

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

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

**ROSE BROOKS CENTER, INC. AND AFFILIATE
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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

Report on the Audit of the Financial Statements

Opinion

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, 2022, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Rose Brooks Center, Inc. and Affiliate as of June 30, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Rose Brooks Center, Inc. and Affiliate 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 opinions.

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 Rose Brooks Center, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 and *Government 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 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 and *Government 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 Rose Brooks Center, Inc. and Affiliate'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 Rose Brooks Center, Inc. and Affiliate'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.

Supplementary 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* 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 schedule of expenditures of federal awards 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 November 28, 2022, on our consideration of 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 solely 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 the effectiveness of Rose Brooks Center, Inc. and Affiliate's 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.

Emerich + Company, P.C.

Kansas City, Missouri
November 28, 2022

**ROSE BROOKS CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

Assets	
Cash and cash equivalents	\$ 3,343,205
Investments	6,736,951
Deferred compensation asset	576,634
Promises receivable	264,726
Government grants and contracts receivable	674,223
Beneficial interest in charitable lead annuity trust	90,986
Prepaid expenses	98,432
Property and equipment, net	<u>8,341,476</u>
Total Assets	<u><u>\$ 20,126,633</u></u>
Liabilities	
Accounts payable and accrued expenses	\$ 186,874
Accrued payroll expenses and withholdings	423,858
Deferred compensation liability	556,339
Deferred revenue	<u>27,872</u>
Total Liabilities	<u>1,194,943</u>
Net Assets	
Net assets without donor restrictions	18,269,863
Net assets with donor restrictions	<u>661,827</u>
Total Net Assets	<u>18,931,690</u>
Total Liabilities and Net Assets	<u><u>\$ 20,126,633</u></u>

See Notes to Financial Statements

**ROSE BROOKS CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 1,882,950	\$ 927,025	\$ 2,809,975
Special event revenues, net of direct benefits to donors of \$176,575	541,576	-	541,576
Federal grants	4,663,575	-	4,663,575
State grants	210,793	-	210,793
Jackson and Platte County grants	1,001,265	-	1,001,265
Municipal court fees	73,464	-	73,464
Other contracts and agreements	148,773	-	148,773
In-kind contributions	74,171	-	74,171
Realized and unrealized gains/(losses), interest and dividends	(955,823)	-	(955,823)
Other	3,254	-	3,254
Net assets released from restrictions	2,037,075	(2,037,075)	-
Total Support and Revenues	9,681,073	(1,110,050)	8,571,023
Expenses			
Program services	7,536,510	-	7,536,510
Management and general	438,781	-	438,781
Fundraising	859,863	-	859,863
Total Expenses	8,835,154	-	8,835,154
Change in Net Assets	845,919	(1,110,050)	(264,131)
Net Assets, Beginning of Year	17,423,944	1,771,877	19,195,821
Net Assets, End of Year	\$ 18,269,863	\$ 661,827	\$ 18,931,690

