
BENILDE HALL

**INDEPENDENT AUDITOR'S REPORTS ON FINANCIAL
STATEMENTS, SUPPLEMENTARY INFORMATION
AND SCHEDULES**

For the Years Ended December 31, 2014 and 2013

Welch & Associates, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY, MISSOURI

BENILDE HALL

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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Welch & Associates, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Benilde Hall
(A Missouri Not-for-profit Organization)

Report on the Financial Statements

We have audited the accompanying financial statements of Benilde Hall (the Organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Benilde Hall as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on pages 15 to 16 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 23 is presented for purposes of additional analysis as required by Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations* and is also 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 audits 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 a report dated October 30, 2015, on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.



Welch & Associates, L.L.C.

Kansas City, Missouri

October 30, 2015

FINANCIAL STATEMENTS

BENILDE HALL
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 65,987	\$ 30,110
Accounts receivable, net	102,529	81,786
Prepaid expenses	15,774	13,053
TOTAL CURRENT ASSETS	184,290	124,949
Property and equipment, net	1,720,955	1,733,899
TOTAL ASSETS	\$ 1,905,245	\$ 1,858,848
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 78,476	\$ 37,243
Accrued interest	836	728
Payroll and related liabilities	2,710	10,515
Security deposit	3,056	3,056
Bank line of credit	75,000	25,001
Current portion of long-term debt	31,202	20,439
TOTAL CURRENT LIABILITIES	191,280	96,982
Long-term debt	185,746	119,118
Long-term debt, current	(31,202)	(20,439)
TOTAL LONG-TERM LIABILITIES	154,544	98,679
TOTAL LIABILITIES	345,824	195,661
NET ASSETS		
Unrestricted	859,421	948,463
Temporarily restricted	700,000	714,724
TOTAL NET ASSETS	1,559,421	1,663,187
TOTAL LIABILITIES AND NET ASSETS	\$ 1,905,245	\$ 1,858,848

See auditor's report and notes accompanying financial statements

BENILDE HALL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Totals
REVENUES AND SUPPORT			
Contributions:			
Organizations	\$ 105,763	\$ -	\$ 105,763
General public	24,796	-	24,796
United Way	25,558	-	25,558
Government grants	1,605,710	-	1,605,710
Program fees/rents	199,216	-	199,216
Investment income	5	-	5
Net Assets Released from Restrictions:			
Satisfaction of restrictions	14,724	(14,724)	-
TOTAL REVENUES AND SUPPORT	1,975,772	(14,724)	1,961,048
EXPENSES			
Program Services:			
Resident Room and Board	1,749,293	-	1,749,293
Supporting Services:			
Management and General	166,031	-	166,031
Fundraising	149,490	-	149,490
TOTAL EXPENSES	2,064,814	-	2,064,814
CHANGE IN NET ASSETS	(89,042)	(14,724)	(103,766)
NET ASSETS, B.O.Y.	948,463	714,724	1,663,187
NET ASSETS, E.O.Y.	\$ 859,421	\$ 700,000	\$ 1,559,421

See auditor's report and notes accompanying financial statements

BENILDE HALL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Totals
REVENUES AND SUPPORT			
Contributions:			
Organizations	\$ 134,266	\$ -	\$ 134,266
General public	15,609	-	15,609
United Way	11,432	14,724	26,156
Government grants	1,069,632	-	1,069,632
Program fees/rents	220,499	-	220,499
Investment income	5	-	5
Net Assets Released from Restrictions:			
Satisfaction of restrictions	19,377	(19,377)	-
TOTAL REVENUES AND SUPPORT	1,470,820	(4,653)	1,466,167
EXPENSES			
Program Services:			
Resident Room and Board	1,290,749	-	1,290,749
Supporting Services:			
Management and General	155,889	-	155,889
Fundraising	145,916	-	145,916
TOTAL EXPENSES	1,592,554	-	1,592,554
CHANGE IN NET ASSETS	(121,734)	(4,653)	(126,387)
NET ASSETS, B.O.Y.	1,070,197	719,377	1,789,574
NET ASSETS, E.O.Y.	\$ 948,463	\$ 714,724	\$ 1,663,187

