

AMETHYST PLACE, INC.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Amethyst Place, Inc.
Kansas City, Missouri

We have audited the accompanying financial statements of Amethyst Place, Inc., (the "Organization") which comprise the statements of financial position as of December 31, 2017 and 2016, 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

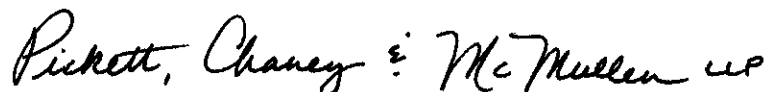
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Amethyst Place, Inc. as of December 31, 2017 and 2016, 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.



Overland Park, Kansas
July 20, 2018

AMETHYST PLACE, INC.

Statement of Financial Position

December 31, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash	\$ 401,748	\$ 494,090
Certificates of deposit	50,185	25,112
Government contracts receivable	42,996	19,765
Contributions receivable	62,523	16,042
Other receivables	2,092	1,547
Prepaid expenses	<u>11,099</u>	<u>11,331</u>
Total current assets	570,643	567,887
PROPERTY AND EQUIPMENT, NET	<u>423,466</u>	<u>283,076</u>
Total assets	<u>\$ 994,109</u>	<u>\$ 850,963</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,953	\$ 14,049
Accrued payroll and related liabilities	23,217	23,407
Deferred revenue	<u>28,690</u>	<u>29,284</u>
Total current liabilities	58,860	66,740
NET ASSETS:		
Unrestricted:		
Undesignated	628,879	528,196
Board designated	<u>191,000</u>	<u>1,000</u>
Total unrestricted net assets	819,879	529,196
Temporarily restricted	<u>115,370</u>	<u>147,027</u>
Total net assets	<u>935,249</u>	<u>676,223</u>
Total liabilities and net assets	<u>\$ 994,109</u>	<u>\$ 742,963</u>

See notes to financial statements.

AMETHYST PLACE, INC.

Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions and grants:			
Foundations	\$ 13,394	\$ 288,925	\$ 302,319
Corporations	4,916	1,000	5,916
Individuals	46,991	9,420	56,411
Religious organizations	900	48,000	48,900
Federated fundraising organizations	10,468	20,000	30,468
In-kind donations	197,504		197,504
Government contracts	470,104		470,104
Special event revenue	90,868		90,868
Participant rent	26,958		26,958
Interest and other income (loss)	(332)		(332)
Net assets released from restrictions	399,002	(399,002)	
Total revenue, gains and other support	1,260,773	(31,657)	1,229,116
EXPENSES:			
Program expenses:			
Supportive housing	677,141		677,141
Family therapy	71,194		71,194
Family self-sufficiency	145,770		145,770
Total program expenses	894,105		894,105
Supporting services:			
Administration	77,054		77,054
Fundraising	86,522		86,522
Direct benefits to donors	20,409		20,409
Total supporting services	183,985		183,985
Total expenses	1,078,090		1,078,090
CHANGE IN NET ASSETS	182,683	(31,657)	151,026
NET ASSETS, BEGINNING OF YEAR	637,196	147,027	784,223
NET ASSETS, END OF YEAR	\$ 819,879	\$ 115,370	\$ 935,249

See notes to financial statements.

AMETHYST PLACE, INC.

Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions and grants:			
Foundations	\$ 12,187	\$ 262,322	\$ 274,509
Corporations	11,840	800	12,640
Individuals	41,995	5,863	47,858
Religious organizations	225	42,000	42,225
Federated fundraising organizations	7,089	8,500	15,589
In-kind donations	263,046		263,046
Government contracts	478,886		478,886
Special event revenue	75,846		75,846
Participant rent	23,829		23,829
Interest and other income	917		917
Net assets released from restrictions	371,798	(371,798)	
	1,287,658	(52,313)	1,235,345
EXPENSES:			
Program expenses:			
Supportive housing	693,632		693,632
Family therapy	71,579		71,579
Family self-sufficiency	131,003		131,003
	896,214		896,214
Supporting services:			
Administration	76,061		76,061
Fundraising	90,356		90,356
Direct benefits to donors	19,758		19,758
	186,175		186,175
Total expenses	1,082,389		1,082,389
CHANGE IN NET ASSETS	205,269	(52,313)	152,956
NET ASSETS, BEGINNING OF YEAR	431,927	199,340	631,267
NET ASSETS, END OF YEAR	\$ 637,196	\$ 147,027	\$ 784,223

