

**ROSE BROOKS CENTER, INC.
AND AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

**ROSE BROOKS CENTER, INC. AND AFFILIATE
TABLE OF CONTENTS**

	Page
Independent Auditor's Report	1-2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-13
Schedule of Expenditures of Federal Awards	15
Notes to Schedule of Expenditures of Federal Awards	16
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17-18
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	19-20
Schedule of Findings and Questioned Costs	21
Summary Schedule of Prior Audit Findings	22



EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

David Emerick • James Flanagan • Rick Hann • Kristy Helt

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rose Brooks Center, Inc. and Affiliate
Kansas City, Missouri

We have audited the accompanying consolidated financial statements of Rose Brooks Center, Inc. and Affiliate (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rose Brooks Center, Inc. and Affiliate as of June 30, 2019, 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.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2019 on our consideration of the Rose Brooks Center, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rose Brooks Center, Inc. and Affiliate's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Emerich + Company, P.C." in a cursive script.

Kansas City, Missouri
September 10, 2019

**ROSE BROOKS CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

Assets	
Cash and cash equivalents	\$ 578,118
Investments	6,652,933
Deferred compensation asset	360,532
Promises receivable, net	360,377
Government grants and contracts receivable	487,452
Beneficial interest in charitable lead annuity trust	421,568
Prepaid expenses	65,418
Property and equipment, net	<u>7,821,490</u>
Total Assets	<u><u>\$16,747,888</u></u>
Liabilities	
Accounts payable and accrued expenses	\$ 161,688
Accrued payroll expenses and withholdings	407,655
Deferred compensation liability	344,941
Deferred revenue	<u>40,606</u>
Total Liabilities	<u>954,890</u>
Net Assets	
Net assets without donor restrictions	13,803,713
Net assets with donor restrictions	<u>1,989,285</u>
Total Net Assets	<u>15,792,998</u>
Total Liabilities and Net Assets	<u><u>\$16,747,888</u></u>

See Notes to Financial Statements

**ROSE BROOKS CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 1,074,453	\$ 1,312,853	\$ 2,387,306
Special event revenues, net of direct benefits to donors of \$285,457	784,681	6,000	790,681
United Way support	17,746	169,249	186,995
Federal grants	3,279,145	-	3,279,145
State grants	179,774	-	179,774
Jackson and Platte County grants	671,359	-	671,359
Municipal court fees	91,830	-	91,830
Other contracts and agreements	154,790	-	154,790
In-kind contributions	149,107	-	149,107
Investment income	295,910	-	295,910
Other	228	-	228
Net assets released from restrictions	2,263,751	(2,263,751)	-
Total Support and Revenues	8,962,774	(775,649)	8,187,125
Expenses			
Program services	6,021,715	-	6,021,715
Management and general	386,007	-	386,007
Fundraising	816,296	-	816,296
Total Expenses	7,224,018	-	7,224,018
Change in Net Assets	1,738,756	(775,649)	963,107
Net Assets, Beginning of Year	12,064,957	2,764,934	14,829,891
Net Assets, End of Year	\$ 13,803,713	\$ 1,989,285	\$ 15,792,998

