

RESTORATION HOUSE OF
GREATER KANSAS CITY d/b/a
REHOPE

Financial Statements
With Independent Accountants' Compilation
Report

December 31, 2022

**RESTORATION HOUSE OF GREATER
KANSAS CITY d/b/a REHOPE**

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Restoration House of Greater
Kansas City d/b/a ReHope
Greenwood, Missouri

Management is responsible for the accompanying financial statements of Restoration House of Greater Kansas City d/b/a ReHope (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

As discussed in Note 9, certain amounts in the financial statements for the year ended December 31, 2021, were restated.

A handwritten signature in cursive script that reads "Capin Crouse LLP".

Naperville, IL
March 19, 2024

**RESTORATION HOUSE OF GREATER
KANSAS CITY d/b/a REHOPE**

Statement of Financial Position

December 31, 2022

ASSETS:

Cash	\$ 69,871
Restricted cash	1,101,939
Investments restricted for capital projects	1,011,180
Contributions receivable	73,520
Prepaid expenses and other assets	20,825
Property and equipment-net	<u>2,125,732</u>

Total Assets \$ 4,403,067

LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable and accrued expenses	\$ 100,168
Deferred revenue	5,952
Notes payable	<u>122,730</u>
Total liabilities	<u>228,850</u>

Net assets:

Without donor restrictions	1,987,578
With donor restrictions	<u>2,186,639</u>
Total net assets	<u>4,174,217</u>

Total Liabilities and Net Assets \$ 4,403,067

See independent accountants' compilation report and notes to financial statements

**RESTORATION HOUSE OF GREATER
KANSAS CITY d/b/a REHOPE**

Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:			
Contributions	\$ 756,136	\$ 2,395,878	\$ 3,152,014
Special events			
Special event revenue	319,546	-	319,546
Less: costs of direct benefits to donors	(94,043)	-	(94,043)
	225,503	-	225,503
ReHope sales			
Merchandise sales, net	142,673	-	142,673
Cost of goods sold	(67,205)	-	(67,205)
	75,468	-	75,468
Loss on disposal of property and equipment	(21,693)	-	(21,693)
Investment income	11,432	-	11,432
Other revenue	930	10,202	11,132
Net assets released from restrictions	320,396	(320,396)	-
Total Support and Revenue	1,368,172	2,085,684	3,453,856
EXPENSES:			
Program services	849,835	-	849,835
General and administrative	267,850	-	267,850
Fundraising	76,847	-	76,847
Total Expenses	1,194,532	-	1,194,532
Change in Net Assets	173,640	2,085,684	2,259,324
Net Assets, Beginning of Year	1,357,872	557,021	1,914,893
Prior Period Reclassification (Note 9)	456,066	(456,066)	-
Net Assets, Beginning of Year (as restated)	1,813,938	100,955	1,914,893
Net Assets, End of Year	\$ 1,987,578	\$ 2,186,639	\$ 4,174,217

See independent accountants' compilation report and notes to financial statements

**RESTORATION HOUSE OF GREATER
KANSAS CITY d/b/a REHOPE**

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 361,658	\$ 88,868	\$ 12,065	\$ 462,591
Survivor occupancy	152,493	-	-	152,493
Professional services	116,643	127,885	24,315	268,843
Depreciation	86,094	3,573	-	89,667
Office expenses	21,563	27,326	39,202	88,091
Occupancy	53,282	10,871	-	64,153
Conference registrations and travel	26,485	1,573	-	28,058
Insurance	15,732	7,649	-	23,381
Advertising and promotion	15,885	105	1,265	17,255
	<u>\$ 849,835</u>	<u>\$ 267,850</u>	<u>\$ 76,847</u>	<u>\$ 1,194,532</u>

See independent accountants' compilation report and notes to financial statements