See notes to financial statements.

AMETHYST PLACE, INC.

Statement of Functional Expenses For the Year Ended December 31, 2017

	Program			Supporting Services			
	Supportive Housing	Family Therapy	Family Self Sufficiency	Total Program	Administration	Fundraising	Total
Salaries and wages	\$ 152,404	\$ 56,850	\$ 84,709	\$ 293,963	\$ 37,796	\$ 55,952	\$ 387,711
Payroll taxes and benefits	12,617	4,546	6,796	23,959	3,156	4,697	31,812
Other personnel expenses	2,630	980	1,463	5,073	1,031	956	7,060
In-kind case management services	69,480			69,480			69,480
Other contract services	9,405	216	396	10,017	252	516	10,785
Rent and other occupancy expenses	23,370	3,397	5,288	32,055	2,525	11,114	45,694
Postage and printing					259	865	1,124
Telephone and internet	2,497	971	1,206	4,674	1,253	653	6,580
Office supplies	1,844	442	1,021	3,307	1,617	856	5,780
Participant rent assistance	324,855			324,855			324,855
Program supplies	41,725	878	13,895	56,498			56,498
Specific assistance to individuals	14,623		29,218	43,841			43,841
Insurance	3,376	1,017	1,516	5,909	3,020	1,936	10,865
Professional fees					22,184		22,184
Travel and transportation expenses	95			95	3	3,345	3,443
Depreciation	17,574	1,352	177	19,103	790	675	20,568
Other expenses	646	545	85	1,276	3,168	4,957	9,401
TOTAL FUNCTIONAL EXPENSES	\$ 677,141	\$ 71,194	\$ 145,770	\$ 894,105	\$ 77,054	\$ 86,522	1,057,681
Direct benefits to donors							20,409
TOTAL EXPENSES							\$ 1,078,090

See notes to financial statements.

AMETHYST PLACE, INC.

Statement of Functional Expenses For the Year Ended December 31, 2016

	Program				Supporting Services		
	Supportive Housing	Family Therapy	Family Self Sufficiency	Total Program	Administration	Fundraising	Total
Salaries and wages	\$ 130,540	\$ 55,033	\$ 78,730	\$ 264,303	\$ 39,775	\$ 60,092	\$ 364,170
Payroll taxes and benefits	11,702	4,506	6,328	22,536	3,173	4,878	30,587
Other personnel expenses	2,422	1,785	1,427	5,634	724	1,098	7,456
In-kind case management services	69,060			69,060			69,060
Other contract services	4,916		160	5,076		1,960	7,036
Rent and other occupancy expenses	33,416	4,844	5,932	44,192	2,553	5,140	51,885
Postage and printing					495	922	1,417
Telephone and internet	2,365	1,167	1,140	4,672	1,098	907	6,677
Office supplies	1,547	581	1,069	3,197	703	1,720	5,620
Participant rent assistance	356,767			356,767			356,767
Program supplies	53,164	1,198	17,845	72,207			72,207
Specific assistance to individuals	11,720		15,928	27,648			27,648
Insurance	2,200	1,858	1,216	5,274	2,516	2,061	9,851
Professional fees					22,671		22,671
Travel and transportation expenses						4,435	4,435
Depreciation	12,947	557	1,029	14,533	640	2,684	17,857
Other expenses	866	50	199	1,115	1,713	4,459	7,287
TOTAL FUNCTIONAL EXPENSES	<u>\$ 693,632</u>	<u>\$ 71,579</u>	<u>\$ 131,003</u>	<u>\$ 896,214</u>	<u>\$ 76,061</u>	<u>\$ 90,356</u>	1,062,631
Direct benefits to donors							<u>19,758</u>
TOTAL EXPENSES							<u>\$ 1,082,389</u>

See notes to financial statements.

