

THE LORD'S PLACE, INC.

REPORT ON AUDITS OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

THE LORD'S PLACE, INC.

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Independent Auditors' Report

To the Board of Directors
The Lord's Place, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of The Lord's Place, Inc. (a non-profit organization) (the Agency) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lord's Place, Inc. as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit of the 2017 financial statements was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 2017 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2017, on our consideration of the Agency'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 Agency's internal control over financial reporting and compliance.



West Palm Beach, Florida
October 4, 2017

THE LORD'S PLACE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,915,950	\$ 981,632
Investments	2,098,027	3,011,315
Grants and other receivables, net	420,650	669,289
Contributions receivable, current portion	931,461	1,147,410
Prepaid expenses and other current assets	87,254	81,880
Total current assets	5,453,342	5,891,526
Contributions receivable, net of current portion	102,036	346,524
Property and equipment, net	6,913,933	5,764,194
Other assets	17,259	15,809
Total assets	\$ 12,486,570	\$ 12,018,053
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 101,714	\$ 83,582
Accrued expenses	298,206	211,300
Current portion of long-term debt	74,552	55,560
Client deposits	66,095	135,525
Total current liabilities	540,567	485,967
Long-term debt, net of current portion	686,841	567,455
Total liabilities	1,227,408	1,053,422
Net assets:		
Unrestricted	8,509,185	7,202,286
Temporarily restricted	2,174,870	3,187,238
Permanently restricted	575,107	575,107
Total net assets	11,259,162	10,964,631
Total liabilities and net assets	\$ 12,486,570	\$ 12,018,053

See accompanying notes to financial statements.

THE LORD'S PLACE, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2017 and 2016

	Year Ended June 30, 2017			Year Ended June 30, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Government grants and contracts	\$ 2,191,661	\$ -	\$ -	\$ 2,191,661	\$ 2,053,536	\$ -	\$ -	\$ 2,053,536
Contributions	1,338,425	1,899,863	-	3,238,288	1,574,941	1,708,320	-	3,283,261
United Way	403,167	-	-	403,167	391,167	-	-	391,167
Special events income	790,598	-	-	790,598	513,691	-	-	513,691
Social enterprises	998,380	-	-	998,380	1,022,675	-	-	1,022,675
Residence fees	105,767	-	-	105,767	82,699	-	-	82,699
Other	5,339	-	-	5,339	3,061	-	-	3,061
Net investment income (loss)	63,068	47,436	-	110,504	24,651	(15,270)	-	9,381
Contributed services and materials	249,984	-	-	249,984	168,394	-	-	168,394
Net assets released from restrictions	1,661,542	(1,661,542)	-	-	713,199	(713,199)	-	-
Total support and revenue	7,807,931	285,757	-	8,093,688	6,548,014	979,851	-	7,527,865
Expenses:								
Program services:								
Job training and employment	948,605	-	-	948,605	955,891	-	-	955,891
Community engagement	234,551	-	-	234,551	183,610	-	-	183,610
Re-entry	655,332	-	-	655,332	558,222	-	-	558,222
Housing	3,084,457	-	-	3,084,457	2,542,777	-	-	2,542,777
Clinical services	331,817	-	-	331,817	269,954	-	-	269,954
Social enterprises	1,616,638	-	-	1,616,638	1,596,611	-	-	1,596,611
Total program services	6,871,400	-	-	6,871,400	6,107,065	-	-	6,107,065
Supporting services:								
General and administrative	419,108	-	-	419,108	520,112	-	-	520,112
Fundraising	508,649	-	-	508,649	394,472	-	-	394,472
Total expenses	7,799,157	-	-	7,799,157	7,021,649	-	-	7,021,649
Increase (decrease) in net assets from operations	8,774	285,757	-	294,531	(473,635)	979,851	-	506,216
Net assets released from restrictions for property and equipment	1,298,125	(1,298,125)	-	-	480,380	(480,380)	-	-
Loss on disposal of property and equipment	-	-	-	-	(48,214)	-	-	(48,214)
Increase (decrease) in net assets	1,306,899	(1,012,368)	-	294,531	(41,469)	499,471	-	458,002
Net assets - beginning of year	7,202,286	3,187,238	575,107	10,964,631	7,243,755	2,687,767	575,107	10,506,629
Net assets - end of year	\$ 8,509,185	\$ 2,174,870	\$ 575,107	\$ 11,259,162	\$ 7,202,286	\$ 3,187,238	\$ 575,107	\$ 10,964,631

See accompanying notes to financial statements.

