

SHEFFIELD PLACE
YEARS ENDED DECEMBER 31, 2021 AND 2020

SHEFFIELD PLACE

YEARS ENDED DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

Board of Directors
Sheffield Place

Opinion

We have audited the accompanying financial statements of Sheffield Place (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sheffield Place as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sheffield Place and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sheffield Place's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (continued)

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sheffield Place's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sheffield Place's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prior Period Financial Statements

The financial statements for the year ended December 31, 2020, were audited by House Park Dobratz & Wiebler, P.C., who merged with UHY, LLP as of November 11, 2021, and whose report dated April 26, 2021, expressed an unmodified opinion on those statements.

UHY LLP

Kansas City, Missouri
April 26, 2022

SHEFFIELD PLACE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

ASSETS

| | <u>2021</u> | <u>2020</u> |
|---------------------------------|---------------------|---------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 1,789,227 | \$ 2,127,075 |
| Certificates of deposit | 262,002 | 260,364 |
| Promises receivable, current | 41,200 | 58,039 |
| Grants receivable, current | <u>156,841</u> | <u>108,713</u> |
| Total current assets | 2,249,270 | 2,554,191 |
| Promises receivable, noncurrent | 34,000 | 13,300 |
| Grants receivable, noncurrent | | 12,199 |
| Property and equipment | <u>1,889,342</u> | <u>1,176,706</u> |
| | <u>\$ 4,172,612</u> | <u>\$ 3,756,396</u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------|---------------------|---------------------|
| Current liabilities: | | |
| Accounts payable | \$ 7,219 | |
| Accrued expenses | <u>78,354</u> | <u>\$ 52,290</u> |
| Total current liabilities | <u>85,573</u> | <u>52,290</u> |
| Net assets: | | |
| Without donor restrictions | 3,269,242 | 2,248,553 |
| With donor restrictions | <u>817,797</u> | <u>1,455,553</u> |
| | <u>4,087,039</u> | <u>3,704,106</u> |
| | <u>\$ 4,172,612</u> | <u>\$ 3,756,396</u> |

See notes to financial statements.

SHEFFIELD PLACE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------------|
| Revenues: | | | |
| Government grants | \$ 670,483 | | \$ 670,483 |
| Contributions and grants | 621,716 | \$ 256,531 | 878,247 |
| Contributions, Growth Campaign | | 226,851 | 226,851 |
| In-kind contributions | 45,719 | | 45,719 |
| Special events, net of direct expenses of \$146,570 | 304,462 | | 304,462 |
| Occupancy fees | 15,515 | | 15,515 |
| Interest income | 3,293 | | 3,293 |
| Rental income | 38,712 | | 38,712 |
| Net assets released from restrictions | <u>1,121,138</u> | <u>(1,121,138)</u> | <u> </u> |
| | <u>2,821,038</u> | <u>(637,756)</u> | <u>2,183,282</u> |
| Expenses: | | | |
| Program services | 1,560,603 | | 1,560,603 |
| Administrative | 158,334 | | 158,334 |
| Fundraising | <u>81,412</u> | | <u>81,412</u> |
| | <u>1,800,349</u> | | <u>1,800,349</u> |
| Changes in net assets | 1,020,689 | <u>(637,756)</u> | 382,933 |
| Net assets, beginning of year | <u>2,248,553</u> | <u>1,455,553</u> | <u>3,704,106</u> |
| Net assets, end of year | <u>\$ 3,269,242</u> | <u>\$ 817,797</u> | <u>\$ 4,087,039</u> |

See notes to financial statements.

SHEFFIELD PLACE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2020

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------------|
| Revenues: | | | |
| Government grants | \$ 751,811 | | \$ 751,811 |
| Contributions and grants | 518,494 | \$ 225,848 | 744,342 |
| Contributions, Growth Campaign | | 80,461 | 80,461 |
| In-kind contributions | 73,150 | | 73,150 |
| Special events, net of direct expenses of \$57,755 | 227,748 | | 227,748 |
| Occupancy fees | 7,496 | | 7,496 |
| Interest income | 10,677 | | 10,677 |
| Rental income | 37,614 | | 37,614 |
| Other income | 4,413 | | 4,413 |
| Net assets released from restrictions | <u>502,644</u> | <u>(502,644)</u> | <u> </u> |
| | <u>2,134,047</u> | <u>(196,335)</u> | <u>1,937,712</u> |
| Expenses: | | | |
| Program services | 1,475,652 | | 1,475,652 |
| Administrative | 146,898 | | 146,898 |
| Fundraising | <u>76,169</u> | | <u>76,169</u> |
| | <u>1,698,719</u> | | <u>1,698,719</u> |
| Changes in net assets | 435,328 | (196,335) | 238,993 |
| Net assets, beginning of year | <u>1,813,225</u> | <u>1,651,888</u> | <u>3,465,113</u> |
| Net assets, end of year | <u>\$ 2,248,553</u> | <u>\$ 1,455,553</u> | <u>\$ 3,704,106</u> |

See notes to financial statements.

