

THE LORD'S PLACE, INC.
REPORT ON AUDITS OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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, 2019 and 2018, 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, 2019 and 2018, 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.



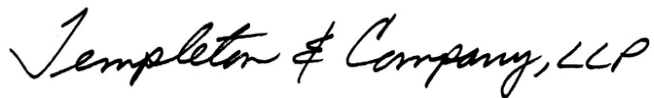
Other Matters

Supplementary Information

Our audit of the 2019 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 2019 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 2019 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 17, 2019, 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 17, 2019

THE LORD'S PLACE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

| | 2019 | 2018 |
|--|---------------|---------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,225,155 | \$ 962,235 |
| Investments | 6,807,840 | 3,644,778 |
| Grants and other receivables | 686,438 | 534,557 |
| Contributions receivable, current portion | 2,328,500 | 408,750 |
| Prepaid expenses and other current assets | 97,935 | 206,989 |
| Total current assets | 11,145,868 | 5,757,309 |
| Contributions receivable, net of current portion | 1,426,194 | 168,202 |
| Property and equipment, net | 7,602,557 | 6,779,946 |
| Other assets | 35,853 | 9,269 |
| Total assets | \$ 20,210,472 | \$ 12,714,726 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 119,112 | \$ 64,191 |
| Accrued expenses | 488,202 | 363,553 |
| Current portion of long-term debt | 102,254 | 88,557 |
| Client deposits | 103,105 | 113,475 |
| Total current liabilities | 812,673 | 629,776 |
| Long-term debt, net of current portion | 439,936 | 491,931 |
| Total liabilities | 1,252,609 | 1,121,707 |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated | 11,392,988 | 8,042,307 |
| Designated by the Board for operating reserve | 200,000 | - |
| Designated by the Board for housing | 334,343 | 337,535 |
| Total | 11,927,331 | 8,379,842 |
| With donor restrictions: | | |
| Purpose or time restrictions | 6,455,425 | 2,638,070 |
| Perpetual in nature | 575,107 | 575,107 |
| Total | 7,030,532 | 3,213,177 |
| Total net assets | 18,957,863 | 11,593,019 |
| Total liabilities and net assets | \$ 20,210,472 | \$ 12,714,726 |

See accompanying notes to financial statements.

THE LORD'S PLACE, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2019 and 2018