See auditor's report and notes accompanying financial statements

BENILDE HALL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (103,766)	\$ (126,387)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	127,248	123,693
(Increase)/Decrease in Operating Assets:		
Accounts receivable	(20,743)	(8,084)
Prepaid expenses	(2,721)	4,497
Increase/(Decrease) in Operating Liabilities:		
Accounts payable	41,233	4,295
Accrued interest	108	(214)
Payroll and related liabilities	(7,805)	(1,825)
Funds held for others	-	(30,000)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	33,554	(34,025)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in investments	-	30,000
Purchases of long-term assets	(114,304)	(12,805)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(114,304)	17,195
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in long-term debt	66,628	(18,686)
Increase (Decrease) in bank line of credit	49,999	(17,503)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	116,627	(36,189)
NET INCREASE (DECREASE) IN CASH	35,877	(53,019)
CASH - BEGINNING OF YEAR	30,110	83,129
CASH - END OF YEAR	\$ 65,987	\$ 30,110
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for :		
Interest	\$ 18,713	\$ 15,180
Taxes	\$ -	\$ -

See auditor's report and notes accompanying financial statements

**BENILDE HALL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1: ORGANIZATION AND NATURE OF ACTIVITIES

Benilde Hall (the Organization) is a nonprofit organization incorporated in the state of Missouri. The Organization's mission is to promote balanced and responsible independent living by preventing the relapse of chemically dependent homeless persons through housing and substance abuse treatment so they can work and live without the havoc and chaos caused by addiction and homelessness. The Organization's primary sources of revenue are from Department of Veterans Affairs, Department of Housing and Urban Development, State of Missouri, local government grants and donations from other sources.

DESCRIPTION OF PROGRAMS

The Organization operates the following program:

Resident Room and Board

This program provides transitional living, treatment, and a spiritual center for individuals with alcohol and drug addiction issues.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Organization considers cash, checking, saving, and money market bank accounts as cash and cash equivalents.

Promises to Give

Contributions and pledges are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Accounts Receivable

Accounts receivable consist primarily of amounts due from the Department of Veterans Affairs and other government programs as reimbursements or payment for services and contribution from United Way. Accounts receivable are carried at the contract amount less an estimate made for doubtful receivables based on a review of all outstanding accounts on an annual basis. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as revenue when received.

BENILDE HALL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Fair Value Measurement

The carrying amounts of assets and liabilities, except for long-term debts and property and equipment, are reported on the balance sheet at their approximate fair values. The long term debts are secured by the real property which makes it impracticable to estimate the fair value of long term debts. The long term debts are reported at their original value less the total payments made as of the balance sheet date. The measurement of reported value of property and equipment is discussed below in property and equipment note.

Property and Equipment

Purchased property and equipment are recorded at cost. Major improvements and purchases over \$1,000 are capitalized, and maintenance and repairs that do not improve or extend the life of the respective assets are expensed. Donated property and equipment are recorded at their market value at the time of donation. If donors stipulate how long the asset must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Management believes long lived assets are not impaired as long as it continues to receive significant assistance from government agencies (see Note 6).

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives of the assets are as follows:

Building and improvements	7-27.5 Years
Furniture and equipment	5-7 Years
Vehicles	5 Years

Restricted Contributions

The Organization follows the Financial Accounting Standards Board Accounting Standards Codification (ASC) related to *Accounting for Contributions Received and Contributions Made*. In accordance with this topic, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Amounts received which are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted and provides information regarding the amount of support which has satisfied the restricted requirements.

Government Grants and Contracts

Revenue from grants is recognized as the Organization performs the contracted services or incurs expenses eligible for reimbursements under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

BENILDE HALL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Basis of Presentation

Financial statement presentation follows the recommendations of the ASC on *Financial Statements of Not-for-Profit Organizations*. Under this rule, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted

Unrestricted net assets include all net assets which are neither temporarily nor permanently restricted.

Temporarily Restricted

Temporarily restricted net assets include contributed net assets for which donor-imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

Permanently Restricted

Permanently restricted net assets include contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Functional Allocation of Expenses

The indirect functional costs of providing the program and activities of the Organization have been allocated to the program. Program expenses include the direct costs of and the indirect cost allocated to such program.

Income Taxes

The Organization has been designated as tax-exempt organization pursuant to Internal Revenue Code (IRC) Section 501(c)(3). Further, the Organization has been determined not to be private foundation per IRC Section 509(a). Accordingly, no provision for income tax expense or excise tax expense has been made.

Uncertain Tax Positions

The Organization accounts for uncertain tax positions in accordance with the provisions of FASB Codification Topic 740, Income Taxes. Topic 740 clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. Under Topic 740, the Organization is required to report information regarding its exposure to various tax positions taken by the Organization.