See Notes to Financial Statements

ROSE BROOKS CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services							Supporting Services		Total Expenses		
	Shelter	Court	Children's	Outreach	Advocacy	Bridge	Project SAFE	Housing and Economic Advocacy	Total		Management and General	Fundraising
Bank service charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,143	\$ 18,146	\$ 22,289
Client assistance	101,006	2,348	120	9,961	23,586	2,043	-	237,224	376,288	-	-	376,288
Communications	16,095	2,061	1,119	3,069	1,354	11,151	3,126	2,254	40,229	2,377	1,822	44,428
Computer	3,924	560	355	994	640	2,285	1,385	556	10,699	528	662	11,889
Depreciation	244,663	10,861	31,717	34,091	6,096	30,668	17,945	11,774	387,815	14,578	11,115	413,508
Direct marketing and advertising costs	-	-	-	-	-	-	-	-	-	-	144,734	144,734
Dues and subscriptions	15,974	1,164	729	2,284	776	3,093	1,947	1,151	27,118	3,183	19,863	50,164
Equipment rental	8,863	912	607	1,732	778	2,468	1,531	962	17,853	831	1,559	20,243
Food	45,763	216	63	184	70	793	201	162	47,452	8,185	1,116	56,753
In-kind client assistance	90,706	-	1,373	-	-	-	-	-	92,079	-	57,028	149,107
Insurance	60,328	2,385	3,881	5,650	1,475	6,492	3,902	2,323	86,436	1,873	2,448	90,757
Maintenance	164,234	2,050	13,423	10,865	817	6,367	3,485	2,864	204,105	4,037	2,090	210,232
Other	10,490	720	442	1,390	436	2,111	1,086	793	17,468	3,431	3,040	23,939
Postage	48	1	38	107	-	31	1	76	302	540	2,090	2,932
Printing	3,164	821	121	324	390	1,763	543	198	7,324	828	5,257	13,409
Professional fees	16,347	3,048	1,821	5,354	2,032	8,053	4,947	2,699	44,301	1,639	3,135	49,075
Recruitment advertising	10,166	663	202	602	629	2,094	588	92	15,036	2,967	246	18,249
Salaries and related expenses	1,589,459	337,508	217,857	606,283	165,151	654,021	495,808	378,349	4,444,436	322,692	538,809	5,305,937
Security	1,700	-	-	-	-	-	-	-	1,700	-	-	1,700
Supplies	29,498	1,345	3,869	3,605	1,337	8,876	1,251	1,625	51,406	9,912	942	62,260
Utilities	107,516	2,163	14,207	11,483	856	6,752	3,672	3,019	149,668	4,263	2,194	156,125
Total Expenses	\$ 2,519,944	\$ 368,826	\$ 291,944	\$ 697,978	\$ 206,423	\$ 749,061	\$ 541,418	\$ 646,121	\$ 6,021,715	\$ 386,007	\$ 816,296	\$ 7,224,018

See Notes to Financial Statements

**ROSE BROOKS CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

Cash flows from operating activities	
Change in net assets	\$ 963,107
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation expense	413,508
Realized gains on investments	(45,042)
Unrealized gains on investments	(114,972)
Contributions restricted for long-term purposes	(300,000)
Changes in:	
Deferred compensation asset	(88,523)
Promises receivable	1,024,071
Government grants and contracts receivable	(92,491)
Beneficial interest in charitable lead annuity trust	101,684
Prepaid expenses	(34,156)
Accounts payable and accrued expenses	57,089
Accrued payroll expenses and withholdings	62,949
Deferred compensation liability	86,770
Deferred revenue	8,500
	<u>2,042,494</u>
Net cash provided by operating activities	
Cash flows from investing activities	
Purchase of investments, net	(1,884,476)
Purchase of property and equipment	(498,811)
	<u>(2,383,287)</u>
Net cash used in investing activities	
Cash flows from financing activities	
Contributions restricted for long-term purposes	300,000
	<u>300,000</u>
Net cash provided by financing activities	
Decrease in cash and cash equivalents	(40,793)
Cash and Equivalents, Beginning of Year	<u>618,911</u>
Cash and Equivalents, End of Year	<u><u>\$ 578,118</u></u>

See Notes to Financial Statements

**ROSE BOOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Rose Brooks Center, Inc. (the Center), a nonprofit corporation, operates to provide sanctuary and services for women and children who are victims of domestic violence. The Center's principal sources of revenue are grants from federal, state and local agencies and contributions from various sources.

Rose Harbor, LLC owns and operates a residence donated by the City of Kansas City, Missouri to be used as a shelter for victims of domestic violence. The Center is the single-member and Rose Harbor, LLC is treated as a disregarded entity for tax purposes.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Rose Brooks Center, Inc. and its affiliate, Rose Harbor, LLC ("Rose Brooks Center, Inc. and Affiliate" or "Organization") as described above. All intercompany balances have been eliminated.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the information regarding its financial position and activities are reported 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 Rose Brooks Center, Inc.'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 Rose Brooks Center, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2019, there were no funds held in perpetuity.

Contributions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other 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.