| | Year Ended June 30, 2019 | | | Year Ended June 30, 2018 | | |
|--|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and revenue: | | | | | | |
| Government grants and contracts | \$ 3,274,180 | \$ - | \$ 3,274,180 | \$ 2,439,462 | \$ - | \$ 2,439,462 |
| Contributions | 4,736,653 | 6,627,164 | 11,363,817 | 1,363,112 | 2,388,177 | 3,751,289 |
| United Way | 428,675 | - | 428,675 | 414,843 | - | 414,843 |
| Special events income | 866,032 | - | 866,032 | 751,863 | - | 751,863 |
| Social enterprises | 1,683,140 | - | 1,683,140 | 1,008,137 | - | 1,008,137 |
| Residence fees | 231,822 | - | 231,822 | 203,125 | - | 203,125 |
| Other | 10,976 | - | 10,976 | 17,612 | - | 17,612 |
| Net investment income | 89,320 | 25,994 | 115,314 | 10,060 | 57,837 | 67,897 |
| Donated services and materials | 444,074 | - | 444,074 | 373,917 | - | 373,917 |
| Net assets released from restrictions | <u>1,805,837</u> | <u>(1,805,837)</u> | <u>-</u> | <u>1,796,613</u> | <u>(1,796,613)</u> | <u>-</u> |
| Total support and revenue | <u>13,570,709</u> | <u>4,847,321</u> | <u>18,418,030</u> | <u>8,378,744</u> | <u>649,401</u> | <u>9,028,145</u> |
| Expenses: | | | | | | |
| Program services: | | | | | | |
| Job training and employment | 1,187,262 | - | 1,187,262 | 1,059,423 | - | 1,059,423 |
| Community engagement | 470,778 | - | 470,778 | 290,767 | - | 290,767 |
| Re-entry | 673,315 | - | 673,315 | 583,689 | - | 583,689 |
| Housing | 4,371,204 | - | 4,371,204 | 3,471,725 | - | 3,471,725 |
| Clinical services | 448,233 | - | 448,233 | 437,962 | - | 437,962 |
| Social enterprises | <u>2,413,907</u> | <u>-</u> | <u>2,413,907</u> | <u>1,772,036</u> | <u>-</u> | <u>1,772,036</u> |
| Total program services | 9,564,699 | - | 9,564,699 | 7,615,602 | - | 7,615,602 |
| Supporting services: | | | | | | |
| General and administrative | 837,927 | - | 837,927 | 533,677 | - | 533,677 |
| Fundraising | <u>650,560</u> | <u>-</u> | <u>650,560</u> | <u>545,009</u> | <u>-</u> | <u>545,009</u> |
| Total expenses | <u>11,053,186</u> | <u>-</u> | <u>11,053,186</u> | <u>8,694,288</u> | <u>-</u> | <u>8,694,288</u> |
| Increase (decrease) in net assets from operations | 2,517,523 | 4,847,321 | 7,364,844 | (315,544) | 649,401 | 333,857 |
| Net assets released from restrictions for property and equipment | <u>1,029,966</u> | <u>(1,029,966)</u> | <u>-</u> | <u>186,201</u> | <u>(186,201)</u> | <u>-</u> |
| Increase (decrease) in net assets | 3,547,489 | 3,817,355 | 7,364,844 | (129,343) | 463,200 | 333,857 |
| Net assets - beginning of year | <u>8,379,842</u> | <u>3,213,177</u> | <u>11,593,019</u> | <u>8,509,185</u> | <u>2,749,977</u> | <u>11,259,162</u> |
| Net assets - end of year | <u>\$ 11,927,331</u> | <u>\$ 7,030,532</u> | <u>\$ 18,957,863</u> | <u>\$ 8,379,842</u> | <u>\$ 3,213,177</u> | <u>\$ 11,593,019</u> |

See accompanying notes to financial statements.

THE LORD'S PLACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

| | 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 | \$ 748,734 | \$ 284,519 | \$ 457,079 | \$ 2,227,778 | \$ 310,726 | \$ 1,270,899 | \$ 641,322 | \$ 324,649 | \$ 6,265,706 |
| Childcare | - | - | - | 16,322 | - | - | - | - | 16,322 |
| Client services | 28,276 | 43,189 | 143,572 | 742,784 | 50,844 | 13,286 | 17,225 | 2,640 | 1,041,816 |
| Food and kitchen supplies | 51,979 | 96 | 1,260 | 19,184 | 630 | 534,088 | 123 | 6,489 | 613,849 |
| Mental health services | - | - | - | 9,946 | 38,685 | - | - | - | 48,631 |
| Stipends | 111,589 | - | - | - | - | - | - | - | 111,589 |
| Travel and transportation | 12,124 | 12,060 | 21,792 | 124,510 | 6,667 | 59,306 | 27,176 | 14,703 | 278,338 |
| Occupancy | 68,471 | 26,472 | 13,122 | 706,646 | 11,375 | 159,305 | 48,555 | 10,717 | 1,044,663 |
| Professional fees | 5,183 | 1,522 | 2,401 | 13,830 | 1,482 | 56,749 | 7,762 | 68,375 | 157,304 |
| Office expense | 31,906 | 12,216 | 17,320 | 98,947 | 13,969 | 33,186 | 40,398 | 69,007 | 316,949 |
| Interest | - | - | - | 8,169 | - | 16,241 | 61 | - | 24,471 |
| Other costs | 13,910 | 3,054 | 3,959 | 51,514 | 2,734 | 125,876 | 26,567 | 134,605 | 362,219 |
| In-kind services and products | <u>79,764</u> | <u>74,257</u> | <u>7,283</u> | <u>147,116</u> | <u>8,482</u> | <u>102,904</u> | <u>6,755</u> | <u>17,513</u> | <u>444,074</u> |
| Subtotal | 1,151,936 | 457,385 | 667,788 | 4,166,746 | 445,594 | 2,371,840 | 815,944 | 648,698 | 10,725,931 |
| Depreciation | <u>35,326</u> | <u>13,393</u> | <u>5,527</u> | <u>204,458</u> | <u>2,639</u> | <u>42,067</u> | <u>21,983</u> | <u>1,862</u> | <u>327,255</u> |
| Total expenses | <u>\$ 1,187,262</u> | <u>\$ 470,778</u> | <u>\$ 673,315</u> | <u>\$ 4,371,204</u> | <u>\$ 448,233</u> | <u>\$ 2,413,907</u> | <u>\$ 837,927</u> | <u>\$ 650,560</u> | <u>\$ 11,053,186</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 | 27,411 | 71,551 | 228,917 |
| In-kind services and products | <u>69,223</u> | <u>-</u> | <u>154</u> | <u>172,476</u> | <u>76,515</u> | <u>48,778</u> | <u>122</u> | <u>6,649</u> | <u>373,917</u> |
| Subtotal | 1,023,512 | 277,282 | 580,162 | 3,276,551 | 435,183 | 1,728,886 | 520,302 | 542,957 | 8,384,835 |
| Depreciation | <u>35,911</u> | <u>13,485</u> | <u>3,527</u> | <u>195,174</u> | <u>2,779</u> | <u>43,150</u> | <u>13,375</u> | <u>2,052</u> | <u>309,453</u> |
| 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>\$ 533,677</u> | <u>\$ 545,009</u> | <u>\$ 8,694,288</u> |

