

**BENILDE HALL**  
**FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2009 AND 2008**  
**AND FOR THE YEARS ENDED**  
**WITH INDEPENDENT AUDITORS' REPORT**

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**BENILDE HALL  
FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2009 AND 2008  
WITH INDEPENDENT AUDITORS' REPORT**

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**SINGLE AUDIT REPORTS**

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Benilde Hall  
Kansas City, Missouri

We have audited the accompanying statements of financial position of

**BENILDE HALL**

as of December 31, 2009 and 2008, and the related statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Benilde Hall as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2010, on our consideration of Benilde Hall's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Benilde Hall taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**CERTIFIED PUBLIC ACCOUNTANTS**

Westwood, Kansas  
September 28, 2010

**BENILDE HALL  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2009 AND 2008**

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 22,198	\$ 14,225
Accounts receivable	186,449	131,294
Prepaid expense	<u>5,715</u>	<u>3,873</u>
TOTAL CURRENT ASSETS	214,362	149,392
PROPERTY AND EQUIPMENT - net	2,111,307	2,174,075
INVESTMENTS AT FAIR VALUE, PERMANENTLY RESTRICTED	<u>30,000</u>	<u>30,000</u>
TOTAL ASSETS	<u>\$ 2,355,669</u>	<u>\$ 2,353,467</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 69,353	\$ 42,001
Payroll liabilities	9,586	10,230
Bank line of credit	59,584	55,832
Current portion of long-term debt	<u>26,885</u>	<u>24,789</u>
TOTAL CURRENT LIABILITIES	165,408	132,852
LONG-TERM DEBT - net	<u>193,299</u>	<u>222,750</u>
TOTAL LIABILITIES	<u>358,707</u>	<u>355,602</u>
<b>NET ASSETS</b>		
Unrestricted net assets	839,378	894,103
Temporarily restricted net assets	1,127,584	1,073,762
Permanently restricted net assets	<u>30,000</u>	<u>30,000</u>
TOTAL NET ASSETS	<u>1,996,962</u>	<u>1,997,865</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,355,669</u>	<u>\$ 2,353,467</u>

*The accompanying notes are an integral part of these financial statements.*

**BENILDE HALL  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

<u>CHANGES IN UNRESTRICTED NET ASSETS</u>	<u>2009</u>	<u>2008</u>
<u>SUPPORT</u>		
Government grants	\$ 341,534	\$ 237,398
Foundation support	26,600	39,204
Public support	234,724	240,445
Contributed food and services	29,967	33,000
Net assets released from restrictions	96,063	83,870
<b>TOTAL SUPPORT</b>	<b>728,888</b>	<b>633,917</b>
<u>REVENUES</u>		
Resident room and board program revenues	171,966	201,560
Government grants for room and board	363,353	229,857
Other income	1,808	-
Interest income	10	30
<b>TOTAL REVENUES</b>	<b>537,137</b>	<b>431,447</b>
<b>TOTAL SUPPORT AND REVENUES</b>	<b>1,266,025</b>	<b>1,065,364</b>
<u>EXPENSES</u>		
Resident room and board program	1,205,510	1,058,428
Management and general	83,874	76,557
Fundraising	31,366	27,025
<b>TOTAL EXPENSES</b>	<b>1,320,750</b>	<b>1,162,010</b>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>(54,725)</b>	<b>(96,646)</b>
<u>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</u>		
<u>SUPPORT</u>		
Foundation support	\$ 149,885	\$ 112,246
Net assets released from restrictions	(96,063)	(83,870)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>53,822</b>	<b>28,376</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (903)</b>	<b>\$ (68,270)</b>

*The accompanying notes are an integral part of these financial statements.*

**BENILDE HALL  
 STATEMENTS OF CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total</u>
Balance, January 1, 2008	\$ 990,749	\$ 1,045,386	\$ 30,000	\$ 2,066,135
Change in Net Assets for 2008	<u>(96,646)</u>	<u>28,376</u>	<u>-</u>	<u>(68,270)</u>
Balance, December 31, 2008	894,103	1,073,762	30,000	1,997,865
Change in Net Assets for 2009	<u>(54,725)</u>	<u>53,822</u>	<u>-</u>	<u>(903)</u>
Balance, December 31, 2009	<u>\$ 839,378</u>	<u>\$ 1,127,584</u>	<u>\$ 30,000</u>	<u>\$ 1,996,962</u>