AMETHYST PLACE, INC.

Statement of Cash Flows For the Year Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 151,026	\$ 152,956
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	20,568	17,857
In-kind contribution of property and equipment	(73,800)	(115,000)
Changes in operating assets and liabilities:		
Government contracts receivable	(23,231)	(8,015)
Contributions receivable	(46,481)	32,568
Other receivables	(545)	(1,547)
Prepaid expenses	232	(2,657)
Accounts payable	(7,096)	12,758
Accrued payroll and related liabilities	(190)	7,251
Deferred revenue	(594)	(2,911)
Net cash provided by operating activities	<u>19,889</u>	<u>93,260</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in certificates of deposit	(25,073)	(27)
Purchase of property and equipment	<u>(87,158)</u>	<u>(71,598)</u>
Net cash used in investing activities	<u>(112,231)</u>	<u>(71,625)</u>
NET INCREASE IN CASH	(92,342)	21,635
CASH, BEGINNING OF YEAR	<u>494,090</u>	<u>472,455</u>
CASH, END OF YEAR	<u>\$ 401,748</u>	<u>\$ 494,090</u>
SUPPLEMENTAL DISCLOSURE OF CASHFLOW INFORMATION:		
Cash paid for interest and income taxes	<u>\$ -</u>	<u>\$ -</u>
Non-cash investing activity:		
In-kind contribution of property and equipment	<u>\$ 73,800</u>	<u>\$ 115,000</u>

See notes to financial statements.

AMETHYST PLACE, INC.

Notes to Financial Statements For the Year Ended December 31, 2017 and 2016

1. NATURE OF ACTIVITIES AND PROGRAM DESCRIPTIONS

Nature of Activities – Amethyst Place, Inc. (the “Organization”) opened its doors in May 2000. The mission of Amethyst Place is to support women recovering from drug and alcohol addiction, and their children, by providing safe, drug-free housing and individualized services to promote healthy families. The Organization helps families to overcome significant trauma and to develop essential life skills. The vision of Amethyst Place is that families will successfully transition to drug-free, independent housing and healthy community living.

In 2017, the Organization served 52 women and 105 children in 38 fully furnished apartments. The Organization collaborates with state partners, community agencies, and service providers to deliver stable housing, trauma-focused assessment, interdisciplinary team-based support and access to empirically supported interventions for all family members. Clients must be referred by one of the following community case management agencies and remain involved with their case managers during their stay: Children’s Mercy TIES, ReDiscover, Comprehensive Mental Health Services, Family Drug Court, Operation Breakthrough and Heartland Center for Behavioral Change.

Following is a description of the Organization’s functional activities:

Supportive Housing – A family who is accepted into the program receives professional support as well as on-site therapy in a supervised drug-free environment. Each resident develops an individualized treatment plan in conjunction with a treatment team of case managers, Department of Social Service workers and therapists.

Family Therapy – Many Amethyst Place residents have been dually diagnosed with substance use disorder and mental health issues. As a result of separation and addicted parenting, many of their children have emotional issues which make the need for family therapy essential to improving family functioning and relationships. Amethyst Place uses a variety of evidence based therapies and practices under the canopy of a Trauma-Informed and Multicultural approach.

Family Self-Sufficiency – The Organization’s family self-sufficiency program includes on-site tutoring to support residents passing the GED, a comprehensive mentoring program, and a supported employment jobs program.

Administration and Fundraising – Provides oversight of programs, business management, record keeping, budgeting, and other administrative and fundraising activities for the Organization.