See accompanying notes to financial statements.

THE LORD'S PLACE, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|--|---------------------|--------------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 7,364,844 | \$ 333,857 |
| Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 327,255 | 309,453 |
| Net unrealized and realized gain on investments | (23,551) | (40,726) |
| Gain on disposal of property and equipment | (250) | (7,977) |
| Contributions restricted for long-term purposes | (1,700,000) | (1,121,256) |
| (Increase) decrease in operating assets: | | |
| Grants receivable | (151,881) | (113,907) |
| Contributions receivable | (3,177,742) | 456,545 |
| Prepaid expenses and other current assets | 82,470 | (111,745) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 54,921 | (37,523) |
| Accrued expenses | 124,649 | 65,347 |
| Client deposits | (10,370) | 47,380 |
| | <u>2,890,345</u> | <u>(220,552)</u> |
| Net cash provided by (used in) operating activities | | |
| Cash flows from investing activities: | | |
| Purchases of investments, net of proceeds from sales | (3,139,511) | (1,506,025) |
| Proceeds from sales of equipment | 250 | 7,977 |
| Purchases of property and equipment | (1,095,594) | (147,406) |
| | <u>(4,234,855)</u> | <u>(1,645,454)</u> |
| Net cash used in investing activities | | |
| Cash flows from financing activities: | | |
| Repayments of principal on long-term debt | (92,570) | (208,965) |
| Contributions restricted for long-term purposes | 1,700,000 | 1,121,256 |
| | <u>1,607,430</u> | <u>912,291</u> |
| Net cash provided by financing activities | | |
| Net increase (decrease) in cash and cash equivalents | 262,920 | (953,715) |
| Cash and cash equivalents, beginning of year | <u>962,235</u> | <u>1,915,950</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,225,155</u> | <u>\$ 962,235</u> |
| Supplemental disclosures of cash flow information: | | |
| Interest paid | <u>\$ 24,471</u> | <u>\$ 25,307</u> |
| Equipment purchased under equipment notes payable | <u>\$ 54,272</u> | <u>\$ 28,060</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.

Description of programs

The significant program services provided by The Lord's Place are briefly described as follows:

Housing

The Agency is capable of housing a total of 300 homeless men, women and children and providing affordable housing to 30 program graduates. 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 Mann 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 164 men and women who participated in the Job Readiness Classroom Training in 2019, 100% successfully graduated from these programs. For the Job Training and Employment Program, 265 individuals enrolled in the program and 115 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 2019, The Lord's Place Thrift Store and The Café Joshua Catering Company. The two programs provided transitional work experience for individuals, of which 56% successfully gained competitive employment. The program's operating expenses are offset by the income generated by the business as well as 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.

