

**AMETHYST PLACE, INC.**

FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019  
AND INDEPENDENT AUDITORS' REPORT

## 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, 2020 and 2019, 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**

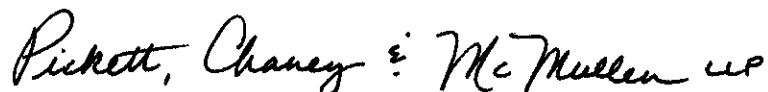
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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



Overland Park, Kansas  
August 23, 2021

# AMETHYST PLACE, INC.

## Statements of Financial Position December 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 446,088	\$ 962,844
Certificates of deposit		50,336
Government contracts and grants receivable	62,405	65,802
Contributions receivable	103,393	116,371
Other receivables	520	2,113
Prepaid expenses	17,293	12,694
Total current assets	629,699	1,210,160
INVESTMENTS	401,407	
PROPERTY AND EQUIPMENT, NET	419,831	423,469
Total assets	<u>\$ 1,450,937</u>	<u>\$ 1,633,629</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 30,306	\$ 6,206
Accrued payroll and related liabilities	44,896	26,983
Deferred government contract revenue	32,151	54,561
Deposits and rent received in advance	1,830	3,199
Total current liabilities	109,183	90,949
NET ASSETS:		
Without donor restrictions:		
Undesignated	697,958	729,723
Board designated	500,000	500,000
Total net assets without restrictions	1,197,958	1,229,723
With donor restrictions	143,796	312,957
Total net assets	<u>1,341,754</u>	<u>1,542,680</u>
Total liabilities and net assets	<u>\$ 1,450,937</u>	<u>\$ 1,633,629</u>

See notes to financial statements.

# AMETHYST PLACE, INC.

## Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Contributions and grants:			
Foundations	\$ 202,358	\$ 365,538	\$ 567,896
Corporations	4,966	4,750	9,716
Individuals	100,553	20,213	120,766
Religious organizations	4,200	27,800	32,000
Federated fundraising organizations	5,885	14,558	20,443
Government grants		264,307	264,307
In-kind donations	137,812		137,812
Government contracts - rental assistance	481,901		481,901
Special event revenue	85,430		85,430
Participant rent	16,208		16,208
Interest income, and other	5,439		5,439
Net assets released from restrictions	866,327	(866,327)	
Total revenue, gains and other support	1,911,079	(169,161)	1,741,918
<b>EXPENSES:</b>			
Program expenses:			
Supportive housing	1,177,863		1,177,863
Family empowerment	286,680		286,680
Therapeutic support	169,136		169,136
Total program expenses	1,633,679		1,633,679
Supporting services:			
Administration	141,346		141,346
Fundraising	148,774		148,774
Direct benefits to donors	19,045		19,045
Total supporting services	309,165		309,165
Total expenses	1,942,844		1,942,844
<b>CHANGE IN NET ASSETS</b>	(31,765)	(169,161)	(200,926)
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,229,723	312,957	1,542,680
<b>NET ASSETS, END OF YEAR</b>	\$ 1,197,958	\$ 143,796	\$ 1,341,754

See notes to financial statements.

# AMETHYST PLACE, INC.

## Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Contributions and grants:			
Foundations	\$ 177,457	\$ 519,610	\$ 697,067
Corporations	12,105		12,105
Individuals	79,127	15,726	94,853
Religious organizations	2,190	32,000	34,190
Federated fundraising organizations	14,720	20,000	34,720
Government grants	1,000	221,981	222,981
In-kind donations	167,519		167,519
Government contracts - rental assistance	468,789		468,789
Special event revenue	114,027		114,027
Participant rent	53,734		53,734
Interest and other income	6,837		6,837
Net assets released from restrictions	692,048	(692,048)	
Total revenue, gains and other support	1,789,553	117,269	1,906,822
<b>EXPENSES:</b>			
Program expenses:			
Supportive housing	944,870		944,870
Family empowerment	197,676		197,676
Therapeutic support	110,006		110,006
Total program expenses	1,252,552		1,252,552
Supporting services:			
Administration	143,526		143,526
Fundraising	132,080		132,080
Direct benefits to donors	21,375		21,375
Total supporting services	296,981		296,981
Total expenses	1,549,533		1,549,533
<b>CHANGE IN NET ASSETS</b>	240,020	117,269	357,289
<b>NET ASSETS, BEGINNING OF YEAR</b>	989,703	195,688	1,185,391
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,229,723</u>	<u>\$ 312,957</u>	<u>\$ 1,542,680</u>

See notes to financial statements.