Government Contracts

Contracts with governmental entities are generally recorded as revenue when the related costs are incurred or when the Organization has performed the service and is allowed to bill under the terms of the related agreement.

**ROSE BOOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are recorded at cost, if acquired, or market value if donated. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The lives range from five to 40 years.

Income Taxes

Rose Brooks Center, Inc. and Affiliate is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is no longer subject to examinations by tax authorities for years before 2016.

In-Kind Contributions

Rose Brooks Center, Inc. and Affiliate recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Unpaid volunteers have donated significant amounts of time to the Organization's programs and supporting services, although these services did not meet the criteria for recognition in the consolidated financial statements. Donated supplies for the shelter received from individuals are recorded at fair value.

Functional Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Costs that can be directly attributed to a specific program or supporting service are charged to that program or supporting function. Expenses that relate to more than one program or supporting service are allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Client expenses	Time and effort
Communications	Full time equivalent
Computer	Full time equivalent
Depreciation	Square footage or full time equivalent
Insurance	Square footage
Maintenance	Square footage
Professional fees	Full time equivalent
Supplies	Time and effort
Salaries and related expenses	Time and effort
Utilities	Square footage

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, Rose Brooks Center, Inc. and Affiliate consider highly liquid investments with an initial maturity of less than three months to be cash equivalents.

The Organization's cash deposits exceeded Federal Deposit Insurance Corporation limits at various times during the fiscal year ended June 30, 2019.

**ROSE BOOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through September 10, 2019, which is the date the consolidated financial statements were available to be issued.

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Rose Brooks Center, Inc. has presented these financial statements accordingly to meet the new accounting pronouncement.

NOTE 2: AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets:

Financial assets at year-end:	<u>6/30/19</u>
Cash and cash equivalents	\$ 578,118
Liquidity investments	2,825,133
Reserve investments	3,827,800
Promises receivable, net	360,377
Government grants and contracts receivable	487,452
Beneficial interest in charitable lead annuity trust, current portion	<u>123,000</u>
Total financial assets	8,201,880
Less amounts not available for use within one year:	
Net assets with donor restrictions	<u>1,989,285</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 6,212,595</u>

The Organization's goal is to maintain financial assets to meet 90 to 180 days of operating expenses (approximately \$1.8 to \$3.6 million). As part of its liquidity plan, excess cash above 30 to 45 days of operating expenses is invested in short-term investments, including money market accounts and certificates of deposit. In addition, the Organization has a \$500,000 line of credit available to meet cash flow needs.

ROSE BOOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3: INVESTMENTS

Investments are reported at fair value and consist of the following as of June 30, 2019:

	<u>Investments</u>	<u>457 Plan</u>	<u>Total</u>
Money market funds	\$ 2,855,679	\$ -	\$ 2,855,679
Equity securities	2,426,992	-	2,426,992
Mutual funds	-	360,532	360,532
Fixed income funds	<u>1,370,262</u>	<u>-</u>	<u>1,370,262</u>
	<u>\$ 6,652,933</u>	<u>\$ 360,532</u>	<u>\$ 7,013,465</u>

Investment income comprises the following:

Interest and dividends	\$ 157,414
Realized gains	45,042
Unrealized gains	114,972
Investment expenses	<u>(21,518)</u>
	<u>\$ 295,910</u>

NOTE 4: PROMISES RECEIVABLE

Promises receivable consist of the following at June 30, 2019:

Due in less than one year	\$ 362,997
Due in one to five years	<u>7,380</u>
	370,377
Less:	
Allowance for uncollectible promises receivable	<u>10,000</u>
	<u>\$ 360,377</u>

NOTE 5: BENEFICIAL INTEREST IN CHARITABLE LEAD ANNUITY TRUST

Rose Brooks Center, Inc. is the sole beneficiary of a charitable lead annuity trust. Under the terms of the trust, the Center will receive 12.3% of the initial fair market value of the assets in trust for a period of 10 years. The annuity shall be paid annually at the end of each calendar year.

The fair value of that distribution is determined using the present value of expected cash flows, discounted at 4% using market rate assumptions. Changes in the fair value of the beneficial interest in the charitable lead annuity trust are shown as gains or losses in the consolidated statement of activities. For the year ended June 30, 2019, the Center received \$123,000 from the charitable lead annuity trust. There was no change in the fair value of the beneficial interest in the charitable lead annuity trust for the year ended June 30, 2019.