*The accompanying notes are an integral part of these financial statements.*

**BENILDE HALL  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
CHANGE IN NET ASSETS	\$ (903)	\$ (68,270)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	113,064	112,449
Changes in operating assets and liabilities:		
Accounts receivable	(55,155)	(12,874)
Prepaid expense	(1,842)	2,093
Accounts payable	27,352	(10,154)
Payroll liabilities	(644)	1,335
Total Adjustments	<u>82,775</u>	<u>92,849</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>81,872</u>	<u>24,579</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Acquisitions of property and equipment	<u>(50,296)</u>	<u>(22,816)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(50,296)</u>	<u>(22,816)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from lines of credit	3,752	19,352
Proceeds from issuance of notes payable and capital lease obligations	-	15,000
Principal payments on notes payable and capital lease obligations	<u>(27,355)</u>	<u>(31,954)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(23,603)</u>	<u>2,398</u>
INCREASE IN CASH	7,973	4,161
CASH, BEGINNING OF YEAR	<u>14,225</u>	<u>10,064</u>
CASH, END OF YEAR	<u>\$ 22,198</u>	<u>\$ 14,225</u>

*The accompanying notes are an integral part of these financial statements.*

**BENILDE HALL  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009			2008				
	Total	Resident Room & Board Program	Management & General	Fundraising	Total	Resident Room & Board Program	Management & General	Fundraising
Salaries & wages	\$ 486,059	\$ 413,150	\$ 48,606	\$ 24,303	\$ 438,703	\$ 372,898	\$ 43,870	\$ 21,935
Payroll taxes	61,849	52,572	6,185	3,092	43,123	36,655	4,312	2,156
Employee health insurance	22,121	18,803	2,212	1,106	28,734	24,424	2,873	1,437
Retirement benefits	14,017	11,914	1,402	701	7,012	5,960	701	351
Total Personnel Costs	584,046	496,439	58,405	29,202	517,572	439,937	51,756	25,879
Purchased services	134,076	134,076	-	-	128,844	128,844	-	-
Office & house supplies	193,200	189,336	3,864	-	153,634	150,561	3,073	-
Contributed food and services	29,967	29,967	-	-	33,000	33,000	-	-
Occupancy expense	85,365	76,828	8,537	-	77,426	69,683	7,743	-
Professional services	27,137	27,137	-	-	22,596	22,596	-	-
Insurance	17,622	15,860	1,762	-	27,402	24,662	2,740	-
Travel & transportation	11,854	11,854	-	-	13,774	13,774	-	-
Resident expenses	40,758	40,758	-	-	17,998	17,998	-	-
Interest expense	27,498	27,498	-	-	29,663	29,663	-	-
Bad debts	48,115	48,115	-	-	22,864	22,864	-	-
License, dues, & permits	2,084	2,084	-	-	2,799	2,799	-	-
Fundraising expenses	2,164	-	-	2,164	1,146	-	-	1,146
Scholarships	-	-	-	-	500	500	-	-
Miscellaneous	3,800	3,800	-	-	343	343	-	-
Subtotal Operating Expenses	1,207,686	1,103,752	72,568	31,366	1,049,561	957,224	65,312	27,025
Depreciation	113,064	101,758	11,306	-	112,449	101,204	11,245	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,320,750</b>	<b>\$ 1,205,510</b>	<b>\$ 83,874</b>	<b>\$ 31,366</b>	<b>\$ 1,162,010</b>	<b>\$ 1,058,428</b>	<b>\$ 76,557</b>	<b>\$ 27,025</b>

The accompanying notes are an integral part of these financial statements.

**BENILDE HALL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

Benilde Hall (the "Organization") is a not-for-profit organization that operates a resident room and board program from a single location in Kansas City, Missouri. The Organization serves as a transitional living, treatment and spiritual center for individuals who are recovering from substance addiction. For the year ended December 31, 2009, approximately 56% of the Organization's total support and revenues were derived from 3 separate grant programs.

