

THE LORD'S PLACE, INC.

REPORT ON AUDITS OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017, 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, 2018 and 2017, 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 2018 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 2018 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 2018 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 10, 2018, 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.

Templeton & Company, LLP

West Palm Beach, Florida
October 10, 2018

THE LORD'S PLACE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 962,235	\$ 1,915,950
Investments	3,644,778	2,098,027
Grants and other receivables, net	534,557	420,650
Contributions receivable, current portion	408,750	931,461
Prepaid expenses and other current assets	206,989	87,254
Total current assets	5,757,309	5,453,342
Contributions receivable, net of current portion	168,202	102,036
Property and equipment, net	6,779,946	6,913,933
Other assets	9,269	17,259
Total assets	\$ 12,714,726	\$ 12,486,570
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 64,191	\$ 101,714
Accrued expenses	363,553	298,206
Current portion of long-term debt	88,557	74,552
Client deposits	113,475	66,095
Total current liabilities	629,776	540,567
Long-term debt, net of current portion	491,931	686,841
Total liabilities	1,121,707	1,227,408
Net assets:		
Unrestricted	8,379,842	8,509,185
Temporarily restricted	2,638,070	2,174,870
Permanently restricted	575,107	575,107
Total net assets	11,593,019	11,259,162
Total liabilities and net assets	\$ 12,714,726	\$ 12,486,570

See accompanying notes to financial statements.

THE LORD'S PLACE, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2018 and 2017

	Year Ended June 30, 2018			Year Ended June 30, 2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Government grants and contracts	\$ 2,439,462	\$ -	\$ -	\$ 2,439,462	\$ 2,191,661	\$ -	\$ -	\$ 2,191,661
Contributions	1,363,112	2,388,177	-	3,751,289	1,338,425	1,899,863	-	3,238,288
United Way	414,843	-	-	414,843	403,167	-	-	403,167
Special events income	751,863	-	-	751,863	790,598	-	-	790,598
Social enterprises	1,008,137	-	-	1,008,137	998,380	-	-	998,380
Residence fees	203,125	-	-	203,125	105,767	-	-	105,767
Other	17,612	-	-	17,612	5,339	-	-	5,339
Net investment income	13,540	57,837	-	71,377	63,068	47,436	-	110,504
Contributed services and materials	373,917	-	-	373,917	249,984	-	-	249,984
Net assets released from restrictions	1,796,613	(1,796,613)	-	-	1,661,542	(1,661,542)	-	-
Total support and revenue	8,382,224	649,401	-	9,031,625	7,807,931	285,757	-	8,093,688
Expenses:								
Program services:								
Job training and employment	1,059,423	-	-	1,059,423	948,605	-	-	948,605
Community engagement	290,767	-	-	290,767	234,551	-	-	234,551
Re-entry	583,689	-	-	583,689	655,332	-	-	655,332
Housing	3,471,725	-	-	3,471,725	3,084,457	-	-	3,084,457
Clinical services	437,962	-	-	437,962	331,817	-	-	331,817
Social enterprises	1,772,036	-	-	1,772,036	1,616,638	-	-	1,616,638
Total program services	7,615,602	-	-	7,615,602	6,871,400	-	-	6,871,400
Supporting services:								
General and administrative	537,157	-	-	537,157	419,108	-	-	419,108
Fundraising	545,009	-	-	545,009	508,649	-	-	508,649
Total expenses	8,697,768	-	-	8,697,768	7,799,157	-	-	7,799,157
Increase (decrease) in net assets from operations	(315,544)	649,401	-	333,857	8,774	285,757	-	294,531
Net assets released from restrictions for property and equipment	186,201	(186,201)	-	-	1,298,125	(1,298,125)	-	-
Increase (decrease) in net assets	(129,343)	463,200	-	333,857	1,306,899	(1,012,368)	-	294,531
Net assets - beginning of year	8,509,185	2,174,870	575,107	11,259,162	7,202,286	3,187,238	575,107	10,964,631
Net assets - end of year	<u>\$ 8,379,842</u>	<u>\$ 2,638,070</u>	<u>\$ 575,107</u>	<u>\$ 11,593,019</u>	<u>\$ 8,509,185</u>	<u>\$ 2,174,870</u>	<u>\$ 575,107</u>	<u>\$ 11,259,162</u>

See accompanying notes to financial statements.