SHEFFIELD PLACE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

| | <u>Program</u> | <u>Administrative</u> | <u>Fundraising</u> | <u>Total</u> |
|-----------------------------------|---------------------|-----------------------|--------------------|---------------------|
| Salaries and wages | \$ 851,106 | \$ 91,775 | \$ 49,726 | \$ 992,607 |
| Payroll taxes | 74,645 | 8,056 | 4,437 | 87,138 |
| Employee benefits | <u>118,571</u> | <u>13,756</u> | <u>6,469</u> | <u>138,796</u> |
| | 1,044,322 | 113,587 | 60,632 | 1,218,541 |
| Building maintenance | 76,025 | 610 | | 76,635 |
| Client expenses | 33,818 | | | 33,818 |
| Computer information systems | 20,866 | 2,580 | 4,885 | 28,331 |
| Conferences and training | 12,018 | 104 | 1,764 | 13,886 |
| Depreciation | 173,536 | 1,748 | | 175,284 |
| Direct client assistance, in-kind | 45,719 | | | 45,719 |
| Insurance | 32,430 | 3,815 | 1,908 | 38,153 |
| Other | 4,214 | 7,189 | 593 | 11,996 |
| Other, Growth Campaign | | | 2,273 | 2,273 |
| Professional fees | 30,289 | 26,001 | 4,867 | 61,157 |
| Supplies | 36,950 | 885 | 3,084 | 40,919 |
| Telephone | 7,025 | 1,406 | 1,406 | 9,837 |
| Travel | 72 | | | 72 |
| Utilities | <u>43,319</u> | <u>409</u> | | <u>43,728</u> |
| | <u>\$ 1,560,603</u> | <u>\$ 158,334</u> | <u>\$ 81,412</u> | <u>\$ 1,800,349</u> |

See notes to financial statements.

SHEFFIELD PLACE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

| | <u>Program</u> | <u>Administrative</u> | <u>Fundraising</u> | <u>Total</u> |
|------------------------------------|---------------------|-----------------------|--------------------|---------------------|
| Salaries and wages | \$ 821,872 | \$ 86,028 | \$ 49,593 | \$ 957,493 |
| Payroll taxes | 70,546 | 7,585 | 4,200 | 82,331 |
| Employee benefits | <u>109,488</u> | <u>14,748</u> | <u>6,139</u> | <u>130,375</u> |
| | 1,001,906 | 108,361 | 59,932 | 1,170,199 |
| Building maintenance | 57,164 | 673 | | 57,837 |
| Client expenses | 23,066 | | | 23,066 |
| Computer information systems | 20,536 | 2,552 | 1,869 | 24,957 |
| Conferences and training | 25,758 | 134 | 425 | 26,317 |
| Depreciation | 117,938 | 1,192 | | 119,130 |
| Direct client assistance, in-kind | 73,150 | | | 73,150 |
| Insurance | 29,209 | 3,420 | 1,702 | 34,331 |
| Other | 7,061 | 5,769 | 1,333 | 14,163 |
| Other, Growth Campaign | | | 638 | 638 |
| Professional fees | 38,956 | 21,983 | 3,854 | 64,793 |
| Professional fees, Growth Campaign | | | 2,700 | 2,700 |
| Supplies | 33,463 | 475 | 1,868 | 35,806 |
| Telephone | 11,335 | 1,744 | 1,834 | 14,913 |
| Travel | (40) | 208 | 14 | 182 |
| Utilities | <u>36,150</u> | <u>387</u> | | <u>36,537</u> |
| | <u>\$ 1,475,652</u> | <u>\$ 146,898</u> | <u>\$ 76,169</u> | <u>\$ 1,698,719</u> |

See notes to financial statements.