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets during 2017 or 2016.

Cash and Cash Equivalents – For the purposes of the Statement of Cash Flows, the Organization considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at December 31, 2017 and 2016.

Certificates of Deposit – Certificates of deposit are recorded at cost, plus accrued interest, which approximates fair value. The certificates bear interest ranging from 0.10% to 0.29%. The certificates of deposit matured in January 2018, and were renewed for additional 6 month terms.

Accounts Receivable – Accounts receivable are stated at uncollected balances, less an allowance for doubtful accounts. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. As of December 31, 2017 and 2016, no allowance was considered necessary.

Property and Equipment – Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Major additions, improvements and rehab projects exceeding \$1,000 are capitalized, and routine maintenance and repairs that do not improve or extend the life of the respective assets are charged against net assets in the current period. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years.

Long-Lived Assets – The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, and has concluded that no such adjustment is necessary.

Contract Revenues – The Organization receives a significant amount of revenue in the form of government grants and contracts. The Organization recognizes contract funds received or receivable as revenue to the extent that related program expenses have been incurred. Contract funds received in excess of expenses incurred are recognized as deferred government contract revenue in the Statement of Financial Position.

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.

Promises to Give – Unconditional promises to give are recorded as revenues or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization has received conditional promises to give of \$81,000 and \$55,800 as of December 31, 2017 and 2016, respectively, which will be recognized as revenue after acceptance of grant progress and financial reports.

Donated Assets – Donated marketable securities, property 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.

The Organization receives in-kind contributions of furniture and apartment furnishings and personal hygiene and baby products for use by program participants. In 2017, the Organization also received a contribution of a used, enclosed trailer for transporting donations and the use of database software. These donated items are included in the statement of activities and changes in net assets as in-kind contribution revenue. The used, enclosed trailer is included in equipment on the Statement of Financial Position, donated furniture and furnishings and personal hygiene and baby products are

included in the statement of activities as program supplies expense and the use of donated database software is included in the statement of activities as office expense. For the years ended December 31, 2017 and 2016, the estimated fair value of these contributions was \$36,145 and \$45,900, respectively.

Contributed Services – Contributed services are recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization if not contributed.

Unpaid volunteers with specialized skills contributed approximately 4,600 hours of case management services during 2017 and 2016. The value of these contributed services is included in the statement of activities and changes in net assets as in-kind contribution revenue and as in-kind case management services expense. For the years ended December 31, 2017 and 2016, the estimated fair value of services received was \$69,500 and \$69,000, respectively. The Organization also recognized contributed services for grounds maintenance and professional services including IT support of \$7,280 and \$3,600, respectively.

In 2017 and 2016, the landlord provided in-kind office and program space to the Organization. The value of the in-kind rent is included in the statement of activities and changes in net assets as in-kind contribution revenue and as rent expense at an estimated fair value of \$11,637 and \$29,486 for the years ended December 31, 2017 and 2016, respectively.

In addition, although these services did not meet the criteria for recognition in the financial statements, unpaid volunteers have provided approximately over 6,500 and 3,600 additional hours in support of the Organization's program and fundraising activities in 2017 and 2016, respectively.

Expense Allocation – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes – No provision for income taxes has been recorded, as the Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). 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 2014.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Date of Management's Review – Subsequent events have been evaluated through July 20, 2018, the date that these financial statements were available to be issued, and there were no material events requiring recognition or disclosure.

3. BOARD DESIGNATED NET ASSETS

In 2016, the Board of Directors designated a total of \$108,000 in unrestricted net assets for future capital projects. Board approval is required before these funds may be utilized. In 2017, \$78,000 was approved for the purchase of capital projects.

The Board of Directors increased the designation of net assets effective December 31, 2017, to include \$170,000 to cover 2018 and 2019 costs of staff expansion and reduced the amount for capital purchases to \$20,000 for the purchase of a vehicle for transportation for program participants.