As of December 31, 2014 and 2013, management believes the Organization's tax status to be that of a not-for-profit entity and; therefore, has made the decision to classify the Organization as tax exempt. Management has reviewed all sources of revenue and does not believe the Organization to be subject to income tax on unrelated business income. The Organization did not record any interest or penalties in the statements of operation or statements of financial position as of and during the years ended December 31, 2014 and 2013. Tax returns filed for the years ended December 31, 2011 through 2013 remain subject to examination by the Internal Revenue Service.

BENILDE HALL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 30, 2015, the date the financial statements were available to be issued.

NOTE 3: BANK LINE OF CREDIT

During the years ended December 31, 2014 and 2013, the Organization had a line of credit with a bank with a maximum borrowing limit of \$75,000. The maximum borrowing limit was increased to \$150,000 on March 27, 2015. Interest on the line of credit is payable monthly at 5%. The maturity date was April 2, 2015 that was extended to March 27, 2016. The outstanding balance at December 31, 2014 and 2013 was \$75,000 and \$25,001, respectively. The line of credit is collateralized by real estate.

NOTE 4: PROPERTY AND EQUIPMENT

The major classes of property and equipment for year ended December 31, 2014 are as follows:

	<u>Jan. 1, 2014</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Dec. 31, 2014</u>
Land	\$ 18,608	\$ 6,500	\$ 0	\$ 25,108
Building – Matt Talbot	1,163,862	0	0	1,163,862
Furniture – Matt Talbot	35,346	1,394	0	36,740
Building and improvements	1,484,738	58,500	0	1,543,238
Furniture and equipment	232,814	15,706	0	248,520
Vehicles	<u>64,827</u>	<u>32,204</u>	<u>0</u>	<u>97,031</u>
	3,000,195	114,304	0	3,114,499
Accumulated depreciation	<u>(1,266,296)</u>	(127,248)	0	<u>(1,393,544)</u>
	<u>\$ 1,733,899</u>			<u>\$ 1,720,955</u>

Cost of property subject to capital lease at December 31, 2014 is \$15,909.

The major classes of property and equipment for year ended December 31, 2013 are as follows:

	<u>Jan. 1, 2013</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Dec. 31, 2013</u>
Land	\$ 18,608	\$ 0	\$ 0	\$ 18,608
Building – Matt Talbot	1,163,862	0	0	1,163,862
Furniture – Matt Talbot	35,346	0	0	35,346
Building and improvements	1,474,819	9,919	0	1,484,738
Furniture and equipment	229,928	2,886	0	232,814
Vehicles	<u>64,827</u>	<u>0</u>	<u>0</u>	<u>64,827</u>
	2,987,390	12,805	0	3,000,195
Accumulated depreciation	<u>(1,142,603)</u>	(123,693)	0	<u>(1,266,296)</u>
	<u>\$ 1,844,787</u>			<u>\$ 1,733,899</u>

Cost of property subject to capital lease at December 31, 2013 is \$15,909.

BENILDE HALL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 5: LONG-TERM DEBT

The long term debt of the Organization is comprised of the following notes and loans:

Note payable to a bank, payable in monthly installments of \$2,158 including interest at 6.5% with a balloon payment due April 7, 2011, collateralized by real estate. The bank has extended the maturity to April 7, 2016 through a note signed on April 26, 2011.	\$ 91,620
Note payable to a bank, payable in monthly installments of \$311 starting June 30, 2014, including interest at 5% with a balloon payment due May 31, 2019, collateralized by real estate and related leases and rents assignment.	38,177
Note payable to a bank, payable in monthly installments of \$107 starting June 27, 2014, including interest at 6% with maturity date of May 27, 2017, collateralized by the vehicle.	2,868
Note payable to Sital Homes, LLC, payable in monthly installments of \$204 starting July 23, 2014, including interest at 5% with a balloon payment due June 23, 2019, collateralized by real estate.	25,215
Note payable to Ford Credit, payable in monthly installments of \$622 starting June 23, 2014, including interest at 10.24% with maturity date of May 23, 2018, collateralized by the vehicle.	22,064
Real estate assessment payable to City of Kansas City, Missouri in five annual installments.	5,802
	185,746
Less current maturities	31,202
	\$ 154,544

Approximate principal payments in each of the next five years are as follows:

Period Ending December 31,	Amount
2015	31,202
2016	86,273
2017	11,888
2018	7,642
2019	51,200

**BENILDE HALL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 6: MAJOR CUSTOMERS

The Organization received a major portion of its total revenues from governmental agencies for the years ended December 31, 2014 and 2013. If a significant reduction in the level of support were to occur, it could have an adverse effect on the Organization's programs and services.