# AMETHYST PLACE, INC.

## Statement of Functional Expenses For the Year Ended December 31, 2020

	Program			Supporting Services			
	Supportive Housing	Family Empowerment	Therapeutic Support	Total Program	Administration	Fundraising	Total
Salaries and wages	\$ 318,630	\$ 192,376	\$ 121,678	\$ 632,684	\$ 46,546	\$ 101,305	\$ 780,535
Payroll taxes and benefits	57,089	24,067	15,448	96,604	5,716	12,368	114,688
Other personnel expenses	4,033	2,399	1,672	8,104	4,972	1,259	14,335
In-kind case management services	34,740			34,740			34,740
Other contract services	1,194	30	4,700	5,924	9,887		15,811
Rent and other occupancy expenses	43,285	7,941	5,013	56,239	2,203	4,225	62,667
Postage and printing	282	162	83	527	622	2,530	3,679
Telephone and internet	7,005	3,739	2,443	13,187	853	2,113	16,153
Office supplies	3,634	9,312	1,870	14,816	3,983	1,435	20,234
Participant rent assistance	496,400			496,400			496,400
Program supplies	28,733	27,908	6,755	63,396			63,396
Specific assistance to individuals	156,269	4,953		161,222			161,222
Insurance	1,987	1,267	781	4,035	2,876	5,306	12,217
Professional fees	1,875			1,875	55,234	10,136	67,245
Travel and transportation expenses	426	463	552	1,441	5	2,112	3,558
Depreciation	21,459	10,610	2,781	34,850	567	1,138	36,555
Other expenses	822	1,453	5,360	7,635	7,882	4,847	20,364
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,177,863</b>	<b>\$ 286,680</b>	<b>\$ 169,136</b>	<b>\$ 1,633,679</b>	<b>\$ 141,346</b>	<b>\$ 148,774</b>	<b>1,923,799</b>
Direct benefits to donors							19,045
<b>TOTAL EXPENSES</b>							<b>\$ 1,942,844</b>

See notes to financial statements.

# AMETHYST PLACE, INC.

## Statement of Functional Expenses For the Year Ended December 31, 2019

	Program				Supporting Services		
	Supportive Housing	Family Empowerment	Therapeutic Support	Total Program	Administration	Fundraising	Total
Salaries and wages	\$ 193,494	\$ 121,303	\$ 76,157	\$ 390,954	\$ 66,715	\$ 86,801	\$ 544,470
Payroll taxes and benefits	17,658	10,610	6,981	35,249	6,340	8,022	49,611
Other personnel expenses	2,570	1,767	1,201	5,538	869	1,203	7,610
In-kind case management services	69,480			69,480			69,480
Other contract services	3,526	6,660	3,717	13,903	19,539	1,308	34,750
Rent and other occupancy expenses	22,971	5,789	3,830	32,590	4,915	4,654	42,159
Postage and printing	441	616	555	1,612	1,379	7,044	10,035
Telephone and internet	3,411	1,706	1,256	6,373	1,010	1,194	8,577
Office supplies	2,223	1,020	547	3,790	1,532	1,944	7,266
Participant rent assistance	475,306	2,496		477,802			477,802
Program supplies	81,633	25,162	3,760	110,555			110,555
Specific assistance to individuals	42,537	11,857		54,394			54,394
Insurance	2,919	1,702	1,142	5,763	2,587	4,628	12,978
Professional fees					30,855		30,855
Travel and transportation expenses	721	158	462	1,341	64	3,510	4,915
Depreciation	25,107	6,719	2,275	34,101	708	985	35,794
Other expenses	873	111	8,123	9,107	7,013	10,787	26,907
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 944,870</u></b>	<b><u>\$ 197,676</u></b>	<b><u>\$ 110,006</u></b>	<b><u>\$ 1,252,552</u></b>	<b><u>\$ 143,526</u></b>	<b><u>\$ 132,080</u></b>	<b>1,528,158</b>
Direct benefits to donors							<u>21,375</u>
<b>TOTAL EXPENSES</b>							<b><u>\$ 1,549,533</u></b>

See notes to financial statements.

