

**THE LORD'S PLACE, INC.**  
**REPORT ON AUDITS OF FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

# THE LORD'S PLACE, INC.

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## Independent Auditors' Report

To the Board of Directors  
The Lord's Place, Inc.  
West Palm Beach, Florida

### 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, 2021 and 2020, 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, 2021 and 2020, 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 2021 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 2021 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 2021 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 December 14, 2021, 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  
December 14, 2021

**THE LORD'S PLACE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,570,828	\$ 4,020,265
Investments	12,198,261	10,056,236
Grants and other receivables	1,050,663	487,957
Current portion of contributions receivable, net	2,257,536	2,968,095
Prepaid expenses and other current assets	250,003	88,097
Total current assets	20,327,291	17,620,650
Contributions receivable, net of current portion	3,956,391	5,706,446
Property and equipment, net	8,101,350	7,816,903
Other assets	40,345	32,252
Total assets	\$ 32,425,377	\$ 31,176,251
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 153,767	\$ 156,879
Accrued expenses	636,171	473,273
Current portion of long-term debt	145,028	667,341
Client deposits	129,284	139,083
Total current liabilities	1,064,250	1,436,576
Long-term debt, net	208,850	1,045,574
Total liabilities	1,273,100	2,482,150
Net assets:		
Without donor restrictions:		
Undesignated	13,182,842	10,736,274
Designated by the Board for operating reserve	200,000	200,000
Designated by the Board for housing	163,365	309,189
	13,546,207	11,245,463
With donor restrictions:		
Purpose or time restrictions	17,030,963	16,873,531
Perpetual in nature	575,107	575,107
	17,606,070	17,448,638
Total net assets	31,152,277	28,694,101
Total liabilities and net assets	\$ 32,425,377	\$ 31,176,251

See accompanying notes to financial statements.

**THE LORD'S PLACE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2021 and 2020**

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Government grants and contracts	\$ 4,547,013	\$ -	\$ 4,547,013	\$ 3,588,936	\$ -	\$ 3,588,936
Contributions	2,583,494	2,373,295	4,956,789	1,853,249	13,039,971	14,893,220
United Way	458,176	-	458,176	448,673	-	448,673
Special events income	992,248	-	992,248	1,089,658	-	1,089,658
Social enterprises	981,624	-	981,624	1,548,613	-	1,548,613
Residence fees	267,647	-	267,647	205,619	-	205,619
Other	16,068	-	16,068	8,449	-	8,449
Net investment return (loss)	728,950	182,880	911,830	88,598	(1,411)	87,187
Donated services and materials	253,553	-	253,553	467,169	-	467,169
Net assets released from restrictions	1,984,745	(1,984,745)	-	2,074,610	(2,074,610)	-
<b>Total support and revenue</b>	<b>12,813,518</b>	<b>571,430</b>	<b>13,384,948</b>	<b>11,373,574</b>	<b>10,963,950</b>	<b>22,337,524</b>
Expenses:						
Program services:						
Job training and employment	1,053,224	-	1,053,224	1,258,028	-	1,258,028
Community engagement	1,136,761	-	1,136,761	785,196	-	785,196
Re-entry	893,107	-	893,107	735,914	-	735,914
Housing	5,238,830	-	5,238,830	4,881,762	-	4,881,762
Clinical services	175,897	-	175,897	154,726	-	154,726
Social enterprises	2,181,919	-	2,181,919	3,017,420	-	3,017,420
<b>Total program services</b>	<b>10,679,738</b>	<b>-</b>	<b>10,679,738</b>	<b>10,833,046</b>	<b>-</b>	<b>10,833,046</b>
Supporting services:						
General and administrative	886,469	-	886,469	1,100,637	-	1,100,637
Fundraising	636,903	-	636,903	667,603	-	667,603
<b>Total expenses</b>	<b>12,203,110</b>	<b>-</b>	<b>12,203,110</b>	<b>12,601,286</b>	<b>-</b>	<b>12,601,286</b>
Increase (decrease) in net assets from operations	610,408	571,430	1,181,838	(1,227,712)	10,963,950	9,736,238
Net assets released from restrictions for property and equipment	413,998	(413,998)	-	545,844	(545,844)	-
Non-operating activities:						
Proceeds from insured loss, net of impairment charges (Note 15)	3,238	-	3,238	-	-	-
Gain on forgiveness of PPP loan (Note 8)	1,273,100	-	1,273,100	-	-	-
Increase (decrease) in net assets	2,300,744	157,432	2,458,176	(681,868)	10,418,106	9,736,238
Net assets - beginning of year	11,245,463	17,448,638	28,694,101	11,927,331	7,030,532	18,957,863
Net assets - end of year	<u>\$ 13,546,207</u>	<u>\$ 17,606,070</u>	<u>\$ 31,152,277</u>	<u>\$ 11,245,463</u>	<u>\$ 17,448,638</u>	<u>\$ 28,694,101</u>

See accompanying notes to financial statements.