NOTE 7: ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Accounts receivable	\$ 132,248	\$ 86,014
Employee loans	<u>6,357</u>	<u>4,137</u>
Total accounts receivable	138,605	90,151
Less: Allowance for doubtful accounts	<u>36,076</u>	<u>8,365</u>
Net accounts receivable	<u>\$ 102,529</u>	<u>\$ 81,786</u>

NOTE 8: RESTRICTED NET ASSETS

At December 31, temporarily restricted net assets were:

	<u>2014</u>	<u>2013</u>
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
United Way grant	0	14,724
Total temporarily restricted net assets	<u>\$ 700,000</u>	<u>\$ 714,724</u>

NOTE 9: EMPLOYEE BENEFIT PLAN

The Organization sponsors a qualified defined contribution retirement plan (the Plan) for the benefit of two of its employees. After one year of service with the Organization, the Organization matches 100% of the employee's contribution, up to 4% of employee's 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, 2014 and 2013, the Organization contributed \$5,856 and \$4,981 to the Plan, respectively.

SUPPLEMENTARY INFORMATION

BENILDE HALL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

EXPENSES	<u>Resident Room and Board</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries & wages	\$ 707,590	\$ 75,000	\$ 85,000	\$ 867,590
Payroll Taxes	68,151	7,572	8,414	84,137
Workers compensation	15,431	1,715	1,905	19,050
Employee benefits	64,661	7,185	7,983	79,828
Professional fees	357,317	-	-	357,317
Contract labor	-	6,842	-	6,842
Food	139,885	-	-	139,885
Supplies	35,744	4,204	4,204	44,152
Telephone and postage	6,409	6,409	6,409	19,227
Utilities	66,560	3,698	3,698	73,956
Insurance	32,511	1,806	1,806	36,123
Building maintenance	18,980	1,055	1,055	21,090
Minor equipments	6,203	547	547	7,297
Equipment repairs	26,593	1,477	1,477	29,547
Audit & accounting	-	15,138	-	15,138
Computer software support	-	6,081	-	6,081
Bank charges	-	2,424	-	2,424
Travel and transportation	17,723	2,953	2,953	23,629
Licenses and permits	2,048	-	-	2,048
Fund raising	-	-	9,986	9,986
Conferences and meetings	8,514	1,418	1,418	11,350
Benilde services expense	26,463	-	-	26,463
Interest expense	6,275	6,273	6,273	18,821
Depreciation	114,524	6,362	6,362	127,248
Legal	-	7,873	-	7,873
Bad debts	27,712	-	-	27,712
TOTAL EXPENSES	\$ 1,749,293	\$ 166,031	\$ 149,490	\$ 2,064,814

See auditor's report and notes accompanying financial statements

BENILDE HALL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

EXPENSES	<u>Resident Room and Board</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries & wages	\$ 506,815	\$ 72,200	\$ 83,800	\$ 662,815
Payroll Taxes	47,053	6,810	8,049	61,912
Workers compensation	9,421	1,364	1,611	12,396
Employee benefits	58,821	8,514	10,061	77,396
Professional fees	180,482	-	-	180,482
Contract labor	-	10,310	-	10,310
Food	116,792	-	-	116,792
Supplies	50,016	4,489	4,489	58,994
Telephone and postage	5,448	5,448	5,448	16,344
Utilities	66,820	3,712	3,712	74,244
Insurance	26,756	1,486	1,486	29,728
Building maintenance	12,336	685	685	13,706
Minor equipments	5,521	487	487	6,495
Equipment repairs	23,043	1,280	1,280	25,603
Audit & accounting	-	17,138	-	17,138
Computer software support	-	3,965	-	3,965
Bank charges	-	1,979	-	1,979
Travel and transportation	17,180	2,864	2,864	22,908
Licenses and permits	2,383	-	-	2,383
Fundraising	-	-	8,786	8,786
Conferences and meetings	7,217	1,203	1,203	9,623
Benilde services expense	37,549	-	-	37,549
Interest expense	5,304	5,302	5,302	15,908
Miscellaneous	469	468	468	1,405
Depreciation	111,323	6,185	6,185	123,693
TOTAL EXPENSES	<u>\$ 1,290,749</u>	<u>\$ 155,889</u>	<u>\$ 145,916</u>	<u>\$ 1,592,554</u>

See auditor's report and notes accompanying financial statements

OTHER REPORTS AND SCHEDULES

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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
Benilde Hall
(A Missouri Not-for-profit Organization)

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 financial statements of Benilde Hall (the Organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2015.