The Lord's Place engages unsheltered individuals and families throughout the community through a peer specialist-based Community Engagement program as well as through the PATH Outreach program. Community Engagement provides peer support, assessment and referral to housing resources. PATH provides comprehensive outreach and case management services to those who have mental illness and are experiencing or are at risk of homelessness.

THE LORD'S PLACE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Community Engagement, continued

In addition, The Lord's Place has been designated by the Social Security Administration as a Representative Payee Provider, allowing the Agency to offer financial management of SSI/SSDI income benefits to indigent and/or incapacitated disabled participants. 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 721 homeless individuals annually with our Community Engagement services.

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 170 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 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 2019, The Lord's Place served 90 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*.

Net assets of the Agency and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for the support of the Agency's operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that may or will be met either by actions of the Agency or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. 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. When a donor restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

THE LORD'S PLACE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Classification of transactions

All support and revenue and net gains are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses, other than losses on endowment investments are reported as decreases in net assets with donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

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. Any 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, net assets with donor restrictions are reclassified as net assets without donor restrictions 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 for uncollectable amounts recorded as of June 30, 2019 or 2018.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Agency's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Agency's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

THE LORD'S PLACE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Investments and endowment

Investments are held in custody of an investment firm which manages them in accordance with policies set by the Board of Directors. Investments in closed-end and open-end mutual funds, as well as, exchange traded funds and index funds are reported at fair value based on daily quoted prices. Money market funds maintain a constant net asset value of \$1 per share. Corporate bonds are measured at quoted market prices. Investments received as contributions are recorded at quoted market value or estimated fair value on the date of receipt. Realized and unrealized gains and losses are determined by comparison of specific costs of the investment to the proceeds at the time of sale or at the statement of financial position date.

Endowment investments consist of investments purchased with donor-restricted perpetual endowments, which are contributions restricted by donors to investment in perpetuity with only investment income and appreciation being used to support the Agency's activities. Endowment investments also include investments purchased with unspent investment income and net gains on these resources.

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 |

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.

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. The Agency is no longer subject to income tax examinations for years prior to 2016.

Functional allocation of 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. The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Agency. Those expenses include administration, program administration, evaluation and research and property management. Administration is allocated based upon management's estimate of time and effort, program administration and evaluation and research are allocated based upon total direct expenses by program, and property management is allocated based upon square footage of the property used by the respective program.

Periodically, or when new space or programs are added, the bases on which costs are allocated are evaluated.

THE LORD'S PLACE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications have no impact on previously reported net assets.

Change in accounting principles

The Agency implemented FASB Accounting Standard Update (ASU) No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 2).

The changes had the following effect on net assets at July 1, 2017.

| <u>Net Asset Class</u> | <u>As Originally Presented</u> | <u>After Adoption of ASU 2016-14</u> |
|---------------------------------------|--------------------------------|--------------------------------------|
| Unrestricted net assets | \$ 8,509,185 | \$ - |
| Temporarily restricted net assets | 2,174,870 | - |
| Permanently restricted net assets | 575,107 | - |
| Net assets without donor restrictions | - | 8,509,185 |
| Net assets with donor restrictions | - | <u>2,749,977</u> |
| Total | <u>\$ 11,259,162</u> | <u>\$ 11,259,162</u> |

New accounting pronouncements

In February 2016, the FASB issued ASU 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 statement of financial position as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. The new pronouncement is effective for years beginning after December 15, 2020, 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 June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The main provisions of this ASU include guidance on distinguishing between contributions and exchange transactions, and whether a contribution is conditional. The ASU is effective for annual periods beginning after December 31, 2018.