THE LORD'S PLACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2017

	Program Services					Supporting Services			
	Job Training and Employment	Community Engagement	Re-Entry	Housing	Clinical Services	Social Enterprises	General and Administrative	Fundraising	Total Expenses
Salaries and related costs	\$ 588,778	\$ 194,214	\$ 457,590	\$ 1,690,402	\$ 228,921	\$ 970,416	\$ 191,671	\$ 243,781	\$ 4,565,773
Childcare	-	-	-	5,951	-	-	-	-	5,951
Client services	9,683	4,605	131,750	332,095	4,678	7,983	9,960	71	500,825
Food and kitchen supplies	30,284	-	56	14,587	22	249,918	774	2,776	298,417
Mental health services	9,626	37	20	31,781	44,477	448	-	-	86,389
Stipends	78,710	-	-	-	-	-	-	-	78,710
Travel and transportation	10,780	5,461	18,136	80,994	6,313	39,357	17,284	4,896	183,221
Occupancy	55,511	10,594	9,921	552,161	11,788	129,211	48,947	68,770	886,903
Professional fees	196	27	110	1,714	39	1,164	38,802	102,313	144,365
Office expense	24,154	2,833	29,874	69,574	9,352	27,971	47,023	60,469	271,250
Interest	91	38	65	9,098	33	20,000	251	50	29,626
Other costs	11,991	3,900	3,917	50,272	1,658	96,001	50,110	23,365	241,214
In-kind services and products	94,858	234	1,148	93,003	22,185	35,833	2,725	-	249,986
Subtotal	914,662	221,943	652,587	2,931,632	329,466	1,578,302	407,547	506,491	7,542,630
Depreciation	33,943	12,608	2,745	152,825	2,351	38,336	11,561	2,158	256,527
Total expenses	<u>\$ 948,605</u>	<u>\$ 234,551</u>	<u>\$ 655,332</u>	<u>\$ 3,084,457</u>	<u>\$ 331,817</u>	<u>\$ 1,616,638</u>	<u>\$ 419,108</u>	<u>\$ 508,649</u>	<u>\$ 7,799,157</u>

See accompanying notes to financial statements.

THE LORD'S PLACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

	Program Services				Supporting Services				Total Expenses
	Job Training and Employment	Community Engagement	Re-Entry	Housing	Clinical Services	Social Enterprises	General and Administrative	Fundraising	
Salaries and related costs	\$ 598,221	\$ 149,387	\$ 435,958	\$ 1,391,015	\$ 128,280	\$ 989,419	\$ 298,166	\$ 189,464	\$ 4,179,910
Childcare	-	-	-	23,415	-	-	-	-	23,415
Client services	7,951	4,664	66,304	325,687	1,124	9,212	5,194	1,725	421,861
Food and kitchen supplies	54,996	-	-	12,633	88	237,895	2,086	3,288	310,986
Mental health services	12,338	29	6,016	1,384	121,028	291	276	31	141,393
Stipends	61,511	-	-	-	-	-	-	-	61,511
Travel and transportation	10,420	11,115	23,215	60,373	2,608	45,303	8,463	3,750	165,247
Occupancy	59,009	5,482	11,519	459,464	4,914	111,409	58,930	32,205	742,932
Professional fees	8,356	256	56	1,115	27	1,655	33,580	62,664	107,709
Office expense	24,912	4,135	8,339	49,710	8,384	31,441	47,262	47,286	221,469
Interest	49	179	30	8,542	14	20,886	39	21	29,760
Other costs	22,549	2,704	3,581	33,789	1,169	60,238	58,159	51,664	233,853
In-kind services and products	64,849	-	127	63,514	-	39,904	-	-	168,394
Subtotal	925,161	177,951	555,145	2,430,641	267,636	1,547,653	512,155	392,098	6,808,440
Depreciation	30,730	5,659	3,077	112,136	2,318	48,958	7,957	2,374	213,209
Total expenses	<u>\$ 955,891</u>	<u>\$ 183,610</u>	<u>\$ 558,222</u>	<u>\$ 2,542,777</u>	<u>\$ 269,954</u>	<u>\$ 1,596,611</u>	<u>\$ 520,112</u>	<u>\$ 394,472</u>	<u>\$ 7,021,649</u>

See accompanying notes to financial statements.