**RESTORATION HOUSE OF GREATER
KANSAS CITY d/b/a REHOPE**

Statement of Cash Flows

Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 2,259,324
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	89,667
Loss on disposal of property and equipment	21,693
Realized/unrealized gain on investments	35
Contributions restricted for capital projects	(2,331,209)
Changes in operating assets and liabilities:	
Accounts receivable	(43,520)
Prepaid expenses and other assets	(18,094)
Accounts payable and accrued expenses	(425)
Deferred revenue	(14,926)
Net Cash Used by Operating Activities	<u>(37,455)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of investments	37,670
Proceeds from sale of property	(494,829)
Purchases of investments	(1,015,807)
Net Cash Used by Investing Activities	<u>(1,472,966)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on notes payable	(85,478)
Contributions restricted for capital projects	2,331,209
Net Cash Provided by Financing Activities	<u>2,245,731</u>

Net Change in Cash and Restricted Cash	735,310
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Cash and Restricted Cash, Beginning of Year	<u>436,500</u>
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Cash and Restricted Cash, End of Year	<u><u>\$ 1,171,810</u></u>
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SUPPLEMENTAL DISCLOSURES:

Cash paid for interest	<u><u>\$ 5,762</u></u>
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See independent accountants' compilation report and notes to financial statements

RESTORATION HOUSE OF GREATER KANSAS CITY d/b/a REHOPE

Notes to Financial Statements

December 31, 2022

1. NATURE OF ORGANIZATION:

Restoration House of Greater Kansas City d/b/a ReHope (the Organization) is a faith-based, long-term, residential program for survivors of sex trafficking. The Organization's holistic restoration program focuses on healing survivors from the indignities they have suffered by providing physical needs, trauma and addiction therapy, as well as education and job skill training. The Organization is primarily supported by donors, which reside primarily in the greater Kansas City metropolitan area.

The Organization operates as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), and is not a private foundation under Section 509(a) of the Code. Contributions to the Organization are tax deductible within the limitations prescribed by the Code.

2. SUMMARY OF ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements are prepared on the accrual basis of accounting. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant accounting policies followed are described below.

CASH AND RESTRICTED CASH

Cash and restricted cash consist of checking and saving accounts. Cash is restricted for future capital projects. These accounts, at times, may exceed federally insured limits. At December 31, 2022, the Organization had \$755,182 in excess of federally insured limits.

Cash	\$ 69,871
Restricted cash	<u>1,101,939</u>
Total cash and restricted cash	<u>\$ 1,171,810</u>

INVESTMENTS

Investments consist of marketable securities and are reported at fair market value using quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy. The Organization reports investment income and gains and losses on investments as increases or decreases in net assets without donor restrictions, unless a donor or law restricts their use.

CONTRIBUTIONS RECEIVABLE

Unconditional promises to give in future periods are recognized as support in the period the promises are received. Promises to give that are expected to be collected within one year are recorded at their net realizable value.

RESTORATION HOUSE OF GREATER KANSAS CITY d/b/a REHOPE

Notes to Financial Statements

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT - NET

The Organization capitalizes all expenditures for property and equipment over \$1,500. Property and equipment are stated at cost at the date of acquisition. Depreciation is provided using the straight line method over the estimated useful lives of the assets, which range from 5 to 35 years. Repairs and maintenance are charged to expenses as incurred. The Organization received donated property in the amount of \$456,066 from another organization (the Association) in 2019. The Organization holds an agreement with the Association, that if the Organization ceases to use the property for any reason, the property will be donated back to the Association.

NET ASSETS

The financial statements report amounts separately by class of net assets.

Net assets without donor restrictions are currently available for general use in operations and not subject to donor or certain grantor restrictions. They also include any designation by the governing board.

Net assets with donor restrictions are stipulated by donors or grantors for specific operating purposes or programs, with time restrictions, for the acquisition of property and equipment, or not currently available for use until commitments regarding their use have been fulfilled.

SUPPORT, REVENUE, AND RECLASSIFICATIONS

Contributions are recognized when made, which may be when cash is received, unconditional promises to give are made or ownership of other assets are transferred. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities, as net assets released from restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Conditional promises to give received prior to meeting those conditions are included in deferred revenue in the statement of financial position.