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 opinion 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 Organization'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 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 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 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items *Finding 2014-01*.

Auditee's Response to Finding

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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.

A handwritten signature in blue ink that reads "Welch & Associates, L.L.C.".

Welch & Associates, L.L.C.

Kansas City, Missouri

October 30, 2015

Welch & Associates, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Benilde Hall
(A Missouri Not-for-profit Organization)

Report on Compliance for Each Major Federal Program

We have audited Benilde Hall (the Organization) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2014. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the 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 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 the 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.

Basis for Qualified Opinion on Major Federal Program

As described in the accompanying schedule of findings and questioned costs, the Organization did not comply with requirements related to sub-recipient monitoring. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to that program.

Qualified Opinion on Major Federal Program

In our opinion, except for the noncompliance described in the basis for Qualified Opinion paragraph, Benilde Hall 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 December 31, 2014.

Auditee's Response to Finding

The Organization's response to noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as *Finding 2014-01* to be a material weakness. A significant deficiency in internal control over compliance is a deficiency, or 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 the attention by those charged with governance.

The Organization's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Welch & Associates, L.L.C." in a cursive script.

Welch & Associates, L.L.C.
Kansas City, Missouri
October 30, 2015

BENILDE HALL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor / Pass Through Grantor / Program Title	CFDA Number	Expenditures
<u>Department of Veteran Affairs</u>		
VA Homeless Providers Grant and Per Diem Program	64.024	\$ 356,133
HCHV Emergency Housing Program for Homeless Veterans	64.024	153,600
Safe Haven Model Homeless Services for Veterans	64.024	217,260
<u>Department of Housing and Urban Development</u>		
Supportive Housing Program	14.267	72,499
Passed through Housing and Economic Development Finance Corporation Community Development Block Grant	14.218	32,914
Passed through Community Planning and Development Continuum of Care	14.267	127,865
Emergency Shelter Grant	14.231	56,693
Passed through City of Kansas City, Missouri Continuum of Care	14.267	284,699
Passed through Save, Inc. Housing Opportunities for Persons with AIDS	14.241	3,592
<u>Department of Health and Human Services</u>		
Passed through Department of Mental Health, State of Missouri Access to Recovery	93.275	<u>6,076</u>
Total Federal Awards		<u>\$ 1,311,331</u>

This schedule 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. Therefore, some amounts in this schedule may be different than amounts presented in, or used in the preparation of the basic financial statements.

See auditor's report and notes accompanying financial statements

BENILDE HALL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

SUMMARY OF AUDIT FINDINGS

1. The auditor's report expresses an unqualified opinion on the financial statements of Benilde Hall.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were identified during the audit.
4. Material weakness was identified during the audit of the major federal awards programs.
5. The auditor's report on compliance for the major federal awards programs expresses a qualified opinion.
6. Audit finding relative to the major federal award programs was disclosed.
7. The programs tested as major programs were: *VA Homeless Providers Grant and Per Diem Program (CFDA # 64.024) and Continuum of Care Program (CFDA # 14.267)*.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Benilde Hall did not qualify as a low-risk auditee.

**BENILDE HALL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Finding Reference Number

2014-01

Type of Finding:

Federal Award Finding - *Continuum of Care Program (CFDA # 14.267)*

Criteria:

The OMB *Circular A-133 Compliance Supplement* requires that the Organization should monitor and review the activities of sub-recipient to verify compliance with the requirements of the grant program.

Statement of Condition:

During the audit of the Organization's fiscal year ended December 31, 2014 financial statements, we noted that the Organization lacks the process to monitor the activities of sub-recipient for the Continuum of Care Program (CFDA 14.267).

Questioned Costs:

None

Context:

The sub-recipient of Continuum of Care Program (CFDA 14.267) is responsible to maintain compliance with the grant program. The Organization is required to monitor and review the activities of the sub-recipient to verify compliance with the grant program.

Effect of Condition:

The Organization was not in compliance with the requirement related to the monitoring and reviewing the activities of sub-recipient.

Cause of Condition:

Management was issuing the payments for the clients identified by the sub-recipient. Management was not monitoring and reviewing the related information related to the clients identified by the sub-recipient to verify compliance with the grant program.

Recommendation:

Management should establish a process to monitor and review the activities of sub-recipient on a regular basis. The review of the activities of the sub-recipient should be properly documented and signed off by management.

Management's Response:

Management agreed with our recommendation and will establish a process to monitor the activities of the sub-recipient.

**BENILDE HALL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

None