Expected future payments of the charitable lead annuity trust at June 30, 2019 follow:

Year ending	
<u>June 30,</u>	
2020	\$ 123,000
2021	123,000
2022	123,000
2023	<u>94,693</u>
	463,693
Less: discount	<u>42,125</u>
	<u>\$ 421,568</u>

ROSE BOOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6: FAIR VALUE MEASUREMENTS

GAAP defines fair value and establishes a consistent framework for measuring fair value. 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. These provisions establish a fair value hierarchy that prioritizes the inputs used to measure fair value. An asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets measured at fair value on a recurring basis as of June 30, 2019 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 2,855,679	\$ -	\$ -
Equity securities	2,426,992	-	-
Mutual funds	360,532	-	-
Fixed income funds	1,370,262	-	-
Promises receivable	-	360,377	-
Beneficial interest in charitable lead annuity trust	-	421,568	-
	\$ <u>7,013,465</u>	\$ <u>781,945</u>	\$ <u>-</u>

Money market funds, equity securities, mutual funds and fixed income funds

The fair value of money market funds, equity securities, mutual funds and fixed income funds is determined using quoted market prices in active markets.

Promises receivable and beneficial interest in charitable lead annuity trust

The fair value of promises receivable and beneficial interest in charitable lead annuity trust is determined using the present value of expected cash flows, discounted using market rate assumptions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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.

**ROSE BOOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	\$ 605,817
Buildings and improvements	10,222,728
Furniture	787,663
Equipment	<u>1,540,356</u>
	13,156,564
Less: accumulated depreciation	<u>5,335,074</u>
	<u>\$ 7,821,490</u>

Depreciation expense for the year ended June 30, 2019 was \$413,508.

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 are restricted for the following purposes:

Time restricted for programs	\$ 776,274
Time restricted for special events	14,277
Capital improvements	1,100,167
Programs	<u>98,567</u>
	<u>\$ 1,989,285</u>

NOTE 9: JACKSON COUNTY MENTAL HEALTH

Funds for the Jackson County Mental Health program during fiscal year 2019 were received and expended in accordance with the Jackson County Mental Health guidelines. All shelter clients are considered Jackson County residents when such clients are taking shelter after becoming homeless.

NOTE 10: EMPLOYEE BENEFIT PLANS

The Organization has a 403(b) retirement plan covering all eligible employees. Participants may make voluntary contributions to the Plan up to 50% of their annual compensation. The Organization matches 25% of participant contributions up to a maximum of 5% of the employee's annual compensation. Retirement plan contribution expense for the year ended June 30, 2019 was \$21,642.

The Organization also has a 457(b) deferred compensation plan covering certain employees. Participants can make voluntary contributions to the Plan up to Internal Revenue Service limits. The Organization can make a discretionary matching contribution. Participants become vested in annual discretionary matching contributions at 50% per year of service until three years of service, after which they are fully vested in subsequent annual matching contributions. Only vested amounts are included in the deferred compensation plan liability. Deferred compensation plan expense for the year ended June 30, 2019 was \$69,335.

ROSE BOOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11: EQUIPMENT RENTAL

The Organization leases office equipment under non-cancelable operating leases with terms through fiscal year 2021. Future minimum lease payments are as follows:

Year ending	
<u>June 30,</u>	
2020	\$ 15,973
2021	<u>13,254</u>
	\$ <u>29,227</u>

Rent expense under these and other month-to-month agreements, including usage charges, was \$20,243 for the year ended June 30, 2019.

NOTE 12: LINE OF CREDIT

The Organization has available a bank line of credit of \$500,000 collateralized by certain real estate, due December 13, 2019, with interest payable monthly at prime minus 0.75% (4.75% at June 30, 2019). There was no outstanding balance at June 30, 2019.

NOTE 13: CAPITAL CAMPAIGN

During the year ended June 30, 2018, the Organization embarked on a capital campaign, Forty Years of Safety, to raise funds to support the infrastructure of the facility. This includes renovations to the original shelter community areas and the original shelter residential rooms. In addition, improvements will be made in security and accessibility, as well as technology and training infrastructure. During 2019, the Organization received capital campaign contributions of \$300,000.