THE LORD'S PLACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	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	\$ 679,923	\$ 214,239	\$ 417,123	\$ 1,704,455	\$ 262,977	\$ 1,057,845	\$ 324,838	\$ 234,282	\$ 4,895,682	
Childcare	-	-	-	9,681	-	-	-	-	9,681	
Client services	20,602	32,591	121,529	509,426	11,951	14,525	12,188	-	722,812	
Food and kitchen supplies	42,480	1,289	-	23,152	831	279,698	326	4,292	352,068	
Mental health services	-	200	-	13,582	48,105	-	-	-	61,887	
Stipends	101,158	-	-	-	-	-	-	-	101,158	
Travel and transportation	11,357	3,084	19,493	89,436	6,948	46,662	19,694	5,486	202,160	
Occupancy	54,085	14,519	10,038	628,058	14,075	132,011	48,872	6,858	908,516	
Professional fees	1,434	31	125	942	48	26,998	35,380	151,345	216,303	
Office expense	30,630	9,995	8,711	76,766	11,607	34,847	51,414	62,457	286,427	
Interest	70	19	40	8,588	30	16,466	57	37	25,307	
Other costs	12,550	1,315	2,949	39,989	2,096	71,056	30,891	71,551	232,397	
In-kind services and products	69,223	-	154	172,476	76,515	48,778	122	6,649	373,917	
Subtotal	1,023,512	277,282	580,162	3,276,551	435,183	1,728,886	523,782	542,957	8,388,315	
Depreciation	35,911	13,485	3,527	195,174	2,779	43,150	13,375	2,052	309,453	
Total expenses	<u>\$ 1,059,423</u>	<u>\$ 290,767</u>	<u>\$ 583,689</u>	<u>\$ 3,471,725</u>	<u>\$ 437,962</u>	<u>\$ 1,772,036</u>	<u>\$ 537,157</u>	<u>\$ 545,009</u>	<u>\$ 8,697,768</u>	

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	8,931	827,064
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	83,204	301,053
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.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase in net assets	\$ 333,857	\$ 294,531
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	309,453	256,527
Unrealized and realized gain on investments	(40,726)	(65,436)
Gain on disposal of property and equipment	(7,977)	-
(Increase) decrease in operating assets:		
Grants receivable	(113,907)	248,639
Contributions receivable	456,545	460,437
Prepaid expenses and other current assets	(111,745)	(6,824)
Increase (decrease) in operating liabilities:		
Accounts payable	(37,523)	18,132
Accrued expenses	65,347	86,906
Client deposits	47,380	(69,430)
Net cash provided by operating activities	<u>900,704</u>	<u>1,223,482</u>
Cash flows from investing activities:		
(Purchases of) proceeds from investments, net	(1,506,025)	978,724
Proceeds from sales of equipment	7,977	-
Purchases of property and equipment	<u>(147,406)</u>	<u>(1,406,266)</u>
Net cash used in investing activities	<u>(1,645,454)</u>	<u>(427,542)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	-	484,761
Repayments of principal on long-term debt	<u>(208,965)</u>	<u>(346,383)</u>
Net cash (used in) provided by financing activities	<u>(208,965)</u>	<u>138,378</u>
Net increase (decrease) in cash and cash equivalents	(953,715)	934,318
Cash and cash equivalents, beginning of year	<u>1,915,950</u>	<u>981,632</u>
Cash and cash equivalents, end of year	<u>\$ 962,235</u>	<u>\$ 1,915,950</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 25,307</u>	<u>\$ 29,626</u>
Equipment purchased under a capital lease	<u>\$ 28,060</u>	<u>\$ -</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 146 men and women who participated in the Job Readiness Classroom Training in 2018, 100% successfully graduated from these programs. For the Job Training and Employment Program, 315 individuals enrolled in the program and 110 individuals gained competitive employment by the end of the fiscal year.