In May 2014, the FASB issued ASU 2014-19, *Revenue from Contracts with Customers* (Topic 606), (ASU 2014-19), which amends the FASB Accounting Standards Codification by superseding the revenue recognition requirements in FASB ACS 605, *Revenue Recognition*, and in most industry-specific topics. The ASU is effective for the Agency's 2020 financial statements. Management is currently evaluating the impact of ASU 2014-09 on its 2020 financial statements.

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of the statement of financial position date (June 30, 2019), comprise the following:

| | |
|---|---------------------|
| Cash and cash equivalents | \$ 1,225,155 |
| Investments | 3,072,958 |
| Grants and other receivables | 686,438 |
| Unconditional promises to give, net | <u>728,500</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 5,713,051</u> |

The Agency is substantially supported by grants and contributions without donor and with donor restrictions. Because a grant or donor's restriction requires resources to be used in a particular manner or in a future period, the Agency must maintain sufficient resources to meet those responsibilities to its donors. The Agency's endowment fund has funds designated by the Board to support their mission to serve the homeless.

The Agency has a goal to maintain financial assets, which consist of cash and short term investments, on hand to meet 180 days of normal operating expenses. Although the Board desires to maintain the principal amount as an endowment, it is available to support the operation if needed. Financial assets not included above are designated with donor restrictions and it is the Board's desire to maintain them as such. If needed, those financial assets with donor restriction can be used as financial resources, as directed by the Board for operational purposes, in certain circumstances.

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Agency has available two lines of credit that can be used to meet its current obligations, if necessary (see Note 7).

Note 3 – Investments

A summary of investments, by investment type, at June 30, 2019 and 2018 follows:

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Money market funds | \$ 329,120 | \$ 1,314,216 |
| Closed end funds and exchange traded funds | 2,248,802 | 617,397 |
| Certificates of deposit | 3,117,514 | 1,688,205 |
| Corporate bonds | 942,079 | - |
| Index funds | <u>170,325</u> | <u>24,960</u> |
| | <u>\$ 6,807,840</u> | <u>\$ 3,644,778</u> |

The following schedule summarizes the net investment return for the years ended June 30, 2019 and 2018:

| | 2019 | 2018 |
|-----------------------------|-------------------|------------------|
| Interest and dividends | \$ 97,974 | \$ 30,651 |
| Realized gains, net | 33,526 | 5,222 |
| Unrealized gain (loss), net | (9,975) | 35,504 |
| Investment fees | <u>(6,211)</u> | <u>(3,480)</u> |
| Net investment return | <u>\$ 115,314</u> | <u>\$ 67,897</u> |

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 4 – 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.

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of the fair value require significant management judgment or estimation.

The following table summarizes the Agency's determination of fair value as of June 30, 2019 and 2018 on the following financial assets and liabilities using these input levels that are measured at fair value on a recurring basis:

| | Fair Value Measurement as of June 30, 2019 | | | |
|--|--|---------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | Fair Value Total |
| Money market funds | \$ 329,120 | \$ - | \$ - | \$ 329,120 |
| Closed end funds and exchange traded funds | 2,248,802 | - | - | 2,248,802 |
| Certificates of deposit | 3,117,514 | - | - | 3,117,514 |
| Corporate bonds | 942,079 | - | - | 942,079 |
| Index funds | 170,325 | - | - | 170,325 |
| Total investments, at fair value | \$ 6,807,840 | \$ - | \$ - | \$ 6,807,840 |

| | Fair Value Measurement as of June 30, 2018 | | | |
|--|--|---------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | Fair Value Total |
| Money market funds | \$ 1,314,216 | \$ - | \$ - | \$ 1,314,216 |
| Closed end funds and exchange traded funds | 617,397 | - | - | 617,397 |
| Certificates of deposit | 1,688,205 | - | - | 1,688,205 |
| Index funds | 24,960 | - | - | 24,960 |
| Total investments, at fair value | \$ 3,644,778 | \$ - | \$ - | \$ 3,644,778 |

There were no significant transfers between levels during 2019 and 2018.