# AMETHYST PLACE, INC.

## Statements of Cash Flows For the Years Ended December 31, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (200,926)	\$ 357,289
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	36,555	35,794
Unrealized gain on investments	(1,407)	
Changes in operating assets and liabilities:		
Government contracts and grants receivable	3,397	(24,155)
Contributions receivable	12,978	(43,557)
Other receivables	1,593	20
Prepaid expenses	(4,598)	(387)
Accounts payable	24,099	(10,222)
Accrued payroll and related liabilities	17,913	(3,845)
Deferred revenue	(22,410)	24,665
Deposits	(1,369)	1,710
Net cash (used in) provided by operating activities	<u>(134,175)</u>	<u>337,312</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificates of deposit		(100,642)
Maturity of certificates of deposit	50,336	100,554
Purchase of investments	(400,000)	
Purchase of property and equipment	(32,917)	(23,540)
Net cash used in investing activities	<u>(382,581)</u>	<u>(23,628)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(516,756)</u>	<u>313,684</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>962,844</u>	<u>649,160</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 446,088</u>	<u>\$ 962,844</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASHFLOW INFORMATION:</b>		
Cash paid for interest and income taxes	<u>\$ -</u>	<u>\$ -</u>



# AMETHYST PLACE, INC.

## Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

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### 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 2020, the Organization served 49 women and 103 children in 37 fully furnished apartments, along with another 45 alumni families that received supportive services. In 2019, the Organization served 49 women and 72 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, Sheffield Place, Journey to a New Life and Heartland Center for Behavioral Change.

Amethyst Place program goals are to: 1) reunite, stabilize and heal families; 2) remove barriers and individualize services to promote sustainable recovery and healthy living; and 3) build capacity of mothers to achieve economic success and overcome generational poverty. These goals are accomplished through three core programs: the Supportive Housing program provides safe, stable and long-term housing; the Family Empowerment program supports the educational and career goals of families to overcome generational poverty; the Therapeutic Support Services program helps families heal from past trauma, stabilize mental health, and improve parenting skills.

COVID-19 pandemic presented Amethyst Place with significant financial challenges. Although our revenue kept pace with expectations, our expenses increased significantly due to the increased demand for our services. Due to job losses, we waived families’ portions of rent, provided emergency financial assistance, and hired additional staff to operate a virtual classroom. These expenses have decreased in 2021 as families have largely returned to work and their demand for added financial support has decreased.

Following is a description of specific services provided as part of these programs:

**Supportive Housing:** 37 fully furnished private apartments, food and hygiene pantry, mobile medical and dental services, clothing closet, household coaching, direct financial assistance, 24/7 campus staffing, and randomized drug/alcohol screening.

**Family Empowerment:** weekly life skills programming, recovery coaching and programming, volunteer-led tutoring for moms and children, GED preparation and testing, college assistance fund, “100 Jobs for 100 Moms” supported employment program, EnCompass mentoring program, case management, court advocacy, Our Voice Residents’ Council, and art clubs for moms and kids.

**Therapeutic Support:** on-site therapeutic services for adults and children (individual, family, groups), regular treatment team meetings. Evidence-based practices include motivational interviewing, trauma-focused cognitive behavioral therapy, contingency management, relapse prevention, intensive case management, eye movement desensitization and reprocessing, sand tray therapy, and play therapy.

**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, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At December 31, 2020 and 2019, there were no donor funds stipulated to be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**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 cash equivalents of approximately \$0 and \$505,000 at December 31, 2020 and 2019, respectively.

**Certificates of Deposit** – Certificates of deposit are recorded at cost, plus accrued interest, which approximates fair value. The certificates bear interest ranging from 0.095% to 0.23%. The certificates of deposit matured in 2020, and were not renewed.

**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, 2020 and 2019, no allowance was considered necessary.

**Investments** – Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair value in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; less external and direct internal investment expenses. Investment return is reflected in the Statement of Activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on the average costs and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

**Risks and Uncertainties** – The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such change could materially affect the amounts reported in the financial statements.

**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.

**Revenue and Revenue Recognition** – The Organization recognizes special events revenue equal to the cost of direct benefits to the donor, and contributions revenue for the remainder of payments received. Rental revenue is recognized on a straight-line basis over the lease period. Fees for services are recognized at the point in time the services are provided. The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables, and deferred revenue and deposits on the statement of financial position.