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 2018, The Lord's Place Thrift Store and The Café Joshua Catering Company. The two programs provided transitional work experience for individuals, of which 54% successfully gained competitive employment. The program's operating deficit is largely funded through various grant programs with various funders.

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 providing 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 the Agency 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 344 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 116 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. During 2018, The Lord's Place served 113 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, 2018 or 2017.

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, 2018 and 2017, the net debt issuance costs included in other assets in the statements of financial position are \$4,365 and \$5,138, 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, 2018 and 2017. The Agency is no longer subject to income tax examinations for years prior to 2015.

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 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 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 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 is first applied, the entity must disclose the nature of any reclassifications or restatements and their effects, if any, on changes in net assets for each period presented.

Note 2 – Investments

A summary of investments, by investment type, at June 30, 2018 and 2017 follows:

	2018	2017
Money market fund	\$ 3,002,421	\$ 1,448,067
Exchange Traded Fund (ETF)	617,397	649,960
Index Growth Fund	24,960	-
	\$ 3,644,778	\$ 2,098,027

The following schedule summarizes the net investment return on investments for the years ended June 30, 2018 and 2017:

	June 30, 2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Interest and dividends	\$ 12,576	\$ 18,075	\$ -	\$ 30,651
Realized gains, net	4,006	1,216	-	5,222
Unrealized gains (losses), net	(3,042)	38,546	-	35,504
Net investment return	\$ 13,540	\$ 57,837	\$ -	\$ 71,377
	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 34,941	\$ 10,127	\$ -	\$ 45,068
Realized gains, net	65,881	59,154	-	125,035
Unrealized losses, net	(37,754)	(21,845)	-	(59,599)
Net investment return	\$ 63,068	\$ 47,436	\$ -	\$ 110,504

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 – Fair Value Measurements

Accounting guidance 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, 2018 and 2017, 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, 2018 and 2017:

	2018	2017
General operating pledges	\$ -	\$ 13,461
Homeless services	582,250	998,250
Tomorrow fund	-	25,000
Total unconditional promises to give	582,250	1,036,711
Less: unamortized discount	(5,298)	(3,214)
Net unconditional promises to give	\$ 576,952	\$ 1,033,497
Amounts due in:		
Less than one year	\$ 408,750	\$ 931,461
One to five years	173,500	105,250
	\$ 582,250	\$ 1,036,711

The Agency applies a discount rate as of June 30, 2018 and 2017 of 3.15% for each year, to all pledges with terms in excess of one year. There was no allowance for uncollectible contributions receivable as of June 30, 2018 and 2017.

Note 5 – Property and Equipment

Property and equipment as of June 30, 2018 and 2017 consists of the following:

	2018	2017
Land	\$ 1,191,430	\$ 1,191,430
Building and building improvements	8,331,550	8,261,564
Furniture and equipment	330,560	295,834
Transportation equipment	380,827	357,531
	10,234,367	10,106,359
Less: accumulated depreciation	(3,496,920)	(3,204,536)
Operating property and equipment, net	6,737,447	6,901,823
Construction in progress	42,499	12,110
Property and equipment, net	\$ 6,779,946	\$ 6,913,933

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 5 – Property and Equipment, Continued

Depreciation totaled \$309,453 and \$256,527 for the years ended June 30, 2018 and 2017, respectively. Construction in progress consists primarily of construction projects for the Australian Office that the Agency plans to fund through fund-raising and operations.