The Board of Directors designated a total of \$1,000 in unrestricted contributions to be held for investment purposes as a board designated endowment. As of December 31, 2017 and 2016, the \$1,000 was held in the checking account.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2017	2016
Land	\$ 3,600	\$ 3,600
Buildings and improvements	274,951	274,951
Construction in progress	98,069	
Security system	85,532	32,293
Playground equipment	11,146	11,146
Vehicle	16,649	7,000
Office equipment, software and website	<u>8,634</u>	<u>11,825</u>
	498,581	340,815
Less: Accumulated depreciation	<u>(75,115)</u>	<u>(57,739)</u>
	<u>\$ 423,466</u>	<u>\$ 283,076</u>

In February 2015, the Organization purchased the building at 2740 Troost. In 2016, the renovation of 2740 Troost was completed. A significant portion of the renovation was completed by volunteers. A contribution in the amount of \$115,000 has been recognized related to these contributed services.

In 2017, construction began on a storage garage on the 2740 Troost property. A significant portion of the construction was completed by volunteers. Construction in progress as of December 31, 2017, includes \$72,800 of contributed construction services.

Depreciation related to property and equipment totaled \$20,568 and \$17,857 for 2017 and 2016, respectively.

5. TEMPORARILY RESTRICTED NET ASSETS

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

	2017	2016
Personnel costs	\$ 29,202	\$ 71,496
Occupancy expense	3,472	3,332
Insurance expense	575	996
Contractor and professional fees	3,310	600
Office expenses	1,711	1,128
Client assistance	9,672	33,302
Program supplies	7,234	9,798
Supportive housing	42,519	
Family therapy	9,882	
Administrative and operating expenses	7,090	
Technology equipment and expenses		25,282
Building renovations		750
Other operating expenses	<u>703</u>	<u>343</u>
	<u>\$ 115,370</u>	<u>\$ 147,027</u>

Net assets of \$399,002 and \$371,798 were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors, or by the passage of time.

	2017	2016
Personnel costs	\$ 255,937	\$ 258,493
Occupancy expenses	14,677	2,919
Insurance expense	8,379	2,684
Contractor and professional fees	17,101	5,139
Office expense	5,773	1,688
Client assistance	38,293	25,264
Program supplies	23,340	23,929
Technology equipment and expenses	24,990	2,346
Transportation	8,695	
Purchase of building and renovations		48,547
Other operating expenses	1,817	789
	<u>\$ 399,002</u>	<u>\$ 371,798</u>

6. COMMITMENTS AND CONTINGENCIES

On October 1, 2014, the Organization entered into a Memorandum of Understanding (MOU) with Courtyard Properties, LLC for the rental of 39 apartment units and 2 recreational spaces. The agreement is automatically renewed annually, and is cancelable by either party with 90 days written notice. The current MOU for 38 apartments expires on September 30, 2018. The rent amount for each unit is based on the current fair market rent as determined by the Missouri Department of Mental Health. In 2017 and 2016, the Organization paid rent of approximately \$325,000 and \$357,000, respectively, under this MOU.

The Organization bills the Missouri Department of Mental Health for the rent expense for residential units occupied by the Organization's clients. In 2017 and 2016, the Organization earned \$23,190 and \$23,837, respectively, in administrative fees for processing rental subsidies through the Department. The Department remits monthly client rent subsidies directly to the Organization and, in turn, the Organization pays the property owner the related monthly rental subsidies.

7. MAJOR CONCENTRATIONS

The Organization received approximately \$348,000 and \$380,000, respectively, through a contract with the Missouri Department of Mental Health for the years ended December 31, 2017 and 2016. This represents approximately 28% and 31%, respectively, of the Organization's revenue for 2017 and 2016.

The Organization maintains its checking account at a local financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017, the Organization's uninsured cash balances totaled approximately \$125,000.