See Notes to Financial Statements

ROSE BROOKS CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	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	\$ 39	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39	\$ 4,556	\$ 28,059	\$ 32,654
Client Assistance	186,677	485	140	50	2,391	189,506	307	667,926	1,047,482	-	-	1,047,482
Communications	28,680	5,361	2,485	7,839	2,604	12,842	7,165	8,200	75,176	5,796	6,419	87,391
Computer	1,732	134	159	969	70	317	296	212	3,889	486	151	4,526
Depreciation	306,963	17,355	39,730	46,569	8,716	40,916	28,360	26,872	515,481	20,620	19,357	555,458
Direct Marketing & Advertising	-	-	-	-	-	3,106	-	-	3,106	-	188,997	192,103
Dues & Subscriptions	19,231	3,777	1,997	8,978	1,863	6,993	2,937	5,222	50,998	4,703	20,169	75,870
Equipment Rental	10,377	975	635	1,730	559	2,118	1,666	1,694	19,754	754	1,386	21,894
Food	55,871	156	-	-	131	70	-	99	56,327	2,219	298	58,844
In-Kind Assistance	73,733	-	438	-	-	-	-	-	74,171	-	-	74,171
Insurance	48,667	3,355	4,486	6,939	1,725	7,364	5,535	10,207	88,278	2,838	3,763	94,879
Maintenance	225,804	4,158	26,578	21,499	1,670	12,758	7,045	5,836	305,348	9,387	4,582	319,317
Other Expenses	11,209	456	114	698	191	1,076	487	588	14,819	2,975	2,735	20,529
Postage	893	22	1	44	2	116	-	81	1,159	440	2,967	4,566
Printing	827	377	100	267	177	678	254	254	2,934	1,537	4,523	8,994
Professional Fees	19,028	3,504	2,250	6,107	2,028	7,743	6,127	5,887	52,674	4,831	4,569	62,074
Recruitment Advertising	11,329	1,690	1,161	3,466	785	3,094	2,571	2,898	26,994	936	1,669	29,599
Salaries & Related Expenses	1,773,993	325,979	214,772	555,165	150,217	731,695	509,681	719,328	4,980,830	369,291	565,463	5,915,584
Security	3,020	49	319	258	19	151	83	68	3,967	96	49	4,112
Supplies	33,951	1,439	1,553	3,021	631	7,313	12,316	5,070	65,294	2,835	2,545	70,674
Utilities	106,278	2,132	14,001	11,317	843	6,625	3,619	2,975	147,790	4,481	2,162	154,433
Total Expenses	\$ 2,918,302	\$ 371,404	\$ 310,919	\$ 674,916	\$ 174,622	\$ 1,034,481	\$ 588,449	\$ 1,463,417	\$ 7,536,510	\$ 438,781	\$ 859,863	\$ 8,835,154

See Notes to Financial Statements

**ROSE BROOKS CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

Cash flows from operating activities	
Change in net assets	\$ (264,131)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	555,458
Realized gains on investments	(187,318)
Unrealized losses on investments	1,305,655
Beneficial interest in charitable lead annuity trust	114,623
Changes in:	
Deferred compensation asset	(4,327)
Promises receivable	261,919
Government grants and contracts receivable	158,551
Prepaid expenses	(37,014)
Accounts payable and accrued expenses	(83,596)
Accrued payroll expenses and withholdings	(431,827)
Deferred compensation liability	1,679
Deferred revenue	4,999
	<u>1,394,671</u>
Net cash provided by operating activities	
Cash flows from investing activities	
Purchases of investments, net	(2,006,184)
Purchases of property and equipment	<u>(549,973)</u>
	<u>(2,556,157)</u>
Net cash used in investing activities	
Decrease in cash and cash equivalents	(1,161,486)
Cash and Cash Equivalents, Beginning of Year	<u>4,504,691</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,343,205</u></u>

See Notes to Financial Statements

**ROSE BROOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

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 is 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 the Organization's management and the board of directors.

Net assets with donor restrictions - Donor restricted contributions are reported as increases in net asset 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 consolidated statement of activities.

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.

Adoption of Accounting Pronouncement

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure and is effective for annual periods beginning after June 15, 2021. The new standard requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques. The Center adopted ASU 2020-07 in the current year. See Note 8.

**ROSE BROOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions are recorded as revenue at the earlier of the receipt of an unconditional promise to give or the receipt of cash or other assets. Conditional promises to give are recorded when the conditions have been substantially met. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

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.

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 useful 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 tax returns of the Organization remain open for examination for a period of three years after the filing deadlines.

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. See Note 8.

Functional Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the consolidated 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 assistance	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

**ROSE BROOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 year ended June 30, 2022.

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 November 28, 2022, which is the date the consolidated financial statements were available to be issued.

NOTE 2: AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets:

Financial assets as of June 30, 2022	
Cash and cash equivalents	\$ 3,343,205
Investments	6,736,951
Promises receivable	264,726
Government grants and contracts receivable	674,223
Beneficial interest in charitable lead annuity trust	<u>90,986</u>
Total financial assets	11,110,091
Less amounts not available for use within one year:	
Net assets with donor restrictions	<u>661,827</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 10,448,264</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 BROOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3: INVESTMENTS

Investments are reported at fair value and consist of the following as of June 30, 2022:

	<u>Investments</u>	<u>457(b)Plan</u>	<u>Total</u>
Money market funds	\$ 832,805	\$ -	\$ 832,805
Equity securities	3,719,852	-	3,719,852
Mutual funds	-	576,634	576,634
Fixed income funds	<u>2,184,294</u>	<u>-</u>	<u>2,184,294</u>
	<u>\$ 6,736,951</u>	<u>\$ 576,634</u>	<u>\$ 7,313,585</u>

Realized and unrealized gains/(losses) on investments are comprised of the following:

Interest and dividends	\$ 196,214
Realized gains	187,318
Unrealized gains	(1,305,655)
Investment expenses	<u>(33,700)</u>
	<u>\$ (955,823)</u>

NOTE 4: PROMISES RECEIVABLE

Promises receivable of \$264,726 as of June 30, 2022 are due in less than one year. Management believes all receivables are fully collectible and no allowance for uncollectible receivables is necessary.

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, 2022, 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, 2022.

The last payment of the charitable lead annuity trust of \$94,693 was received subsequent to year end.

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.

**ROSE BROOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring basis as of June 30, 2022 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 832,805	\$ -	\$ -
Equity securities	3,719,852	-	-
Mutual funds	576,634	-	-
Fixed income funds	2,184,294	-	-
Beneficial interest in charitable lead annuity trust	-	90,986	-
	<u>\$ 7,313,585</u>	<u>\$ 90,986</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.

Beneficial interest in charitable lead annuity trust

The fair value of 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.

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022:

Land	\$ 605,817
Buildings and improvements	11,423,691
Furniture	893,651
Equipment	<u>2,218,112</u>
	15,141,271
Less: accumulated depreciation	<u>6,799,795</u>
	<u>\$ 8,341,476</u>

Depreciation expense for the year ended June 30, 2022 was \$555,458.

NOTE 8: CONTRIBUTED NON-FINANCIAL ASSETS

The Organization's in-kind contributions consisted of the following as of June 30, 2022:

Household items and toiletries	\$ 4,838
Miscellaneous clothing	18,142
Holiday store items: gifts, toys	49,472
Other	<u>1,719</u>
Total	<u>\$ 74,171</u>

In valuing contributed items, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. The Organization does not sell donated gifts in-kind and uses all goods for its own program or supporting service activities.

**ROSE BROOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 are restricted for the following purposes:

Time restricted for programs and operations	\$ 257,045
Capital improvements	313,979
Programs	<u>90,803</u>
	<u>\$ 661,827</u>

Net assets were released from donor restrictions by satisfying the restricted purposes as follows:

Time restricted for programs and operations	\$ 651,286
Special events	25,000
Capital improvements	380,804
Programs	<u>979,985</u>
	<u>\$ 2,037,075</u>

NOTE 10: JACKSON COUNTY MENTAL HEALTH

Funds for the Jackson County Mental Health grant during fiscal year ended June 30, 2022 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 11: 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, 2022 was \$47,061.

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 liability. Deferred compensation plan contributions for the year ended June 30, 2022 were \$96,609.

NOTE 12: EQUIPMENT RENTAL

The Organization leases office equipment under noncancelable leases with terms through the year ending June 30, 2027.

Future minimum lease payments are as follows:

Years Ending June 30,	
2023	\$ 18,970
2024	15,348
2025	15,348
2026	15,348
2027	<u>19,185</u>
Total	<u>\$ 84,199</u>

**ROSE BROOKS CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12: EQUIPMENT RENTAL (Continued)

Rent expense under these and other month-to-month agreements, including usage charges, was \$21,894 for the year ended June 30, 2022.

NOTE 13: LINE OF CREDIT

The Organization has available a bank line of credit of \$500,000 collateralized by certain real estate, with a due date of March 13, 2023, with interest payable monthly at prime minus 0.75% (4% as of June 30, 2022). There was no outstanding balance as of June 30, 2022.