SUPPLEMENTAL INFORMATION

**ROSE BROOKS CENTER, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-through Grantor Program or Cluster Title	Pass-Through Entity or Other Identifying Number	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Continuum of Care Program	Contract #MO0193L7P041603 Contract #MO0193L7P041704	14.267	\$ 118,334 <u>117,465</u>
			235,799
Emergency Solutions Grant Program Pass-through from City of Kansas City, Missouri	446000-201	14.231	133,005
Community Development Block Grant Pass-through from City of Kansas City, Missouri	446000-201	14.218	<u>27,972</u>
Total U.S. Department of Housing and Urban Development			396,776
<u>U.S. Department of Agriculture</u>			
Child and Adult Care Food Program Pass-through from State of Missouri Department of Health	ERS461100993	10.558	31,360
Emergency Food Assistance Program (Food Commodities) Pass-through from Harvesters Community Food Network	431208-665	10.569	<u>17,693</u>
Total U.S. Department of Agriculture			49,053
<u>U.S. Department of Justice</u>			
Transitional Housing for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	#2017-WH-AX-0036	16.736	113,624
Crime Victim Assistance Pass-through from State of Missouri Department of Social Services	446000-987	16.575	2,497,902
Violence Against Women Formula Grants Pass-through from State of Missouri Department of Public Safety	446000-987	16.588	11,829
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program Pass-through from City of Kansas City, Missouri	446000-201	16.590	<u>117,574</u>
Total U.S. Department of Justice			2,740,929
<u>U.S. Department of Health and Human Services</u>			
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services Pass-through from State of Missouri Division of Social Services	446000-987	93.671	61,810
Temporary Assistance for Needy Families Pass-through from State of Missouri Division of Social Services	446000-987	93.558	<u>16,027</u>
Total U.S. Department of Health and Human Services			77,837
<u>U.S. Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program	LRO ID: 525800-012	97.024	<u>14,550</u>
Total Federal Expenditures			<u><u>\$ 3,279,145</u></u>

The accompanying notes are an integral part of this schedule.

**ROSE BROOKS CENTER, INC. AND AFFILIATE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Rose Brooks Center, Inc. and Affiliate (the Organization) under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of Rose Brooks Center, Inc. and Affiliate.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

NOTE C: INDIRECT COST RATES

The Organization has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.



EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

David Emerick • James Flanagan • Rick Hann • Kristy Helt

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Rose Brooks Center, Inc. and Affiliate
Kansas City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Rose Brooks Center, Inc. and Affiliate (the Organization) as of and for the year ended June 30, 2019, and the related notes to the consolidated financial statements, which collectively, comprise the Organization's basic financial statements, and have issued our report thereon dated September 10, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Emerich + Company, P.C.

Kansas City, Missouri
September 10, 2019



EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

David Emerick • James Flanagan • Rick Hann • Kristy Helt

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Rose Brooks Center, Inc. and Affiliate
Kansas City, Missouri

Report on Compliance for Each Major Federal Program

We have audited Rose Brooks Center, Inc. and Affiliate's (the Organization's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal programs based on our audit of types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Rose Brooks Center, Inc. and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Requirements but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance*, is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Emerich + Company, P.C.

Kansas City, Missouri
September 10, 2019

**ROSE BROOKS CENTER, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

Any material weakness(es) identified? No

Any deficiency(ies) in internal control not considered to be material weaknesses identified? None reported

Any noncompliance material to financial statements noted? No

Federal Awards

Type of auditor’s report issued on compliance for major programs: unmodified

Internal control over compliance:

Any material weakness(es) identified? No

Any deficiency(ies) in internal control not considered to be material weaknesses identified? None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>CFDA Number:</u> 16.575	<u>Name of Federal Program or Cluster</u> U.S. Department of Justice Crime Victim Assistance Grant
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Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II – Financial Statement Findings None

Section III – Federal Awards Findings None

**ROSE BROOKS CENTER, INC. AND AFFILIATE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

None.