795	1,038	18,553	2,975	15,022	1,672	19,669
Special events			40,349	40,349			21,885	21,885
Direct client assistance - In-kind	22,928			22,928	19,877			19,877
Supplies	42,317	1,542	1,797	45,656	36,620	689	2,313	39,622
Telephones and pagers	4,294	779	938	6,011	4,749	873	894	6,516
Postage	691	759	162	1,612	300	433	82	815
Building maintenance	41,098	495		41,593	26,859	1,191		28,050
Equipment rent	2,090	247		2,337	1,795	265		2,060
Utilities	31,595	318		31,913	27,763	280		28,043
Insurance	12,555	1,643	612	14,810	9,093	1,409	428	10,930
Conferences and training	5,544	2,974	647	9,165	3,184	1,157	208	4,549
Travel	3,099	132	305	3,536	1,855	330	162	2,347
Computer information sys.	11,691	999	1,078	13,768	12,862	841	988	14,691
Depreciation	55,414	541		55,955	50,447	509		50,956
Newsletters	1,110		369	1,479	2,015		671	2,686
Client expenses	25,434		702	26,136	19,409		1,018	20,427
Other	-	2,111	-	2,111	-	1,043	-	1,043
TOTAL FUNCTIONAL EXPENSES	$ 657,089	$ 93,389	$ 79,736	$ 830,214	$ 568,833	$ 89,039	$ 57,273	$ 715,145

See notes to financial statements.

SHEFFIELD PLACE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 170,502	$ 72,998
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	55,955	50,956
In-kind grant of house	(40,547)	
Changes in operating assets and liabilities:		
Grants receivable	2,348	(3,347)
Contributions and promises receivable	38,706	(7,668)
Other receivable	4,591	(4,591)
Accounts payable	5,285	(675)
Accrued payroll expenses and withholdings	(585)	26,202
Accrued vacation pay	1,309	2,219
Client accounts	(510)	(1,090)
Net cash provided by operating activities	237,054	135,004
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(61,334)	(14,235)
Net cash used in investing activities	(61,334)	(14,235)
NET INCREASE IN CASH AND CASH EQUIVALENTS	175,720	120,769
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	297,321	176,552
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 473,041	$ 297,321
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY -		
In-kind grant of house	$ 40,547	$ -

See notes to financial statements.

SHEFFIELD PLACE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1. DESCRIPTION OF THE ORGANIZATION

Nature of Activities – Sheffield Place is a Missouri nonprofit organization which operates a transitional housing program. Its mission is to empower women and their children to break out of the cycle of homelessness and poverty and become self-sufficient.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash – All cash was held in a bank at December 31, 2013 and 2012.

Property and Equipment – The Organization capitalizes property and equipment with a cost over $1,000. Maintenance and repairs are charged to expense. The Organization assesses the impairment of long-lived assets, which include improvements and equipment, whenever events or changes in the circumstances indicate that such assets might be impaired and the carrying value may not be recoverable.

Depreciation and amortization are computed on the straight-line method over the following estimated useful lives:

Description	Estimated Useful Lives
Facility and accessibility improvements	5-10 years
Furniture and equipment	5-7 years
Software	3 years
House	15 years

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. No allowance for doubtful accounts was considered necessary at December 31, 2013 or 2012.

Promises to Give – Unconditional promises to give are recorded as revenues or gains in the period received and as assets or a decrease of liabilities, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There are no conditional promises to give as of December 31, 2013.

Donated Assets – Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

In January 2013, the Organization signed a grant agreement whereby the Organization would be granted a house for use by the Organization, consistent with their mission. The grant agreement has restrictions on the use of the property for 15 years. Restrictions include: having comprehensive general liability insurance on the house, exclusively using the property for its charitable purposes, housing individuals in the house within the financial limits as defined in the grant agreement, amongst other requirements, as outlined in the grant agreement. If any of these requirements are violated during the 15 year period, the house, including any improvements to the house, will be forfeited back to the grantor. Management believes the probability of the Organization failing to meet these requirements to be remote. Accordingly, the grant is recognized in the statement of activities at fair value as temporarily restricted in-kind revenue. The grant is released from restrictions over the 15 year restriction period. During 2013, $2,703 was released from restrictions.