THE LORD'S PLACE, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase in net assets	\$ 294,531	\$ 458,002
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	256,527	213,209
Unrealized and realized (gain) loss on investments	(65,436)	77,160
Loss on disposal of property and equipment	-	48,214
(Increase) decrease in operating assets:		
Grants receivable	248,639	(180,290)
Contributions receivable	460,437	(327,540)
Prepaid expenses and other current assets	(6,824)	(35,584)
Increase (decrease) in operating liabilities:		
Accounts payable	18,132	47,579
Accrued expenses	86,906	53,623
Client deposits	(69,430)	26,562
Deferred revenue	<u>-</u>	<u>(81,167)</u>
Net cash provided by operating activities	<u>1,223,482</u>	<u>299,768</u>
Cash flows from investing activities:		
Proceeds from sale of investments, net	978,724	292,148
Proceeds from sales of equipment	-	1,400
Purchases of property and equipment	<u>(1,406,266)</u>	<u>(580,512)</u>
Net cash used in investing activities	<u>(427,542)</u>	<u>(286,964)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	484,761	30,241
Repayments of principal on long-term debt	<u>(346,383)</u>	<u>(71,127)</u>
Net cash provided by (used in) financing activities	<u>138,378</u>	<u>(40,886)</u>
Net increase (decrease) in cash and cash equivalents	934,318	(28,082)
Cash and cash equivalents, beginning of year	<u>981,632</u>	<u>1,009,714</u>
Cash and cash equivalents, end of year	<u>\$ 1,915,950</u>	<u>\$ 981,632</u>
Supplemental disclosures of cash flow information		
Interest paid	<u>\$ 29,626</u>	<u>\$ 30,249</u>

See accompanying notes to financial statements.

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

The Lord's Place, Inc. (The Lord's Place or Agency) is a non-sectarian organization dedicated to breaking the cycle of homelessness for the most vulnerable and neglected men, women and children in our community. Supportive services offered through our housing programs include case management, mental health and substance abuse care, budget and financial counseling, as well as services designed to enter and sustain employment, reconnect with family and participate in community life.

Housing

The Agency is capable of housing a total of 282 homeless men, women and children. The vast majority of those who exited the Housing Programs were launched into lives of independence and self-sufficiency. Housing is provided at the Agency's Men's Campus, Family Campus, Burckle Place and Burckle Place West (programs for single women), Halle Place, and apartments located throughout the community.

Job training & employment

Employment Services offer diverse programming (apprenticeships, training, education classes, job coaching) to help clients gain meaningful employment. Of the 200 men and women who participated in the Job Training & Education Programs in 2017, 100% successfully graduated from these programs.

Social enterprises

The mission of The Lord's Place Social Enterprise businesses is to create jobs for individuals with significant barriers to employment. Social Enterprise businesses offer an approach to employment that leverages the power of the public marketplace to provide real world job experiences for the employees. The Lord's Place operated two social enterprise businesses in 2017, The Lord's Place Thrift Store and The Café Joshua Catering Company. The two programs employed 58 formerly homeless men and women. The program's operating deficit is largely funded through various grant programs with various funders. In February 2016, the Joshua Landscaping business was closed.

Community engagement

Focusing on the chronically homeless in our community, the Lord's Place has developed a network of services to assist the most vulnerable citizens in our community have access to lifesaving health and income benefits. Utilizing the best practice SOAR (SSI/SSDI/Outreach, Access and Recovery) Program, The Lord's Place employs well trained benefit navigators who assist chronically homeless men, women and children quickly access their benefits.

In addition, The Lord's Place has been designated by the Social Security Administration as a Representative Payee Provider, allowing our organization the ability to offer indigent and/or incapacitated disabled participants financial management of their income benefits. Trained staff assists SOAR and Rep Payee Participants with budgeting their monthly income, ensuring that vital resources and service costs (housing and healthcare) are paid for each month, and monitoring participants spending. Collectively, the Agency serves an average of 185 chronically homeless individuals annually with our Benefits Navigation and Management Services.