Basis of Accounting and Recognition of Revenues and Expenses

The Organization uses the accrual basis of accounting. On the accrual basis, income is recognized when housing is provided, a donation is pledged, or grant is earned, rather than when the remittance is received. Expenses are recorded as incurred, rather than when paid.

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

Cash consists of demand deposit checking accounts at financial institutions and cash on hand.

Investments

Investments consist entirely of certificates of deposit and are classified as debt securities held-to-maturity. Investments are carried at cost which approximates fair value as of December 31, 2009 and 2008.

Property and Equipment

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method for financial and tax reporting purposes. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and the related accumulated depreciation account are relieved, and any gain or loss is included in operations. The useful lives of property and equipment for purposes of depreciation are:

<u>Asset Class</u>	<u>Useful Lives</u>
Building and improvements	15-27.5 yrs
Vehicles	5 yrs
Furniture and equipment	5-7 years

**BENILDE HALL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Fair Values of Financial Instruments

The carrying amount of the Organization's financial instruments at December 31, 2009 approximate fair value.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is not classified as a private foundation.

Contributions and Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted (or permanently restricted) support and increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as unrestricted.

In-Kind Contributions

The Organization records in-kind contributions and related program expense at the fair value of donated food and other supplies on the date the contribution is received.

**NOTE B - ACCOUNTS RECEIVABLE AND CONCENTRATION OF CREDIT RISK**

As of December 31, 2009 and 2008, accounts receivable consisted of the following:

	<u>2009</u>	<u>2008</u>
Governmental agencies	\$ 103,622	\$ 83,759
Residents	27,334	16,963
Grants	49,318	21,112
Other	<u>6,175</u>	<u>9,460</u>
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<b><u>\$ 186,449</u></b>	<b><u>\$ 131,294</u></b>

**BENILDE HALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C - PROPERTY AND EQUIPMENT**

As of December 31, 2009 and 2008, property and equipment consisted of the following:

	<u>2009</u>	<u>2008</u>
Real estate temporarily restricted by donors per Note E:		
Building and improvements	\$ 1,462,660	\$ 1,440,368
Building - Matt Talbot Living Center	1,163,862	1,163,862
Land	<u>18,608</u>	<u>18,130</u>
Subtotal Temporarily Restricted Real Estate	2,645,130	2,622,360
Vehicles	42,081	38,581
Furniture and equipment	170,338	152,337
Furniture - Matt Talbot Living Center	<u>33,953</u>	<u>30,868</u>
	2,891,502	2,844,146
Less: Accumulated depreciation	<u>(780,195)</u>	<u>(670,071)</u>
PROPERTY AND EQUIPMENT - net	<u>\$ 2,111,307</u>	<u>\$ 2,174,075</u>
Depreciation expense charged to operations for the year	<u>\$ 113,064</u>	<u>\$ 112,449</u>
Cost of property subject to leases as of Decemer 31	<u>\$ 15,909</u>	<u>\$ 15,909</u>

**NOTE D - LONG-TERM DEBT AND BANK LINE OF CREDIT**

At December 31, 2009 and 2008, long-term debt (excluding the mortgage disclosed at Note E) was comprised of the following:

	<u>2009</u>	<u>2008</u>
7.75% note payable to bank in monthly installments of \$2,133 including interest, collateralized by real estate, maturing 2011	\$ 175,242	\$ 186,871
6.5% note payable to bank in monthly installments of \$1,127 including interest, collateralized by real estate, maturing 2011	32,779	46,053
10.4% capital lease obligations for office equipment due \$322 monthly including interest, maturing 2013	<u>12,163</u>	<u>14,615</u>
TOTAL LONG-TERM DEBT	220,184	247,539
Less: current portion	<u>(26,885)</u>	<u>(24,789)</u>
TOTAL LONG-TERM DEBT - net	<u>\$ 193,299</u>	<u>\$ 222,750</u>

**BENILDE HALL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE D - LONG-TERM DEBT AND BANK LINE OF CREDIT - continued**

Maturities of long-term debt for each of the next 5 calendar years are as follows:

2010	\$	26,885
2011		186,877
2012		3,351
2013		3,071
Thereafter		<u>-</u>
<b>TOTAL MATURITIES</b>	<b>\$</b>	<b><u>220,184</u></b>

At December 31, 2009 and 2008, the bank line of credit consisted of the following:

	<u>2009</u>	<u>2008</u>
\$75,000 bank line of credit with interest due monthly at prime plus 1% (5.0% at December 31, 2008), collateralized by real estate, maturing 2011	<u>\$ 59,584</u>	<u>\$ 55,832</u>
Interest paid on all debt obligations during the year	<u>\$ 27,498</u>	<u>\$ 29,663</u>

**BENILDE HALL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE E - RESTRICTED NET ASSETS**

At December 31, 2009 and 2008, temporarily restricted net assets were available as follows:

	<u>2009</u>	<u>2008</u>
<b>Resident Room &amp; Board:</b>		
Housing Economic Development Financing Corporation \$100,000 Community Development Block Grant in the form of an interest-free mortgage loan payable \$833 monthly, collateralized by real estate, maturing 2012; the donor releases its restrictions at the rate of \$833 monthly by forgiving monthly payments as they come due	\$ 21,667	\$ 31,667
Missouri Housing Trust Fund grants totaling \$300,000, collateralized by real estate, maturing 2011; the donor will completely release its restriction in 2011 if the Organization continues operating its resident room & board program	300,000	300,000
Federal Home Loan Bank of Des Moines \$300,000 grant, collateralized by real estate, maturing 2015; the donor will completely release its restriction in 2015 if the Organization continues operating its resident room & board program	300,000	300,000
United States Department of Housing and Urban Development (HUD) supporting housing grant agreement, the donor will begin releasing its restrictions at the rate of \$40,000 annually commencing 2016	400,000	400,000
Unexpended investment income from Uporsky Scholarship Endowment Fund restricted for scholarships to students attending the DeLaSalle Education Center	3,013	2,550
United Way \$18,044 grant for 2010 operations	18,044	-
Health Care Foundation of Greater Kansas City grants for on-site mental health services and medication adherence to men with co-occurring disorder, substance abuse and mental illness	65,698	-
<b>Resident Services:</b>		
Reach Foundation grant \$42,224 for Access to Health Care, including a contract with a nurse	6,984	29,900
Greater KC Community Foundation \$6,500 capacity-building grant	6,500	6,500
Heart of America Community AIDS Partnership \$11,355 grant to provide HIV prevention programming	5,678	-
<b>Capital Improvements:</b>		
Missouri Housing Development Commission \$5,000 grant for restroom renovations	-	2,319
William T. Kemper \$10,000 grant for dining area renovations	-	826
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<u><u>\$ 1,127,584</u></u>	<u><u>\$ 1,073,762</u></u>

**BENILDE HALL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE E** - RESTRICTED NET ASSETS - continued

At December 31, 2009 and 2008 the Organization held \$30,000 permanently restricted net assets in its Uporsky Scholarship Endowment Fund, the income of which is used to provide scholarships to students attending the DeLaSalle Education Center in Kansas City, Missouri.

**NOTE F** - DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization sponsors a qualified defined contribution retirement plan (the Plan) for the benefit of its employees. After one year of service with the Organization, the Organization matches 100% of the employee's contribution, up to 7% of compensation. Employees may make elective deferral contributions up to the maximum allowable contribution. Employer and employee contributions vest immediately. For the years ended December 31, 2009 and 2008, the Organization contributed \$7,568 and \$7,012, respectively, to the Plan.



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Benilde Hall  
Kansas City, Missouri

We have audited the financial statements of Benilde Hall as of and for the year ended December 31, 2009, and have issued our report thereon dated September 28, 2010. 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.

Compliance

As part of obtaining reasonable assurance about whether Benilde Hall's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Benilde Hall's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
MILLER HAVILAND KETTER PC, PA  
CERTIFIED PUBLIC ACCOUNTANTS

Westwood, Kansas  
September 28, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL**  
**OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Benilde Hall  
Kansas City, Missouri

Compliance

We have audited the compliance of Benilde Hall with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal program for the year ended December 31, 2009. Benilde Hall's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Benilde Hall's management. Our responsibility is to express an opinion on Benilde Hall's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Benilde Hall'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. Our audit does not provide a legal determination of Benilde Hall's compliance with those requirements.