The contract balances are included in the Statement of Financial Position as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>January 1, 2019</b>
Government contracts and grants receivable:	<u>\$ 62,405</u>	<u>\$ 65,802</u>	<u>\$ 41,647</u>
Deferred government contract revenue	<u>\$ 32,151</u>	<u>\$ 54,561</u>	<u>\$ 29,896</u>
Deposits and rent received in advance	<u>\$ 1,830</u>	<u>\$ 3,199</u>	<u>\$ 1,489</u>

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or cancellation of future payments, are not recognized until the conditions on which they depend have been substantially met. The government grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Other contributions are conditioned upon meeting performance requirements. Consequently, conditional contributions, for which no amounts have been received in advance, have been received but are not recognized in the financial statements, are as follows:

	<b>2020</b>	<b>2019</b>
Government grants	\$ 115,338	\$ 109,916
Contributions from foundations		<u>31,139</u>
	<u>\$ 115,338</u>	<u>\$ 141,055</u>

**Donated Services and In-Kind Contributions** – Donated marketable securities, property and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. The Organization receives in-kind contributions of furniture and apartment furnishings, gift cards and holiday gifts, and personal hygiene and baby products for use by program participants. These donated items are included in the statement of activities and changes in net assets as in-kind contribution revenue. Donated furniture and furnishings and personal hygiene and baby products are included in the statement of activities as program supplies expense.

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 2,300 and 4,600 hours of case management services during 2020 and 2019, respectively. The reduction from the prior year is due to the expansion of our in-house clinic staff. 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.

In-kind contributions recognized as contribution revenue, and as an expense in the statement of activities, are summarized as follows:

	<b>2020</b>	<b>2019</b>
Apartment furnishings	\$ 26,700	\$ 27,400
Hygiene products, holiday gifts and gift cards	36,395	18,986
Pantry assistance	27,000	42,000
Case management services	34,740	69,480
Contract services, including grounds maintenance		
IT support and accounting services	10,387	8,562
Other	<u>2,590</u>	<u>1,091</u>
	<u>\$ 137,812</u>	<u>\$ 167,519</u>

In addition, although these services did not meet the criteria for recognition in the financial statements, unpaid volunteers have provided approximately over 2,300 and 6,000 additional hours in support of the Organization's program and fundraising activities in 2020 and 2019, respectively. The reduction is the result of COVID-19, which restricted volunteer opportunities.

**Functional Expenses** – The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related benefits, payroll taxes, occupancy, office expenses, insurance expenses, and depreciation. Allocation of these expenses is based on annual time studies to determine an estimate of time and effort.

**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 2017.

**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 August 23, 2021, the date that these financial statements were available to be issued.

### 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets as of December 31, 2020 and 2019:

	2020	2019
Financial assets at period end:		
Cash and cash equivalents	\$ 446,088	\$ 962,844
Certificates of Deposit		50,336
Receivables	166,318	184,286
Investments	401,407	
Conditional promises to give expected to be collected within one year	<u>115,338</u>	<u>141,055</u>
Total financial assets	1,129,151	1,338,521
Amounts not available to be used within one year:		
Board designations intended for prudent reserves	<u>500,000</u>	<u>500,000</u>
Financial assets available to meet general expenditures within one year	<u>\$ 629,151</u>	<u>\$ 838,521</u>

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its operations to be available to meet cash needs for general expenditures.

Although the Organization does not intend to spend from the board designated net assets, these amounts could be made available, if necessary. As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term, low-risk investments. The Board has designated net assets \$500,000 to establish a prudent operating reserve for future projects and operating needs. The Organization's goal is to maintain approximately \$638,000 in financial assets to meet 6 months of operating expenses, excluding rental assistance.

### 4. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as 1) quoted prices for similar assets or liabilities, 2) quoted prices for identical or similar assets in inactive markets, 3) inputs other than quoted prices that are observable, and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset has a specified (contractual) term, the level 2 input must be observable for substantially the full term.

Level 3 – Unobservable inputs supported by little or no market activity and are significant to the fair value of the asset or liability.

