

SHEFFIELD PLACE

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2012 AND 2011



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 statement of financial position as of December 31, 2012 and 2011, 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 auditor's 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, 2012 and 2011, 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

February 22, 2013

SHEFFIELD PLACE

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Current assets:		
Cash	\$ 297,321	\$ 176,552
Grants receivable	27,176	23,829
Contributions receivable	3,934	
Promises receivable	73,968	70,234
Other receivable	4,591	
Total current assets	<u>406,990</u>	<u>270,615</u>
Property and equipment, net	<u>230,540</u>	<u>267,261</u>
Total assets	<u>\$ 637,530</u>	<u>\$ 537,876</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 7,565	\$ 8,240
Accrued payroll expenses and withholdings	33,108	6,906
Accrued vacation	13,100	10,881
Clients accounts	1,095	2,185
Total current liabilities	<u>54,868</u>	<u>28,212</u>
Net assets:		
Unrestricted	443,717	336,444
Temporarily restricted	<u>138,945</u>	<u>173,220</u>
Total net assets	<u>582,662</u>	<u>509,664</u>
Total liabilities and net assets	<u>\$ 637,530</u>	<u>\$ 537,876</u>

See notes to financial statements.

SHEFFIELD PLACE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:						
Federal government grants	\$ 219,155		\$ 219,155	\$ 211,818		\$ 211,818
Other government grants	96,000		96,000	103,600		103,600
In-kind contributions	29,660		29,660	36,248		36,248
Contributions and grants	158,294	\$ 223,991	382,285	133,548	\$ 190,711	324,259
Special events	52,431		52,431	30,438		30,438
Insurance reimbursements				18,413		18,413
Program fees	7,938		7,938	5,214		5,214
Interest income	674		674	3,706		3,706
Net assets released from restrictions	258,266	(258,266)		246,707	(246,707)	
Total revenues, gains and other support	822,418	(34,275)	788,143	789,692	(55,996)	733,696
EXPENSES:						
Program services	568,833		568,833	641,815		641,815
Administrative	89,039		89,039	85,681		85,681
Fundraising	57,273		57,273	62,202		62,202
Total expenses	715,145	-	715,145	789,698	-	789,698
CHANGE IN NET ASSETS	107,273	(34,275)	72,998	(6)	(55,996)	(56,002)
NET ASSETS, BEGINNING OF YEAR	336,444	173,220	509,664	336,450	229,216	565,666
NET ASSETS, END OF YEAR	<u>\$ 443,717</u>	<u>\$ 138,945</u>	<u>\$ 582,662</u>	<u>\$ 336,444</u>	<u>\$ 173,220</u>	<u>\$ 509,664</u>

See notes to financial statements.

SHEFFIELD PLACE

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012				2011			
	Program	Administrative	Fundraising	Total	Program	Administrative	Fundraising	Total
Salaries and wages	\$ 291,645	\$ 54,405	\$ 22,689	\$ 368,739	\$ 309,730	\$ 48,756	\$ 30,555	\$ 389,041
Payroll taxes	23,143	4,493	1,860	29,496	24,431	3,958	2,418	30,807
Employee benefits	34,242	6,099	2,403	42,744	42,168	5,629	3,064	50,861
Professional fees	2,975	15,022	1,672	19,669	6,424	18,107	3,425	27,956
Special events			21,885	21,885			13,163	13,163
Direct client assistance	19,877			19,877	27,746			27,746
Supplies	36,620	689	2,313	39,622	44,823	969	3,722	49,514
Telephones and pagers	4,749	873	894	6,516	7,404	927	1,050	9,381
Postage	300	433	82	815	610	519	173	1,302
Building maintenance	26,859	1,191		28,050	48,447	522		48,969
Equipment rent	1,795	265		2,060	2,111	243		2,354
Utilities	27,763	280		28,043	29,731	300		30,031
Insurance	9,093	1,409	428	10,930	7,611	1,216	351	9,178
Conferences and training	3,184	1,157	208	4,549	2,375	983	428	3,786
Travel	1,855	330	162	2,347	3,169	385	585	4,139
Computer information sys.	12,862	841	988	14,691	16,083	827	790	17,700
Depreciation	50,447	509		50,956	54,350	549		54,899
Newsletters	2,015		671	2,686	801		302	1,103
Client expenses	19,409		1,018	20,427	13,522		338	13,860
Other	-	1,043	-	1,043	279	1,791	1,838	3,908
TOTAL FUNCTIONAL EXPENSES	\$ 568,833	\$ 89,039	\$ 57,273	\$ 715,145	\$ 641,815	\$ 85,681	\$ 62,202	\$ 789,698

See notes to financial statements.