SHEFFIELD PLACE

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Changes in net assets | \$ 382,933 | \$ 238,993 |
| Adjustments to reconcile changes in net assets to cash provided by operating activities: | | |
| Depreciation | 175,284 | 119,130 |
| Payroll Protection Program (PPP) note payable forgiveness | | (188,000) |
| Net changes in operating assets and liabilities: | | |
| Interest receivable | | 3,054 |
| Promises receivable | (3,861) | 724,358 |
| Grants receivable | (35,929) | (23,982) |
| Accounts payable | 7,219 | (11,694) |
| Accrued expenses | <u>26,064</u> | <u>(30,755)</u> |
| Net cash provided by operating activities | <u>551,710</u> | <u>831,104</u> |
| Cash flows from investing activities: | | |
| Purchase of certificates of deposit | (1,638) | (8,783) |
| Purchase of property and equipment | <u>(887,920)</u> | <u>(354,064)</u> |
| Net cash used by investing activities | <u>(889,558)</u> | <u>(362,847)</u> |
| Cash flows from financing activities, net proceeds from PPP note payable | | <u>188,000</u> |
| Increase (decrease) in cash and cash equivalents | (337,848) | 656,257 |
| Cash and cash equivalents, beginning of year | <u>2,127,075</u> | <u>1,470,818</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,789,227</u> | <u>\$ 2,127,075</u> |

See notes to financial statements.

SHEFFIELD PLACE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

1. **Organization and summary of significant accounting policies:**

Organization:

Sheffield Place (the Organization) is a Missouri nonprofit organization which operates a transitional housing program in Kansas City, Missouri.

The Organization's major program is to empower homeless mothers and their children to heal from their trauma and become self-sufficient by providing supportive housing and clinical services for mental health and drug and alcohol treatment.

Funding for programs and services is provided by government and public support, including foundations and individuals.

Basis of accounting:

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 (U.S. GAAP). All financial transactions have been recorded in and reported by the following net asset groups:

Net assets without donor restrictions represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the Organization in accordance with its bylaws.

Net assets with donor restrictions represent donor resources available for use currently or in the future, but expendable only for purposes specified by the donor or within a donor-designated time period.

The Organization reports gifts of cash, unconditional promises to give, and other assets as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met in the same reporting year are reported as unrestricted support.

Cash and cash equivalents:

The Organization considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

SHEFFIELD PLACE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Organization and summary of significant accounting policies (continued):

Promises and grants receivable:

Unconditional promises and non-exchange grants receivable are recorded as contribution revenue in the period written notification of the promise or grant award is received. Government exchange grants receivable funding specific activities are recognized as costs are incurred.

The Organization writes off receivables when deemed uncollectible. No allowance for doubtful accounts has been made as of December 31, 2021 and 2020 as all receivables are considered to be collectible.

Property and equipment and depreciation:

Property and equipment are stated at cost, if purchased, and at fair market value at date of gift, if donated. Depreciation is provided by the straight-line method over the estimated useful lives of the assets ranging from five to fifteen years.

Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

Fair value of financial instruments:

The carrying amount of financial instruments including cash and cash equivalents, promises and grants receivable, accounts payable, and accrued expenses approximated fair values as of December 31, 2021 and 2020, due to their short-term nature.

Concentration of risk:

The Organization maintains its cash balances at financial institutions where accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. These balances occasionally exceed federally insured limits. As of December 31, 2021, the Organization had \$25,549 in uninsured balances.

For the years ended December 31, 2021 and 2020, Jackson County, Missouri accounted for 28% and 26% of total revenues, respectively, through various grants.

Revenue Recognition for Contracts with Customers:

The Organization's revenue streams under contracts with customers comprises governmental exchange grants for residential and clinical services and occupancy fees from clients. For each revenue stream, revenue recognition is subject to the completion of performance obligations and revenue is recognized when performance obligations are satisfied, either over a period of time or at a given point in time.

SHEFFIELD PLACE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Organization and summary of significant accounting policies (continued):

Contributions:

Contributions are unconditional promises to give and are recognized at fair value in the year received, as with or without donor restrictions, depending on the existence of any donor restrictions.

Contributed goods and services:

The Organization receives in-kind donations including supplies and materials used for direct client assistance and for their special events. All in-kind donations are valued at fair market value determined at the time of contribution. For the year ended December 31, 2020, the Organization also received in-kind services from individuals with specialized skills, including professional construction and legal services.

For the years ended December 31, 2021 and 2020, in-kind donations totaling \$45,719 and \$73,150, respectively, were included in in-kind contributions revenue and direct client assistance expense and \$54,269 and \$30,998, respectively, were included in special events revenue.

Unpaid volunteers make contributions of their time to the Organization. The value of this contributed time is not reflected in these financial statements since it did not meet requirements for recognition.

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with the program or a support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on management's estimate of resources devoted to the program or support service.

Estimates and assumptions:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SHEFFIELD PLACE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Organization and summary of significant accounting policies (continued):

Income tax status:

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's policy is to provide liabilities for uncertain income tax provisions when a liability is probable and estimable. The Organization has no uncertain tax positions for the years ended December 31, 2021 and 2020 and is not aware of any violation of its tax status as an organization exempt from income taxes. The Organization is not subject to audits for Federal or state purposes for years prior to 2018.