NOTE 14: UNCERTAINTIES

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. The COVID-19 outbreak in the United States and the work related restrictions has impacted the Organization. While the disruption is currently expected to be temporary, the related financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTAL INFORMATION

ROSE BROOKS CENTER, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

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 #MO0193L7P041906 Contract #MO0279D7P041901 Contract #MO0193L7P042007 Contract #MO0279D7P042002	14.267	\$ 343,777 122,648 266,807 <u>116,659</u>	849,891
Emergency Solutions Grant Program Pass-through from City of Kansas City, Missouri	Contract #2021-0026 Contract #2022-0014 Contract #2021-0026 Contract #2022-0014	14.231	\$ 77,019 8,169 86,376 <u>5,643</u>	177,207
COVID-19 Emergency Solutions Grant Program Pass-through from City of Kansas City, Missouri	Contract #CV-906 Contract #2020-0065 COVID-19		82,610 <u>8,352</u>	90,962
Community Development Block Grants/Entitlement Grants Pass-through from City of Kansas City, Missouri	Contract #2021-0013 Contract #2022-0052 Contract #2020-0088	14.218	\$ 32,752 8,657 <u>291,761</u>	
Total U.S. Department of Housing and Urban Development			<u>333,170</u>	1,451,230
<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	\$ 40,162	
COVID-19 Child and Adult Care Food Program Pass-through from State of Missouri Department of Health	ERS461100993		<u>2,465</u>	42,627
Emergency Food Assistance Program (Food Commodities) Pass-through from Harvesters Community Food Network	431208-665	10.569	<u>11,939</u>	
Total U.S. Department of Agriculture				54,566
<u>U.S. Department of Justice</u>				
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	Contract #2017-WH-AX-0036	16.736		183,068
Crime Victim Assistance Pass-through from State of Missouri Department of Social Services	ER130200083 ER130220152	16.575	\$ 1,880,843 <u>564,621</u>	2,445,464
Violence Against Women Formula Grants Pass-through from State of Missouri Department of Public Safety	Contract #2020-VAWA-037 Contract #2021-VAWA-043	16.588	\$ 9,129 <u>26,291</u>	35,420
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program Pass-through from City of Kansas City, Missouri	Contract #2017-WE-AX-0024	16.590		172,833
Crime Victim Assistance/Discretionary Grants Pass-through from Office of Justice Program	Contract #2020-V3-GX-0146	16.582		126,707
Legal Assistance for Victims Pass-through from Legal Aid of Western Missouri	#2018-WL-AX-0018	16.524		75,375
COVID-19 Coronavirus Emergency Supplemental Funding Program	Contract #2020-CESF-025	16.034	<u>33,894</u>	
Total U.S. Department of Justice				3,072,761
<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 Department of Social Services	Contract #PG941900044	93.671		65,660
Total U.S. Department of Health and Human Services				
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter National Board Program	LRO ID: 525800-012	97.024		<u>19,358</u>
Total Federal Expenditures			<u>\$ 4,663,575</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, 2022**

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, 2022. 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 (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Rose Brooks Center, Inc. and Affiliate's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rose Brooks Center, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Rose Brooks Center, Inc. and Affiliate'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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rose Brooks Center, Inc. and Affiliate's consolidated financial statements are free from 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 consolidated financial statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Emerich + Company, P.C.

Kansas City, Missouri
November 28, 2022



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

Opinion on Each Major Federal Program

We have audited Rose Brooks Center, Inc. and Affiliate's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Rose Brooks Center, Inc. and Affiliate's major federal programs for the year ended June 30, 2022. Rose Brooks Center, Inc. and Affiliate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Rose Brooks Center, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Rose Brooks Center, Inc. and Affiliate's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Rose Brooks Center, Inc. and Affiliate's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Rose Brooks Center, Inc. and Affiliate's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made

by a reasonable user of the report on compliance about Rose Brooks Center, Inc. and Affiliate's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Rose Brooks Center, Inc. and Affiliate's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rose Brooks Center, Inc. and Affiliate's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Rose Brooks Center, Inc. and Affiliate's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Emwick + Company, P.C.

Kansas City, Missouri
November 28, 2022

**ROSE BROOKS CENTER, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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)? Yes

Identification of major programs:

<u>CFDA Number:</u>	<u>Name of Federal Program or Cluster</u>
16.575	U.S. Department of Justice Crime Victim Assistance
14.267	U.S. Department of Housing and Urban Development Continuum of Care

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 Award Findings

None

**ROSE BROOKS CENTER, INC. AND AFFILIATE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

None.