**SHEFFIELD PLACE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 72,998	\$ (56,002)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	50,956	54,899
Changes in operating assets and liabilities:		
Grants receivable	(3,347)	(9,258)
Contributions receivable	(7,668)	88,897
Other receivable	(4,591)	
Accounts payable	(675)	6,958
Accrued payroll expenses and withholdings	26,202	3,962
Accrued vacation	2,219	(536)
Client accounts	(1,090)	768
	<u>135,004</u>	<u>89,688</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(14,235)</u>	<u>(48,716)</u>
Net cash used in investing activities	<u>(14,235)</u>	<u>(48,716)</u>
NET INCREASE	120,769	40,972
CASH, BEGINNING OF YEAR	<u>176,552</u>	<u>135,580</u>
CASH, END OF YEAR	<u>\$ 297,321</u>	<u>\$ 176,552</u>

See notes to financial statements.

SHEFFIELD PLACE

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012 and 2011.

Property and Equipment – The Organization capitalizes all significant acquisitions of property and equipment, which are recorded at cost. 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:

<u>Description</u>	<u>Estimated Useful Lives</u>
Facility and accessibility improvements	5-10 years
Furniture and equipment	5-7 years
Software	3 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, 2012 or 2011.

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, 2012.

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.

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 \$27,176 and \$23,829 as of December 31, 2012 and 2011, 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 program fees 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 2009.

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 February 22, 2013, which is the date the financial statements were available to be issued.

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 difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Organization.

4. CONTRIBUTIONS RECEIVABLE

Promises receivable consisted of the following at December 31:

	2012	2011
Due in less than one year	77,902	70,234
Due in one to five years	<u>-</u>	<u>-</u>
	<u>\$ 77,902</u>	<u>\$ 70,234</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2012	2011
Furniture and equipment	\$ 205,603	\$ 191,368
Facility improvements	701,676	701,676
Accessibility improvements	<u>403,726</u>	<u>403,726</u>
	1,311,005	1,296,770
Accumulated depreciation	<u>(1,080,465)</u>	<u>(1,029,509)</u>
	<u>\$ 230,540</u>	<u>\$ 267,261</u>

Depreciation expense totaled \$50,956 and \$54,899 for the years ended December 31, 2012 and 2011, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

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

	2012	2011
2012 Operations		\$ 6,000
Case Management	\$ 16,366	21,459
Adult Clinical Studies	15,786	20,509
Asset Acquisitions	38,576	12,500
Children's Clinical Services	22,065	26,033
Adult and Children Clinical Services	5,000	
Healthcare Services	38,852	63,161
Residential Services	<u>2,300</u>	<u>23,558</u>
	<u>\$ 138,945</u>	<u>\$ 173,220</u>

Net assets of \$258,266 and \$246,707, 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 year ended December 31 were:

	2012	2011
2010 Operations		\$ 399
2011 Operations		1,785
2012 Operations	\$ 6,000	
Case Management	52,606	26,316
Adult Clinical Studies	72,126	15,866
Asset Acquisitions	12,024	48,702
Children's Clinical Services	54,402	56,993
Adult and Children Clinical Services	6,000	23,748
Healthcare Services	24,308	51,631
Residential Services	<u>30,800</u>	<u>21,267</u>
	<u>\$ 258,266</u>	<u>\$ 246,707</u>

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 \$2,700 in employer contributions in 2012 and none in 2011.

8. CONCENTRATION

The Organization recognized \$163,079 of revenue related to grants from U.S. Department of Housing and Urban Development for the years ended December 31, 2012 and 2011. This funding represented approximately 21% and 22% of the Organization's revenues for the years ended December 31, 2012 and 2011, respectively.

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.

10. SUBSEQUENT EVENTS

Subsequent to December 31, 2012, the Organization signed a grant agreement to be the recipient of a house from City of Kansas City, Missouri, and the Blue Hills Community Services Corporation. The Organization plans to use the house to accommodate a family in need, consistent with their mission. The Organization plans to close on the grant in the first half of 2013.