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Re-entry

The Lord's Place works with local agencies and providers to address systemic reform for individuals being released from jail or prison. This program represents a cost-efficient approach to the problem of re-entry. Key areas of assistance include housing, physical and mental healthcare, as well as substance abuse recovery, employment, education, finances, rights restoration, and family reunification. With the support of our partner funders and providers, we were able to serve 154 individuals in this capacity.

Clinical services

Clients with untreated or mismanaged health concerns can display erratic, unpredictable behavior that can negatively impact relationships, making it difficult to maintain employment and, in severe cases, even result in arrests. Untreated physical and mental health needs are a leading cause for recidivism rates among this population, making it difficult to break the cycle of homelessness. Having dedicated medical and psychiatric personnel helps us meet the needs of mentally ill clients in a comprehensive and effective manner.

Clients who present with the greatest health barriers are assigned to a multidisciplinary team. The team meets regularly to review each client's progress and provide direction for our staff. As needed, clients have access to regular therapeutic interventions, screenings by a psychiatric nurse and meetings with case management staff. The Lord's Place served 107 individuals under this program.

A summary of the significant accounting policies used to prepare the accompanying financial statements follows:

Basis of presentation

The financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) FASB ASC Topic 958, *Not-for-Profit Entities*.

Unconditional promises to give (pledges) are recorded as contributions at fair value at the date the promises are received. It also requires the Agency to distinguish between promises received for each net asset category in accordance with donor restrictions, if any.

Net assets, revenue, gains and losses are classified as temporarily restricted, permanently restricted, or unrestricted based on the existence or absence, respectively, of donor-imposed or contractual restrictions. Accordingly, net assets of the Agency and changes therein are classified as follows:

Unrestricted net assets – Net assets available for the support of the Agency's operations. The unrestricted net assets may be used at the discretion of the Agency's management and the Board of Directors.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations to be maintained permanently by the Agency. Generally, the donors of these assets permit the Agency to use all or part of the earnings on related investments for general or specific purposes.

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Revenue recognition

The Agency receives various grants from federal, state, local, and private agencies for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenue from grants is deemed earned and recognized in the statements of activities when expenditures are made for the purposes specified.

The Agency is the recipient of cost reimbursement grant funds. The revenue is recognized as the specified costs described in the grant agreements are incurred. Amounts collected in advance of incurring specified costs are reflected as deferred revenue.

Cash and cash equivalents

Cash and cash equivalents include demand deposits, certificates of deposit, and money market accounts and other highly liquid investments with an original maturity of three months or less.

Contributed services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills that would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received.

Contributions and grants

Contributions and grants, including unconditional promises (pledges) to give, are recorded as support and revenue in the period the promise is received. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

The Agency reports gifts of cash and other assets 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, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Grants receivable are stated at the amount of the uncollected balances less any allowance for doubtful accounts. There was no allowance recorded for uncollectable amounts as of June 30, 2017 or 2016.

Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

Property and equipment

Property and equipment is stated at cost or, if donated, at the fair value at the date of donation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. These estimated useful lives are summarized in the following table:

Building and building improvements	20-40 years
Furniture and equipment	5-10 years
Transportation equipment	3-5 years

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Property and equipment, continued

When assets are retired or otherwise disposed of, the cost or donated value and related accumulated depreciation are removed from the statements of financial position and any resulting gain or loss is reflected in the statements of activities. Maintenance and repairs are charged to expense as incurred.

Deferred loan costs

Costs associated with the issuance of debt are capitalized and amortized using the effective interest method over the term of the debt. At June 30, 2017 and 2016, the net debt issuance costs included in other assets in the statements of financial position are \$5,138 and \$5,910, respectively.

Income taxes

The Agency was granted tax-exempt status under Internal Revenue Code Section (IRC) 501(c)(3). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Agency is required to operate in conformity with the provisions of the IRC to maintain its exempt status.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years ended June 30, 2017 and 2016. The Agency is no longer subject to income tax examinations for years prior to 2014.

Functional expenses

The Agency allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases as determined by management.