THE LORD'S PLACE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 5 – Contributions Receivable

Contributions receivable consist of the following at June 30, 2019 and 2018:

| | <u>2019</u> | <u>2018</u> |
|--------------------------------------|---------------------|-------------------|
| Homeless services | \$ 878,500 | \$ 582,250 |
| Capital campaign | <u>2,950,000</u> | <u>-</u> |
| Total unconditional promises to give | 3,828,500 | 582,250 |
| Less: unamortized discount | <u>(73,806)</u> | <u>(5,298)</u> |
| Net unconditional promises to give | <u>\$ 3,754,694</u> | <u>\$ 576,952</u> |
| Amounts due in: | | |
| Less than one year | \$ 2,328,500 | \$ 408,750 |
| One to five years | <u>1,500,000</u> | <u>173,500</u> |
| | <u>\$ 3,828,500</u> | <u>\$ 582,250</u> |

The Agency applies a discount rate as of June 30, 2019 and 2018 of 3.99% and 3.15%, respectively, to all pledges with terms in excess of one year. There was no allowance for uncollectible contributions receivable as of June 30, 2019 and 2018.

Note 6 – Property and Equipment

Property and equipment as of June 30, 2019 and 2018 consists of the following:

| | <u>2019</u> | <u>2018</u> |
|---------------------------------------|---------------------|---------------------|
| Land | \$ 1,191,430 | \$ 1,191,430 |
| Building and building improvements | 8,445,601 | 8,331,550 |
| Furniture and equipment | 349,047 | 330,560 |
| Transportation equipment | <u>439,814</u> | <u>380,827</u> |
| | 10,425,892 | 10,234,367 |
| Less: accumulated depreciation | <u>(3,801,999)</u> | <u>(3,496,920)</u> |
| Operating property and equipment, net | 6,623,893 | 6,737,447 |
| Construction in progress | <u>978,664</u> | <u>42,499</u> |
| Property and equipment, net | <u>\$ 7,602,557</u> | <u>\$ 6,779,946</u> |

Depreciation totaled \$327,255 and \$309,453 for the years ended June 30, 2019 and 2018, respectively. Construction in progress primarily consists of the construction project for the Mann Campus.

Note 7 – Lines of Credit

As of June 30, 2019, 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, 2019 and 2018. The line of credit is due on demand, bears interest at a variable rate set by the financial institution (4.90% at June 30, 2019) and is collateralized by the Agency's investments held with the financial institution.

As of June 30, 2019, the Agency has a 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, 2019 and 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 (5.25% at June 30, 2019) and is uncollateralized.

THE LORD'S PLACE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 8 – Long-term Debt

Long-term debt at June 30, 2019 and 2018 is as follows:

| | 2019 | 2018 |
|---|-------------------|-------------------|
| Mortgage note payable – financial institution, monthly principal and interest payments of \$4,376, bears interest at 4.95%; maturing in August 2026; collateralized by certain real property. | \$ 298,838 | \$ 335,346 |
| Equipment notes payable – financial institution, monthly payments of principal and interest ranging from 3.06% to 5.15%; maturing through April 2024; collateralized by certain transportation equipment. | 98,434 | 67,615 |
| Mortgage note payable – financial institution, monthly principal and interest payments of \$3,150, bears interest at 3.15%; maturing in March 2022; collateralized by certain real property. | <u>144,918</u> | <u>177,527</u> |
| | 542,190 | 580,488 |
| Less: current portion of long-term debt | <u>(102,254)</u> | <u>(88,557)</u> |
| Long – term debt, net of current portion | <u>\$ 439,936</u> | <u>\$ 491,931</u> |

Principal payments required in each of the five years subsequent to June 30, 2019, and thereafter, are as follows:

| Year Ending June 30, | Amount |
|----------------------|-------------------|
| 2020 | \$ 102,254 |
| 2021 | 103,875 |
| 2022 | 139,868 |
| 2023 | 56,052 |
| 2024 | 53,878 |
| Thereafter | <u>86,263</u> |
| Total | <u>\$ 542,190</u> |

Note 9 – Lease Commitments

The Agency leases certain equipment and office space under certain non-cancelable operating lease agreements. Minimum future rental payments under non-cancelable operating leases as of June 30, 2019 are as follows:

| Year Ending June 30, | Amount |
|----------------------|-------------------|
| 2020 | \$ 249,497 |
| 2021 | 205,372 |
| 2022 | 141,173 |
| 2023 | 134,936 |
| 2024 | <u>110,574</u> |
| Total | <u>\$ 841,552</u> |

Total rent expense under all operating leases was \$103,139 and \$60,714 for the years ended June 30, 2019 and 2018, respectively.