In our opinion, Benilde Hall complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

### Internal Control Over Compliance

The management of Benilde Hall is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Benilde Hall's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**CERTIFIED PUBLIC ACCOUNTANTS**

Westwood, Kansas  
September 28, 2010

**BENILDE HALL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AS OF DECEMBER 31, 2009**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b><u>MAJOR PROGRAMS</u></b>			
Veterans Health Administration, Department of Veteran Affairs			
VA Homeless Providers Grant and Per Diem Program	64.024	N/A	\$ 183,451
HCHV Housing Contract for Seriously Mentally Ill Veterans	64.024	N/A	179,902
Department of Housing and Urban Development			
Pass-through programs from:			
<u>Housing and Economic Development Financing Corp.</u>			
Community Development Block Grant	14.218	B00-MC-29-0003	<u>21,667</u>
Total Programs Tested as Major			<u>385,020</u>
<b><u>NON-MAJOR PROGRAMS</u></b>			
Department of Housing and Urban Development			
Supportive Housing Program	14.235	N/A	51,341
Pass-through program from:			
<u>Community Planning and Development</u>			
Continuum of Care	14.235	MO01B404010	100,414
Emergency Shelter Grant	14.231	N/A	91,110
<u>SAVE, Inc.</u>	14.241	N/A	11,797
Department of Health and Human Services			
Pass-through program from:			
<u>State of Missouri - Department of Mental Health</u>			
Access to Recovery	93.275	N/A	<u>89,697</u>
Total non-major programs			<u>344,359</u>
Total major programs			<u>385,020</u>
Total expenditures of federal awards			<u>\$ 729,379</u>

**BENILDE HALL**  
**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A** - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Benilde Hall and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations.

**BENILDE HALL  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

**SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Benilde Hall.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Benilde Hall were disclosed during the audit.
4. One significant deficiency disclosed during the audit of internal control over major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133. The significant deficiency is not reported as a material weakness.
5. The auditors' report on compliance for the major federal award programs for Benilde Hall expresses an unqualified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for Benilde Hall are reported in this Schedule.
7. The programs tested as major programs included:

<u>Name of Grant</u>	<u>CFDA #</u>
VA Homeless Providers Grant and Per Diem Program	64.024
HCHV Housing Contract for Seriously Mentally Ill Veterans	64.024
Community Development Block Grant	14.218

8. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
9. Benilde Hall did not qualify as a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**BENILDE HALL  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

**PRIOR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**DEPARTMENT OF VETERAN AFFAIRS**

VA Homeless Providers Grant and Per Diem Program - CFDA 64.024

**2008 - 1** Grant Period Ended December 31, 2008

*Statement of Condition:* The Organization requested the daily cost reimbursement amount for veterans previously discharged.

*Criteria:* The veteran must reside in the shelter in order to receive the daily cost reimbursement amount.

*Effect of Condition:* The over billed cost reimbursements are questioned costs.

*Cause:* The Organization lacked internal control policies that provide for an independent recalculation and verification of all bed days reported on the monthly cost reimbursement requests.

*Population and Items Tested:*

		<u>Dollars</u>	<u>Questioned Costs</u>
Population Size	6,799 Bed Days	\$ 177,181.94	
Items Tested	560 Bed Days	14,593.60	
Items not in Compliance	11 Bed Days	286.66	\$ 286.66

The auditor then requested a listing of all discharged veterans in 2008. The auditor compared the discharge dates noted by the Organization's personnel against discharge dates on the monthly cost reimbursement requests. The auditor noted no other exceptions. The 11 bed days not in compliance that are noted above is considered an isolated instance.

*Auditors' Recommendation:* Bill only for actual bed days provided to eligible individuals. Appoint a responsible individual to independently review and recalculate monthly cost reimbursement requests prior to submission to the granting agency.

*Grantee Response:* Management will appoint a reviewer to independently review and recalculate the monthly reimbursement requests.