Note 6 – Line of Credit

As of June 30, 2018, 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, 2018. The line of credit is due on demand, bears interest at a variable rate set by the financial institution (4.59% at June 30, 2018) and is collateralized by the Agency's investments held with the financial institution.

As of June 30, 2018, the Agency has an available revolving line of credit agreement with a financial institution that provides for borrowings of up to \$25,000. The Agency had no borrowings outstanding as of June 30, 2018. The line of credit is due on demand, bears interest at the latest Prime Rate published on the last business day of the month by the Wall Street Journal (5.0% at June 30, 2018) and is uncollateralized.

Note 7 – Long-term Debt

Long-term debt at June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
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.	\$ 335,346	\$ 370,070
Equipment notes payable – financial institution, monthly payments of principal and interest ranging from 3.06% to 4.72%; maturing through April 2022; collateralized by certain transportation equipment.	67,615	53,158
Mortgage note payable – financial institution, monthly payments of \$3,150, including interest at 3.15%; maturing in March 2022; collateralized by building.	<u>177,527</u>	<u>338,165</u>
	580,488	761,393
Less: current portion of long-term debt	<u>(88,557)</u>	<u>(74,552)</u>
	<u>\$ 491,931</u>	<u>\$ 686,841</u>

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 7 – Long-term Debt, Continued

Principal payments required in each of the five years subsequent to June 30, 2018, and thereafter, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 88,557
2020	92,178
2021	93,321
2022	128,818
2023	44,481
Thereafter	<u>133,133</u>
Total	<u>\$ 580,488</u>

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, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 51,622
2020	29,693
2021	811
2022	811
2023	<u>811</u>
Total	<u>\$ 83,748</u>

Total rent expense under all operating leases was \$60,714 and \$47,210 for the years ended June 30, 2018 and 2017, 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 employee's gross wages. The Agency's matching contribution was \$69,777 and \$61,968 for the years ended June 30, 2018 and 2017, 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.

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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, 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
Social enterprises	\$ 143,456	\$ 207,460
Clinical services	152,446	40,000
Community engagement	34,388	125,606
Job training and employment	192,535	111,122
Re-entry	63,719	85,577
Homeless services	277,019	46,875
Housing	<u>1,119,251</u>	<u>2,343,027</u>
Total	<u>\$ 1,982,814</u>	<u>\$ 2,959,667</u>

Note 12 – Net Assets

Temporarily restricted net assets consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Housing	\$ 2,275,808	\$ 1,224,939
Homeless services	121,962	160,672
Social enterprises	128,750	272,206
Job training and employment	-	155,000
Clinical Services	107,554	260,000
Re-entry	3,996	67,665
Community engagement	<u>-</u>	<u>34,388</u>
	<u>\$ 2,638,070</u>	<u>\$ 2,174,870</u>

Permanently restricted net assets consist of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Institutional support	<u>\$ 575,107</u>	<u>\$ 575,107</u>

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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, 2018 and 2017 is presented as follows:

	June 30, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment gifts and designations:				
Housing	\$ 337,535	\$ -	\$ -	\$ 337,535
Institutional support	<u>-</u>	<u>-</u>	<u>575,107</u>	<u>575,107</u>
Total endowment gifts and designations	337,535	-	575,107	912,642
Non-endowment net assets	<u>8,042,307</u>	<u>2,638,070</u>	<u>-</u>	<u>10,680,377</u>
Total net assets	<u>\$ 8,379,842</u>	<u>\$ 2,638,070</u>	<u>\$ 575,107</u>	<u>\$ 11,593,019</u>
	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment gifts and designations:				
Housing	\$ 337,535	\$ -	\$ -	\$ 337,535
Marketing	73	-	-	73
Institutional support	<u>-</u>	<u>-</u>	<u>575,107</u>	<u>575,107</u>
Total endowment gifts and designations	337,608	-	575,107	912,715
Non-endowment net assets	<u>8,171,577</u>	<u>2,174,870</u>	<u>-</u>	<u>10,346,447</u>
Total net assets	<u>\$ 8,509,185</u>	<u>\$ 2,174,870</u>	<u>\$ 575,107</u>	<u>\$ 11,259,162</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.