Reclassification:

Certain prior year financial balances have been reclassified to conform with the current year's presentation.

Subsequent events:

Subsequent events are evaluated through April 26, 2022, which is the date the financial statements were available to be issued.

2. Promises receivable:

| | <u>December 31</u> | |
|-------------------------------------|--------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| Receivable within one year | \$ 41,200 | \$ 58,039 |
| Receivable within two to five years | <u>34,000</u> | <u>13,300</u> |
| | <u>\$ 75,200</u> | <u>\$ 71,339</u> |

Promises receivable as of December 31, 2021 and 2020 include receivables from related parties, including members of the Board of Directors and employees, of \$8,200 and \$34,089, respectively.

3. Grants receivable:

| | <u>December 31</u> | |
|-------------------------------------|-----------------------------|-------------------|
| | <u>2021</u> | <u>2020</u> |
| Receivable within one year | \$ 156,841 | \$ 108,713 |
| Receivable within two to five years | <u> </u> | <u>12,199</u> |
| | <u>\$ 156,841</u> | <u>\$ 120,912</u> |

SHEFFIELD PLACE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

4. Property and equipment:

| | December 31 | |
|----------------------------|---------------------|---------------------|
| | 2021 | 2020 |
| Furniture and equipment | \$ 386,159 | \$ 352,171 |
| Houses | 1,450,165 | 676,251 |
| Facility improvements | 1,540,553 | 1,227,534 |
| Accessibility improvements | 403,726 | 403,726 |
| Land | 72,075 | 69,409 |
| Construction in progress | | 235,667 |
| | 3,852,678 | 2,964,758 |
| Accumulated depreciation | (1,963,336) | (1,788,052) |
| | <u>\$ 1,889,342</u> | <u>\$ 1,176,706</u> |

Depreciation expense was \$175,284 and \$119,130 for the years ended December 31, 2021 and 2020, respectively.

5. Net assets with donor restrictions:

Net assets with donor restrictions are earmarked for the following:

| | December 31 | |
|--------------------|-------------------|---------------------|
| | 2021 | 2020 |
| Asset acquisitions | \$ 536,481 | \$ 1,202,120 |
| Clinical services | 265,069 | 234,510 |
| Housing | 16,247 | 18,923 |
| | <u>\$ 817,797</u> | <u>\$ 1,455,553</u> |

Net assets released from program restrictions are summarized as follows:

| | Year ended December 31 | |
|--------------------|------------------------|-------------------|
| | 2021 | 2020 |
| Asset acquisitions | \$ 892,489 | \$ 341,730 |
| Clinical services | 225,973 | 140,717 |
| Fundraising | | 17,494 |
| Housing | 2,676 | 2,703 |
| | <u>\$1,121,138</u> | <u>\$ 502,644</u> |

SHEFFIELD PLACE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

6. Government grants:

In April 2020, the Organization received a loan of \$188,000 under the government's Paycheck Protection Program established under the Coronavirus Aid, Relief, and Economic Security Act. The loan was obtained through a local bank acting as an approved partner of the Small Business Administration. These loans are forgivable provided the recipients meet certain requirements. The loan was spent for the intended purposes and was forgiven in accordance with the intent of the program in December 2020. The amount of the loan is included in government grants revenue in the year ended December 31, 2020.

7. Retirement plan:

The Organization has a 401(k) retirement plan (the Plan) covering employees with one year of service and who have attained age 21. In accordance with the Plan, the Organization can make a discretionary matching contribution equal to a percentage of the participants' contributions. Retirement plan contributions included in employee benefits expense totaled \$26,740 and \$33,741 for the years ended December 31, 2021 and 2020, respectively.

8. Liquidity:

Financial assets available within one year of the statement of financial position date for operating expenditure, such as operating expenses, were as follows:

| | <u>December 31</u> | |
|------------------------------|--------------------|--------------------|
| | <u>2021</u> | <u>2020</u> |
| Cash and cash equivalents | \$ 885,857 | \$ 619,232 |
| Certificates of deposit | 262,002 | 260,364 |
| Promises receivable, current | 41,200 | 58,039 |
| Grants receivable, current | <u>156,841</u> | <u>108,713</u> |
| | <u>\$1,345,900</u> | <u>\$1,046,348</u> |

9. COVID-19:

The Organization's operations may be affected by the ongoing outbreak of COVID-19. Management cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may impact the financial position, changes in net assets, and cash flows in 2022.