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 10 – Employee Retirement Plan

The Agency maintains a 401(k) Retirement Plan (the Plan) for the benefit of substantially all eligible employees. Employees must complete minimum service requirements and may contribute up to 15% of their compensation, not to exceed the maximum amount allowable by the IRC. The Agency matches up to 3% of an eligible employee's gross compensation. The Agency's matching contribution was \$94,235 and \$69,777 for the years ended June 30, 2019 and 2018, respectively.

Note 11 – 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 portion 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 12 – 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 from donor restrictions during the years ended June 30, 2019 and 2018 as follows:

| | 2019 | 2018 |
|-----------------------------|--------------|--------------|
| Social enterprises | \$ 158,750 | \$ 143,456 |
| Clinical services | 100,822 | 152,446 |
| Community engagement | - | 34,388 |
| Job training and employment | 93,209 | 192,535 |
| Re-entry | 96,410 | 63,719 |
| Homeless services | 237,671 | 277,019 |
| Housing | 2,148,941 | 1,119,251 |
| Total | \$ 2,835,803 | \$ 1,982,814 |

Note 13 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2019 and 2018:

| | 2019 | 2018 |
|--|--------------|--------------|
| Time and purpose restrictions: | | |
| Housing | \$ 2,343,275 | \$ 2,275,808 |
| Homeless services | 3,746,041 | 121,962 |
| Social enterprises | - | 128,750 |
| Job training and employment | 126,791 | - |
| Clinical services | 6,732 | 107,554 |
| Re-entry | 232,586 | 3,996 |
| Perpetual in nature: | | |
| Institutional support | 575,107 | 575,107 |
| Total net assets with donor restrictions | \$ 7,030,532 | \$ 3,213,177 |

THE LORD'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 14 – 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, 2019 and 2018 is presented as follows:

| | June 30, 2019 | | |
|--|------------------------------|---------------------------|---------------|
| | Without Donor Restriction | With Donor Restriction | Total |
| Endowment gifts and designations: | | | |
| Housing | \$ 334,343 | \$ - | \$ 334,343 |
| Institutional support | 200,000 | 575,107 | 775,107 |
| Total endowment gifts and designations | 534,343 | 575,107 | 1,109,450 |
| Non-endowment net assets | 11,392,988 | 6,455,425 | 17,848,413 |
| Total net assets | \$ 11,927,331 | \$ 7,030,532 | \$ 18,957,863 |
| | | | |
| | June 30, 2018 | | |
| | Without Donor Restriction | With Donor Restriction | Total |
| Endowment gifts and designations: | | | |
| Housing | \$ 337,535 | \$ - | \$ 337,535 |
| Institutional support | - | 575,107 | 575,107 |
| Total endowment gifts and designations | 337,535 | 575,107 | 912,642 |
| Non-endowment net assets | 8,042,307 | 2,638,070 | 10,680,377 |
| Total net assets | \$ 8,379,842 | \$ 3,213,177 | \$ 11,593,019 |

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 without donor restriction 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, 2019.