The assets fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020:

Mutual funds – Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although The Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table presents the fair value measurements of investments recognized in the accompanying Statement of Financial Position on a recurring basis:

	Fair Value	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
<b>December 31, 2020:</b>				
Mutual funds:				
Money market fund	\$ 136,037	\$ 136,037		
Stock funds	77,156	77,156		
Bond funds	188,214	188,214		
Total	<u>\$ 401,407</u>	<u>\$ 401,407</u>	<u>\$ -</u>	<u>\$ -</u>

Total return on investments as included in the Statement of Activities is as follows:

	2020	2019
Interest and dividend income	\$ 3,050	\$ 4,753
Net realized and unrealized gains	<u>1,289</u>	<u></u>
	<u>\$ 4,339</u>	<u>\$ 4,753</u>

## 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2020	2019
Land and improvements	\$ 9,229	\$ 9,229
Buildings and improvements	422,423	408,323
Security system	85,532	85,532
Playground equipment	11,146	11,146
Vehicle	40,189	40,189
Office equipment, software and website	<u>30,482</u>	<u>11,665</u>
	599,001	566,084
Less: Accumulated depreciation	<u>(179,170)</u>	<u>(142,615)</u>
	<u>\$ 419,831</u>	<u>\$ 423,469</u>

Depreciation related to property and equipment totaled \$36,555 and \$35,794 for 2020 and 2019, respectively.

## 6. NET ASSETS

Net assets without donor restrictions are available for the following purposes as of December 31:

	<b>2,020</b>	<b>2019</b>
Undesignated	\$ 697,958	\$ 729,723
Board designated	<u>500,000</u>	<u>500,000</u>
	<u>\$ 1,197,958</u>	<u>\$ 1,229,723</u>

The Board of Directors designated \$500,000 in net assets without donor restrictions to establish a prudent reserve for future projects and operating needs.

Net assets with donor restrictions are available for the following purposes as of December 31:

	<b>2020</b>	<b>2019</b>
Personnel costs	\$ 94,352	\$ 193,187
Professional fees	8,077	
Occupancy expense	1,528	12,726
Insurance expense	80	902
Office expenses	250	5,291
Client assistance	31,098	69,836
Program supplies	7,275	17,331
Other operating expenses	<u>1,136</u>	<u>13,684</u>
	<u>\$ 143,796</u>	<u>\$ 312,957</u>

Net assets of \$866,327 and \$692,048 were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors, or by the passage of time, as follows:

	<b>2020</b>	<b>2019</b>
Personnel costs	\$ 612,363	\$ 514,757
Occupancy expenses	36,551	25,723
Insurance expense	3,560	9,810
Contractor and professional fees	34,077	11,197
Office expense	15,466	11,449
Client assistance	84,744	41,287
Program supplies	56,446	39,434
Transportation	1,289	1,458
Equipment and IT costs	19,270	
Other operating expenses	<u>2,561</u>	<u>36,933</u>
	<u>\$ 866,327</u>	<u>\$ 692,048</u>

## 7. 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. This agreement was renewed on April 1, 2021, for a 5-year period ending March 31, 2026. The agreement will automatically extend for an additional year, unless cancelled in writing by either party. The agreement may be cancelled after the initial 5-year term with 90 days written notice. The current MOU for 39 apartments expires on August 31, 2020. The rent amount for each unit is based on the current fair market rent as determined by the Missouri Department of Mental Health. The Organization paid rent of approximately \$490,000 and \$474,000 in 2020 and 2019, respectively, under this MOU.

The Organization bills the Missouri Department of Mental Health (“DMH”) monthly for the rent expense for residential units occupied by the Organization’s clients. The Organization earned approximately \$24,300 and \$23,600 in 2020 and 2019, respectively, in administrative fees for processing rental subsidies through DMH. DMH and Housing Authority of Kansas City (“HAKC”) remit monthly client rent subsidies directly to the Organization and, in turn, the Organization pays the property owner the related monthly rental amounts.

## **8. MAJOR CONCENTRATIONS**

The Organization received approximately \$370,000 and \$360,000 through a contract with the Missouri Department of Mental Health for the years ended December 31, 2020 and 2019, respectively. This represents approximately 21% and 19% of the Organization’s revenue for 2020 and 2019, respectively.

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, 2020, the Organization’s uninsured cash balances totaled approximately \$195,000.

## **9. SUBSEQUENT EVENTS**

Subsequent to year end, the Organization applied for, and received, a loan under the Paycheck Protection Program for \$116,000. Payments are not required to begin for up to six months after funding the loan. PPP loans and accrued interest are forgivable if the program requirements are met.

The Board of Directors has approved changing the Organization’s fiscal year end from December 31 to September 30, effective for the September 30, 2021, fiscal year.

The Organization has entered into an agreement with the intent to purchase a 1.28 acre lot at 2770 Tracy in Kansas City Missouri for approximately \$550,000. The Organization intends to build additional housing units to expand their programming.

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