New accounting pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which is intended to increase transparency and comparability of accounting for lease transactions. The ASU will require all leases to be recognized on the balance sheet as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. Lessor accounting is largely unchanged. The new pronouncement is effective for years beginning after December 15, 2018, including interim periods within those years. The Lord's Place, Inc. is currently evaluating the effects the update will have on its financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958), *Presentation of Financial Statements for Not-for-Profit Entities*. ASU 2016-14 makes certain revisions that address many, but not all, of the identified issues about the current financial reporting for Not-for-Profit Entities. The ASU addresses the following key qualitative and quantitative matters:

- Net asset classes
- Expenses and related information
- Presentation of operating cash flows
- Liquidity and availability of resources

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

New accounting pronouncements, continued

The amendments in ASU 2016-14 are effective for financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments in this update are permitted. The amendments are applied on a retrospective basis in the year the update is first applied. In the period the update are first applied, the entity must disclose the nature of any reclassifications or restatements and their effects, if any, or changes in net assets for each period presented.

Reclassifications

Certain amounts appearing in the 2016 financial statements have been reclassified to conform with the 2017 presentation.

Note 2 – Investments

A summary of portfolio investments, by investment type, at June 30, 2017 and 2016 follows:

	2017	2016
Money market fund	\$ 1,448,067	\$ 159,993
Equity mutual funds	-	1,881,765
Exchange Traded Fund (ETF)	649,960	-
Fixed income mutual funds	-	969,557
	\$ 2,098,027	\$ 3,011,315

The following schedule summarizes the net investment return on portfolio investments for the years ended June 30, 2017 and 2016:

	June 30, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Interest and dividends	\$ 34,941	\$ 10,127	\$ -	\$ 45,068
Realized gains	65,881	59,154	-	125,035
Unrealized losses, net	(37,754)	(21,845)	-	(59,599)
Net investment return (loss)	\$ 63,068	\$ 47,436	\$ -	\$ 110,504
	June 30, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Interest and dividends	\$ 71,738	\$ 14,803	\$ -	\$ 86,541
Realized losses	(49,078)	(25,983)	-	(75,061)
Unrealized gains (losses), net	1,991	(4,090)	-	(2,099)
Net investment return (loss)	\$ 24,651	\$ (15,270)	\$ -	\$ 9,381

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 – Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurement*, establishes 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). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. As of June 30, 2017 and 2016, the Agency had no Level 2 or Level 3 assets or liabilities.

The Agency's Level 1 investments consist of money market funds and exchange traded funds with quoted values that are publicly traded on national exchanges.

Note 4 – Contributions Receivable

Contributions receivable consist of the following at June 30, 2017 and 2016:

	2017	2016
General operating pledges	\$ 13,461	\$ 61,160
Job training and employment	-	125,000
Homeless services	998,250	1,250,000
Tomorrow fund	25,000	75,000
Total unconditional promises to give	1,036,711	1,511,160
Less: unamortized discount	(3,214)	(17,226)
Net unconditional promises to give	\$ 1,033,497	\$ 1,493,934
Amounts due in:		
Less than one year	\$ 931,461	\$ 1,147,410
One to five years	105,250	363,750
	\$ 1,036,711	\$ 1,511,160

The Agency applies a discount rate as of June 30, 2017 and 2016 of 3.15% and 4%, respectively, to all pledges with terms in excess of one year. There was no allowance for doubtful accounts as of June 30, 2017 and 2016.

Note 5 – Property and Equipment

Property and equipment as of June 30, 2017 and 2016 consists of the following:

	2017	2016
Land	\$ 1,191,430	\$ 1,174,630
Building and building improvements	8,261,564	6,564,874
Furniture and equipment	295,834	212,510
Transportation equipment	357,531	295,674
	10,106,359	8,247,688
Less: accumulated depreciation	(3,204,536)	(2,948,008)
Operating property and equipment, net	6,901,823	5,299,680
Construction in progress	12,110	464,514
Property and equipment, net	\$ 6,913,933	\$ 5,764,194

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 5 – Property and Equipment, Continued

Depreciation totaled \$256,527 and \$213,209 for the years ended June 30, 2017 and 2016, respectively. Construction in progress consists primarily of construction projects for Burckle Place and Halle Place that the Agency plans to fund through fund-raising and operations.

Note 6 – Line of Credit

As of June 30, 2017, the Agency has an available revolving line of credit agreement with a financial institution that provides for borrowings of up to \$2,500,000 (the line of credit) with a minimum withdrawal requirement of \$55,000. The Agency had no borrowings outstanding as of June 30, 2017. The line of credit is due on demand, bears interest at a variable rate set by the financial institution (3.72% at June 30, 2017) and is collateralized by the Agency's investments held with the financial institution.