THE LORD'S PLACE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 14 – Endowments, 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, 2019 are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|----------------------------|---------------------|
| Balance as of July 1, 2018 | \$ 337,535 | \$ 575,107 | \$ 912,642 |
| Board designation | 200,000 | - | 200,000 |
| Appropriations for endowment expenditures | <u>(3,192)</u> | <u>-</u> | <u>(3,192)</u> |
| Balance as of June 30, 2019 | <u>\$ 534,343</u> | <u>\$ 575,107</u> | <u>\$ 1,109,450</u> |

Note 15 – 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 16 – Subsequent Events

The Agency evaluated events occurring subsequent to June 30, 2019 through October 17, 2019, 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, 2019

| 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 | FL0287L4D051710 | \$ 234,047 |
| Supportive Housing - Project Family Care | 14.267 | FL0287L4D051811 | 88,834 |
| Supportive Housing - Operation Home Ready | 14.267 | FL0368L4D051607 | 7,957 |
| Supportive Housing - Operation Home Ready | 14.267 | FL0368L4D051708 | 143,882 |
| Supportive Housing - Operation Home Ready II | 14.267 | FL0483L4D051603 | 20,554 |
| Supportive Housing - Operation Home Ready II | 14.267 | FL0483L4D051704 | 117,225 |
| Supportive Housing - Operation Home Ready III | 14.267 | FL0594L4D051500 | 281,831 |
| Supportive Housing - Home First | 14.267 | FL0711L4D051700 | <u>238,288</u> |
| Total Continuum of Care Program | | | <u>1,132,618</u> |
| US Department of Housing and Urban Development Block Grant for Housing Development | | | |
| Community Development Block Grant | 14.218 | B-17-MC-12-0022 | 28,587 |
| Community Development Block Grant | 14.218 | B-18-MC-12-0022 | <u>80,000</u> |
| Total Community Development Block Grant Program | | | <u>108,587</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>1,241,205</u> |
| U.S. Department of Homeland Security: | | | |
| Pass-through programs from: | | | |
| Palm Beach County - Emergency Food and Shelter Program | 97.024 | LRO-168600-004 | <u>66,588</u> |
| Total U.S. Department of Homeland Security | | | <u>66,588</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 | S18-008 | <u>300,000</u> |
| Total U.S. Department of Labor | | | <u>300,000</u> |
| US Department of Health and Human Services: | | | |
| Block Grants for Community Mental Health Services | | | |
| Federal - Southeast Florida Behavioral Health Network | 93.15 | PNA22-1619 | 180,000 |
| Federal - Southeast Florida Behavioral Health Network | 93.958 | PNA22-1619 | <u>19,153</u> |
| Total Block Grants for Community Mental Health Services | | | <u>199,153</u> |
| Total US Department of Health and Human Services | | | <u>199,153</u> |
| US Department of Justice: | | | |
| Second Chance Act Reentry Initiative Pass-through programs from: | | | |
| Palm Beach County - Criminal Justice Commission (Community) | 16.812 | 2017-CZ-BX-0003 | <u>9,990</u> |
| Total Second Chance Act Reentry Initiative | | | <u>9,990</u> |
| Edward Byrne Memorial Justice Assistance Grant Program Pass-through programs from: | | | |
| Palm Beach County - Criminal Justice Commission (Community) | 16.738 | R2018-1651 | 33,169 |
| Palm Beach County - Criminal Justice Commission (Community) | 16.738 | R2017-1386 | <u>43,223</u> |
| Total Edward Byrne Memorial Justice Assistance Grant Program | | | <u>76,392</u> |
| Total US Department of Justice | | | <u>86,382</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 1,893,328</u> |
| State Financial Assistance: | | | |
| Block Grants for Community Mental Health Services - State Match | 93.958 | PNA22-1619 | \$ 152,134 |
| Block Grants for Community Mental Health Services - US Department of Health and Human Services | 93.958 | PNA22-1619 | <u>20,660</u> |
| Total State Financial Assistance | | | <u>\$ 172,794</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, 2019 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.

Note 2 – Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The Lord's Place, Inc., has elected not to use the 10 percent de Minimis indirect cost rate allowed under the Uniform Guidance on eligible grants during the year ended June 30, 2019.

Note 4 – Loan and Loan Guarantee Programs

There were no loans or loan guarantee programs as of or for the year ended June 30, 2019.

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, 2019, 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 17, 2019.

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 17, 2019

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, 2019. 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, 2019.



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 17, 2019

THE LORD'S PLACE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

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, 2019.

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, 2018.