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 13 – Endowments, Continued

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, 2018.

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, 2018 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance as of July 1, 2017	\$ 337,608	\$ -	\$ 575,107	\$ 912,715
Appropriations for endowment expenditures	<u>(73)</u>	<u>-</u>	<u>-</u>	<u>(73)</u>
Balance as of June 30, 2018	<u>\$ 337,535</u>	<u>\$ -</u>	<u>\$ 575,107</u>	<u>\$ 912,642</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.

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 15 – Subsequent Events

The Agency evaluated events occurring subsequent to June 30, 2018 through October 10, 2018, 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, 2018

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	FL0287L4D051609	\$ 225,971
Supportive Housing - Project Family Care	14.267	FL0287L4D051710	78,040
Supportive Housing - Operation Home Ready	14.267	FL0368L4D051506	8,227
Supportive Housing - Operation Home Ready	14.267	FL0368L4D051607	132,534
Supportive Housing - Operation Home Ready II	14.267	FL0483L4D051502	24,670
Supportive Housing - Operation Home Ready II	14.267	FL0483L4D051603	113,000
Supportive Housing - Operation Home Ready III	14.267	FL0594L4D051500	272,257
Total Continuum of Care Program			<u>854,699</u>
US Department of Housing and Urban Development			
Block Grant for Housing Development			
Community Development Block Grant	14.218	B-16-MC-12-0022	19,241
Community Development Block Grant	14.218	B-17-MC-12-0022	62,279
Total Community Development Block Grant Program			<u>81,520</u>
Total US Department of Housing and Urban Development			<u>936,219</u>
U.S. Department of Homeland Security:			
Pass-through programs from:			
Palm Beach County - Emergency Food and Shelter Program	97.024	LRO-168600-004	45,000
Total U.S. Department of Homeland Security			<u>45,000</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	16,750
CareerSource - Workforce Services to Homeless/Ex Offenders	17.258	S17-007	200,000
CareerSource - Life Skills Training	17.258	2017-018	15,542
Total U.S. Department of Labor			<u>232,292</u>
US Department of Health and Human Services:			
Projects for Assistance in Transition from Homelessness			
Federal - Southeast Florida Behavioral Health Network	93.150	PNA22-1619	14,999
Block Grants for Community Mental Health Services			
Federal - Southeast Florida Behavioral Health Network	93.958	PNA22-1619	18,400
Total Block Grants for Community Mental Health Services			<u>33,399</u>
Total US Department of Health and Human Services			<u>33,399</u>
US Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program			
Pass-through programs from:			
Palm Beach County - Criminal Justice Commission (Community)	16.738	R2016-1390	19,270
Palm Beach County - Criminal Justice Commission (Community)	16.738	R2017-1386	22,959
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>42,229</u>
Total US Department of Justice			<u>42,229</u>
Total Expenditures of Federal Awards			<u>\$ 1,289,139</u>
State Financial Assistance:			
Block Grants for Community Mental Health Services-State Match	93.958	PNA22-1619	\$ 170,160
Block Grants for Prevention and Treatment of Substance Abuse-State Match	93.959	PNA22-1619	6,200
Palm Beach County Sheriff's Office	16.606	2014-AP-BX-0716	37,658
Total State Financial Assistance			<u>\$ 214,018</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, 2018 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, 2018.

Note 2 – Loan and Loan Guarantee Programs

There were no balances of loan or loan guarantee programs as of June 30, 2018.

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, 2018, 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 10, 2018.

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 10, 2018

**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, 2018. 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, 2018.



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 10, 2018

THE LORD'S PLACE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

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, 2018.

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, 2017.