Note 7 – Long-term Debt

Long-term debt at June 30, 2017 and 2016 is as follows:

	2017	2016
Mortgage note payable – financial institution, monthly payments of \$4,376, including interest at 4.95%; maturing in August 2026; collateralized by certain land and buildings.	\$ 370,070	\$ 402,899
Equipment notes payable – financial institution, monthly payments of principal and interest ranging from 3.06% to 3.6%; maturing through November 2021; collateralized by certain transportation equipment.	53,158	30,048
Mortgage note payable – financial institution, monthly payments of \$3,150, including interest at 3.15%; maturing in March 2022; collateralized by building.	338,165	-
Mortgage note payable – financial institution, monthly payments of \$1,783, including interest at 4.0%; maturing in July 2019; collateralized by residential real estate.	-	190,068
	761,393	623,015
Less: current portion of long-term debt	(74,552)	(55,560)
	\$ 686,841	\$ 567,455

Principal payments required in each of the five years subsequent to June 30, 2017, and thereafter, are as follows:

Year Ending June 30,	Amount
2018	\$ 74,552
2019	77,643
2020	80,809
2021	81,500
2022	269,096
Thereafter	177,793
Total	\$ 761,393

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 8 – Lease Commitments

The Agency leases certain equipment under non-cancelable operating lease agreements. Minimum future rental payments under non-cancelable operating leases as of June 30, 2017 are as follows:

Year Ending June 30,	Amount
2018	\$ 58,331
2019	22,199
2020	7,423
Total	\$ 87,953

Total rent expense under all operating leases was \$47,210 and \$33,957 for the years ended June 30, 2017 and 2016, respectively.

Note 9 – Retirement Plan

Under the Agency's 401(k) plan, which covers employees who have completed minimum service requirements, employees may contribute up to 15% of compensation, not to exceed the maximum amount allowable by law. The Agency matches up to 3% of an eligible employees' gross wages. The Agency's matching contribution was \$61,968 and \$60,926 for the years ended June 30, 2017 and 2016, respectively.

Note 10 – Concentrations

The Agency maintains its cash and cash equivalent accounts with several financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). The Agency has not experienced any losses in such accounts.

The Agency receives a substantial amount of its revenue and support from federal program funding which is passed through various state and local governmental entities. A significant reduction in the level of this support, if this were to occur, could have an effect on the Agency's services and activities. Other grants represent amounts received from the local grant funding agencies.

Note 11 – Net Assets Released from Restrictions

Net assets are released from donor restrictions by incurring expenses, satisfying the restricted purposes or, by the occurrence of events as specified by the donors. Net assets were released during the years ended June 30, 2017 and 2016 as follows:

	2017	2016
Social enterprises	\$ 207,460	\$ 117,700
Clinical services	40,000	-
Community engagement	125,606	103,662
Job training and employment	111,122	115,835
Re-entry	85,577	35,198
Homeless services	46,875	10,263
Housing	2,343,027	810,921
Total	\$ 2,959,667	\$ 1,193,579

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 12 – Net Assets

Temporarily restricted net assets consist of the following at June 30, 2017 and 2016:

	2017	2016
Housing	\$ 1,224,939	\$ 1,992,170
Homeless services	160,672	97,547
Social enterprises	272,206	489,882
Job training and employment	155,000	312,500
Clinical Services	260,000	-
Re-entry	67,665	207,099
Community engagement	34,388	88,040
	\$ 2,174,870	\$ 3,187,238

Permanently restricted net assets consist of the following as of June 30, 2017 and 2016:

	2017	2016
Institutional support	\$ 575,107	\$ 575,107

Note 13 – Endowments

The Agency considers its endowment to include certain assets designated by the Board of Directors. The endowment by net asset category and purpose at June 30, 2017 and 2016 is presented as follows:

	June 30, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment gifts and designations:				
Housing	\$ 337,535	\$ -	\$ -	\$ 337,535
Marketing	73	-	-	73
Institutional support	-	-	575,107	575,107
Total endowment gifts and designations	337,608	-	575,107	912,715
Non-endowment net assets	8,171,577	2,174,870	-	10,346,447
Total net assets	\$ 8,509,185	\$ 2,174,870	\$ 575,107	\$ 11,259,162