Grant Revenues – The Organization receives a significant amount of revenue in the form of grants. The Organization recognizes grant funds received or receivable as revenue to the extent that related program expenses have been incurred. Grants receivable were $24,828 and $27,176 as of December 31, 2013 and 2012, respectively.

Client Accounts – Residents pay a security deposit upon moving into Sheffield Place, and remit a portion of their monthly income to the Organization as occupancy charges and as savings held on the resident's behalf. Upon departure from Sheffield Place, residents may be reimbursed for their security deposit and savings.

Income Taxes – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for income taxes has been recorded. The Organization accounts for uncertain tax positions in accordance with the provisions of Financial Accounting Standards Board ("FASB") Codification Topic *Income Taxes*. *Income Taxes* clarifies the accounting for uncertainty in income taxes and requires the Foundation to recognize in their financial statements the impact of a tax position taken or expected to be taken in a tax return, if that position is more likely than not to be sustained under audit, based on the technical merits of the position. Management has assessed the tax positions of the Organization and determined that no positions exist that require adjustment or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2010.

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

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 that affect the reported amounts of assets, liabilities and changes therein, and disclosures 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.

Date of Management's Review – Subsequent events have been evaluated through March 31, 2014, which is the date the financial statements were available to be issued, and there were no material events requiring recognition or disclosure.

3. CURRENT ECONOMIC CONDITIONS

The current economic environment presents not-for-profit organizations with circumstances and challenges, which in some cases have resulted in large declines in contributions, decreased funding from grantors, and constraints on liquidity and difficultly obtaining financing. The financial statements have been prepared using values and information currently available to the Organization.

4. CONTRIBUTIONS AND PROMISES RECEIVABLE

Contributions and promises receivable consisted of the following at December 31:

	2013	2012
Due in less than one year	39,196	77,902
Due in one to five years	-	-
	$ 39,196	$ 77,902

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2013	2012
Furniture and equipment	$ 240,615	$ 205,603
House	40,547	
Facility improvements	727,998	701,676
Accessibility improvements	403,726	403,726
	1,412,886	1,311,005
Accumulated depreciation	(1,136,420)	(1,080,465)
	$ 276,466	$ 230,540

Depreciation expense totaled $55,955 and $50,956 for the years ended December 31, 2013 and 2012, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31:

	2013	2012
Case Management	$ 28,546	$ 16,366
Adult Clinical Studies	7,117	15,786
Support services	33,463	
Asset Acquisitions	3,149	38,576
Children's Clinical Services	33,971	22,065
Adult and Children Clinical Services	6,000	5,000
Healthcare Services	19,821	38,852
House	37,844	
Residential Services	17,720	2,300
	$ 187,631	$ 138,945

Net assets of $183,953 and $258,266, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes, or by the passage of time. Net assets released from restrictions for the years ended December 31 were:

	2013	2012
Case Management	$ 41,770	$ 52,606
2012 Operations		6,000
Suppport Services	6,537	
Adult Clinical Studies	19,668	72,126
Asset Acquisitions	38,576	12,024
Children's Clinical Services	42,594	54,402
Adult and Children Clinical Services	5,000	6,000
Healthcare Services	20,425	24,308
House	2,703	
Residential Services	6,680	30,800
	$ 183,953	$ 258,266

7. RETIREMENT PLAN

The Organization has a retirement plan under Section 401(k) of the Internal Revenue Code. To become eligible, employees must complete one year of service (at least 1,000 hours) and must have attained age 21. Employer contributions are made at the Board’s discretion and vest over six years. There were $3,225 and $2,700 in employer contributions in 2013 and 2012, respectively.

8. CONCENTRATIONS

The Organization recognized $166,241 and $163,079 of revenue related to a grant from the U.S. Department of Housing and Urban Development for the years ended December 31, 2013 and 2012, respectively. This funding represented approximately 17% and 21% of the Organization’s revenues for the years ended December 31, 2013 and 2012, respectively.

The Organization maintains its cash balances at one financial institution. At December 31, 2013, the balance was insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2013, the Organization’s uninsured balance totaled $223,041.

9. FEDERAL AWARDS

The Organization has received financial assistance from the U.S. Department of Housing and Urban Development, through direct grants, in the form of contracts, grants and awards to fund its activities. These activities are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with the terms and conditions specified in these agreements. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

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