Special event revenue is comprised of an exchange element based on the benefits received and a contribution element for the difference. As sponsorships do not include an explicit waiver of sponsors' rights to refunds if an event were not to take place, the exchange and contribution elements are both recognized when the underlying special events are held. Payments are required at the time of commitment.

**RESTORATION HOUSE OF GREATER
KANSAS CITY d/b/a REHOPE**

Notes to Financial Statements

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities. The expenses allocated include salaries and benefits, occupancy related costs, materials and supplies, and client assistance. These allocations are based on estimates of time spent.

3. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, consist of the following at December 31, 2022:

Land	\$ 211,073
Building and building improvements	1,783,950
Furniture and equipment	25,228
Vehicles	6,800
Website	10,000
Intangible assets	50,000
	<hr/> 2,087,051
Less accumulated depreciation	(204,645)
	<hr/> 1,882,406
Construction in process	243,326
	<hr/> <hr/> \$ 2,125,732

**RESTORATION HOUSE OF GREATER
KANSAS CITY d/b/a REHOPE**

Notes to Financial Statements

December 31, 2022

4. FAIR VALUE MEASUREMENTS:

The Organization follows accounting standards which establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under accounting standards are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level of input that is significant to the fair value measurement in its entirety. Fair values of assets measured on a recurring basis as of December 31, 2022, are as follows:

	Total	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 1,011,180	\$ 1,011,180	\$ -	\$ -
Total investments	\$ 1,011,180	\$ 1,011,180	\$ -	\$ -

5. NOTE PAYABLE:

In April 2018, the Organization obtained a mortgage that was secured by real property located in Missouri. The note requires 59 monthly payments of \$963 with a balloon payment of \$122,616 at the end. The note has an interest rate of 4.95%. The outstanding balance was \$122,730 at December 31, 2022. The note matures in 2023.

**RESTORATION HOUSE OF GREATER
KANSAS CITY d/b/a REHOPE**

Notes to Financial Statements

December 31, 2022

6. NET ASSETS:

Net assets as of December 31, 2022, consist of the following:

Net assets without donor restrictions:	\$ 1,987,578
Net assets with donor restrictions:	
Renovations and repairs	2,113,119
Promises to give for the Sky's the Limit Campaign	73,520
	2,186,639
	\$ 4,174,217

7. CONCENTRATION:

During the year ended December 31, 2022, one donor contributed 63% of the Organization's contributions.

8. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, if they have contractual or donor-imposed restrictions, or because the governing board has set aside the funds for specific contingency reserves and projects within one year of the statement of financial position date.

Financial assets:

Cash	\$ 69,871
Restricted cash	1,101,939
Investments restricted for capital projects	1,011,180
Contributions receivable	73,520
Financial assets, at year-end	2,256,510

Less those unavailable for general expenditures within one year:

Net assets restricted for capital projects	(2,113,119)
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Financial assets available to meet cash needs for general expenditures within one year	\$ 143,391
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The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of the Organization's liquidity management, it has established guidelines for making decisions related to managing short term cash reserves in a prudent matter.

**RESTORATION HOUSE OF GREATER
KANSAS CITY d/b/a REHOPE**

Notes to Financial Statements

December 31, 2022

9. PRIOR PERIOD RECLASSIFICATION:

The previously issued financial statements for the year ended December 31, 2021, have been restated to properly reflect net asset classifications due to misclassification of prior donated property. The change did not effect total ending net assets for the year ended December 31, 2021. The effects of this reclassification are as follows:

	As Previously Stated	Prior Period Restatement	As restated
Adjustment to December 31, 2021			
Statement of activities:			
Net Assets, Beginning of Year			
Without donor restrictions	\$ 1,357,872	\$ 456,066	\$ 1,813,938
Net Assets, Beginning of Year			
With donor restrictions	\$ 557,021	\$ (456,066)	\$ 100,955

10 SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 19, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.