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 13 – Endowments, Continued

	June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment gifts and designations:				
Housing	\$ 337,535	\$ -	\$ -	\$ 337,535
Marketing	1,658	-	-	1,658
Institutional support	-	-	575,107	575,107
Total endowment gifts and designations	339,193	-	575,107	914,300
Non-endowment net assets	<u>6,863,093</u>	<u>3,187,238</u>	-	<u>10,050,331</u>
Total net assets	<u>\$ 7,202,286</u>	<u>\$ 3,187,238</u>	<u>\$ 575,107</u>	<u>\$ 10,964,631</u>

The Agency's funds are established for the purposes expressed in the Agency's charter. The Agency's funds consist of donor-restricted funds and funds designated by the Board of Directors to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Agency adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). FUPMIFA requires the Board of Directors to use reasonable care, skill and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUPMIFA, the Board of Directors may expend so much of an endowment fund as the Board of Directors determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund.

Endowment balances classified as unrestricted assets consist of accumulated investment return in which the donor has not restricted the Agency's use of such return or endowments where the Board of Directors, rather than the donor, decides to retain and invest in principal with only income to be expended.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Agency to retain as a fund of perpetual duration. There were no funds with deficiencies as of June 30, 2017.

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 13 – Endowment, Continued

Return objectives and risk parameters

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to grant programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of multiple benchmarks based on the type of investment while assuming a moderate level of investment risk. The Agency expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies employed to achieve objectives

To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a conservative allocation to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The Agency's policy is to appropriate for distribution each year an amount equal to 100% of the 3 year rolling quarterly average of the endowment funds' earnings. Accordingly, over the long-term, the Agency expects the current spending policy to allow its assets to grow at an average of approximately 5% annually. This is consistent with the Agency's objective to maintain the purchasing power of the assets held to provide additional real growth through investment return.

Changes in endowment net assets for the year ended June 30, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance as of July 1, 2016	\$ 339,193	\$ -	\$ 575,107	\$ 914,300
Appropriations for endowment expenditures	(1,585)	-	-	(1,585)
Balance as of June 30, 2017	<u>\$ 337,608</u>	<u>\$ -</u>	<u>\$ 575,107</u>	<u>\$ 912,715</u>

Note 14 – Legal Proceedings

From time to time, the Agency is subject to legal proceedings which arise in the ordinary course of its operations. Management believes that the final resolution of these matters will not have a material adverse effect on the Agency's financial position, cash flows, or results of operations.

Note 15 – Subsequent Events

The Agency evaluated events occurring subsequent to June 30, 2017 through October 4, 2017, the date on which the financial statements were available to be issued, for matters that should be recorded in the financial statements or disclosed in the footnotes thereto.

SUPPLEMENTARY INFORMATION

THE LORD'S PLACE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor Program Title	CFDA #	Grantor's Number	Expenditures
US Department of Housing and Urban Development:			
Office of Community Planning and Development: Continuum of Care Program			
Supportive Housing - Project Family Care	14.267	FL0287L4D051508	\$ 208,214
Supportive Housing - Project Family Care	14.267	FL0287L4D051609	72,021
Supportive Housing - Joshua House	14.267	FL0286L4D051407	28,863
Supportive Housing - Operation Home Ready	14.267	FL0368L4D051405	8,347
Supportive Housing - Operation Home Ready	14.267	FL0368L4D051506	132,264
Supportive Housing - Operation Home Ready II	14.267	FL0483L4D051401	29,563
Supportive Housing - Operation Home Ready II	14.267	FL0483L4D051502	108,884
Supportive Housing - Operation Home Ready III	14.267	FL0594L4D051500	101,202
Total Continuum of Care Program			<u>689,358</u>
US Department of Housing and Urban Development			
Block Grant for Housing Development			
Community Development Block Grant	14.218	B-15-MC-12-0022	11,455
Community Development Block Grant	14.218	B-16-MC-12-0022	26,214
Total Community Development Block Grant Program			<u>37,669</u>
Total US Department of Housing and Urban Development			<u>727,027</u>
U.S. Department of Homeland Security:			
Pass-through programs from:			
Palm Beach County - Emergency Food and Shelter Program	97.024	LRO-168600-004	41,692
Total U.S. Department of Homeland Security			<u>41,692</u>
U.S. Department of Labor:			
CareerSource Palm Beach County			
Pass-through programs from Florida Agency of Workforce Innovations:			
CareerSource - Workforce Services to Homeless/Ex Offenders	17.258	S16-007	154,788
CareerSource - Life Skills Training	17.258	2016-016	15,275
Total U.S. Department of Labor			<u>170,063</u>
US Department of Health and Human Services:			
Block Grants for Community Mental Health Services			
Federal - Southeast Florida Behavioral Health Network	93.958	PNA22-1619	19,309
Total Block Grants for Community Mental Health Services			<u>19,309</u>
Total US Department of Health and Human Services			<u>19,309</u>
US Department of Justice:			
Second Chance Act Prisoner Reentry Initiative			
Pass-through programs from:			
Palm Beach County - Criminal Justice Commission (Restore)	16.812	R-2014--0954/R-2016-0289/R-2016-0290/R-2016-0291	43,254
Total Second Chance Act Prisoner Reentry Initiative			<u>43,254</u>
Edward Byrne Memorial Justice Assistance Grant Program			
Pass-through programs from:			
Palm Beach County - Criminal Justice Commission (Community)	16.738	R-2014-0313/R-2015-1840/R-2016-0288/R-2016-0295	24,001
Palm Beach County - Criminal Justice Commission (Community)	16.738	R2016-1390	70,790
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>94,791</u>
Total US Department of Justice			<u>138,045</u>
Total Expenditures of Federal Awards			<u>\$ 1,096,136</u>
State Financial Assistance:			
Block Grants for Community Mental Health Services-State Match			
Palm Beach County Sheriff's Office	93.958	PNA22-1619	\$ 167,791
	16.606	2014-AP-BX-0716	126,767
Total State Financial Assistance			<u>\$ 294,558</u>

None of the expenditures presented in this schedule were provided to subrecipients, were for loan or loan guarantee programs or non cash assistance.

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

THE LORD'S PLACE, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

Note 1 – Basis of Presentation

The purpose of the accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) is to present, in summary form, total federal award and state financial assistance expenditures of The Lord's Place, Inc. (the Agency) for the year ended June 30, 2017 which have been financed under the various federal award programs and state financial assistance projects. The Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, certain amounts presented in this Schedule may differ from amounts presented in the basic financial statements. Expenditures reported on the schedule of expenditures of federal awards and state financial assistance are reported on the accrual basis of accounting. The Agency elected to use the 10% de minimis indirect cost rate on eligible grants during the year ended June 30, 2017.

Note 2 – Loan and Loan Guarantee Programs

There were no balances of loan or loan guarantee programs as of June 30, 2017.

Independent Auditors' 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
The Lord's Place, Inc.

We have audited, 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, the financial statements of The Lord's Place, Inc. (the Agency), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Lord's Place, Inc.'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 Lord's Place, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Lord's Place, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Lord's Place, Inc.'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

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

Templeton & Company, LLP

West Palm Beach, Florida
October 4, 2017

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
The Lord's Place, Inc.

Report on Compliance for Each Major Federal Program

We have audited The Lord's Place, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Lord's Place, Inc.'s major federal programs for the year ended June 30, 2017. The Lord's Place, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Lord's Place, Inc.'s major federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Lord's Place, Inc.'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 Lord's Place, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Lord's Place, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.



Report on Internal Control over Compliance

Management of The Lord's Place, Inc. 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 Lord's Place, Inc.'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 the Uniform Guidance, 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 Lord's Place, Inc.'s internal control over compliance.

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

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

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

Templeton & Company, LLP

West Palm Beach, Florida
October 4, 2017

THE LORD'S PLACE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

Part I – Summary of Auditor’s Results:

Financial statement section:	
Type of auditors’ report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No
Federal programs section:	
Dollar threshold used to distinguish Type A and Type B Program	\$750,000
Auditee qualified as low-risk auditee?	No
Type of auditor's report on compliance for major programs	Unmodified
Internal control over compliance for major programs:	
Material weaknesses identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.267	Continuum of Care Program

Part II – Financial Statement Findings and Questioned Costs

This section identifies reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

We noted no material weaknesses or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Part III – Federal Program Findings and Questioned Costs

This section identifies reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance as well as the status of prior year findings and questioned costs.

Current Year's Findings and Questioned Costs

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance were reported for the year ended June 30, 2017.

Prior Year Findings and Questioned Costs

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance, were reported for the year ended June 30, 2016.