**THE LORD'S PLACE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2021**

	<b>Program Services</b>						<b>Supporting Services</b>		<b>Total Expenses</b>
	Job Training and Employment	Community Engagement	Re-Entry	Housing	Clinical Services	Social Enterprises	General and Administrative	Fundraising	
Salaries and related costs	\$ 687,015	\$ 686,173	\$ 515,881	\$ 2,675,720	\$ 118,674	\$ 1,261,300	\$ 716,628	\$ 439,958	\$ 7,101,349
Childcare	-	-	-	10,491	-	40	-	-	10,531
Client services	58,917	222,441	223,567	934,708	2,756	4,040	6,223	7,956	1,460,608
Food and kitchen supplies	14,152	200	3	26,127	2	185,393	68	6	225,951
Mental health services	-	-	65,735	13,427	37,922	-	-	-	117,084
Stipends	65,977	-	-	-	-	1,440	-	-	67,417
Travel and transportation	1,652	13,724	9,033	88,637	458	54,971	2,609	327	171,411
Occupancy	73,279	65,059	18,333	848,137	4,322	343,949	78,123	37,712	1,468,914
Professional fees	3,995	53,622	1,713	10,187	313	1,608	41,909	44,109	157,456
Office expense	27,447	23,515	7,998	84,810	2,012	53,285	23,505	46,411	268,983
Interest	27	10	2	5,009	10	13,172	36	4	18,270
Other costs	47,682	52,671	39,710	214,415	7,403	87,265	(19,716)	40,515	469,945
In-kind services and products	<u>36,072</u>	<u>16,662</u>	<u>5,605</u>	<u>55,775</u>	<u>169</u>	<u>120,473</u>	<u>601</u>	<u>18,196</u>	<u>253,553</u>
Subtotal	1,016,215	1,134,077	887,580	4,967,443	174,041	2,126,936	849,986	635,194	11,791,472
Depreciation	<u>37,009</u>	<u>2,684</u>	<u>5,527</u>	<u>271,387</u>	<u>1,856</u>	<u>54,983</u>	<u>36,483</u>	<u>1,709</u>	<u>411,638</u>
Total expenses	<u>\$ 1,053,224</u>	<u>\$ 1,136,761</u>	<u>\$ 893,107</u>	<u>\$ 5,238,830</u>	<u>\$ 175,897</u>	<u>\$ 2,181,919</u>	<u>\$ 886,469</u>	<u>\$ 636,903</u>	<u>\$ 12,203,110</u>

See accompanying notes to financial statements.

**THE LORD'S PLACE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2020**

	<u>Program Services</u>						<u>Supporting Services</u>		Total Expenses
	Job Training and Employment	Community Engagement	Re-Entry	Housing	Clinical Services	Social Enterprises	General and Administrative	Fundraising	
Salaries and related costs	\$ 815,931	\$ 567,451	\$ 440,522	\$ 2,487,763	\$ 104,792	\$ 1,683,792	\$ 657,287	\$ 412,066	\$ 7,169,604
Childcare	-	-	-	11,031	-	-	-	-	11,031
Client services	56,744	105,250	236,351	837,210	1,484	22,425	10,726	848	1,271,038
Food and kitchen supplies	42,958	1,226	333	33,002	-	462,090	4,015	-	543,624
Mental health services	-	-	-	20,882	41,048	-	-	-	61,930
Stipends	75,603	-	-	-	-	-	-	-	75,603
Travel and transportation	8,991	14,359	17,846	108,642	130	73,483	28,689	1,988	254,128
Occupancy	74,417	47,669	13,907	796,403	2,524	287,100	72,143	84,742	1,378,905
Professional fees	4,805	2,963	2,794	23,183	1,190	39,593	11,281	66,177	151,986
Office expense	24,524	13,716	8,911	87,620	1,254	62,856	29,046	52,160	280,087
Interest	-	-	-	6,219	-	15,261	25	-	21,505
Other costs	10,135	7,566	3,619	60,973	775	146,076	259,862	36,161	525,167
In-kind services and products	<u>108,313</u>	<u>20,544</u>	<u>6,104</u>	<u>149,643</u>	<u>-</u>	<u>170,505</u>	<u>308</u>	<u>11,752</u>	<u>467,169</u>
Subtotal	1,222,421	780,744	730,387	4,622,571	153,197	2,963,181	1,073,382	665,894	12,211,777
Depreciation	<u>35,607</u>	<u>4,452</u>	<u>5,527</u>	<u>259,191</u>	<u>1,529</u>	<u>54,239</u>	<u>27,255</u>	<u>1,709</u>	<u>389,509</u>
Total expenses	<u>\$ 1,258,028</u>	<u>\$ 785,196</u>	<u>\$ 735,914</u>	<u>\$ 4,881,762</u>	<u>\$ 154,726</u>	<u>\$ 3,017,420</u>	<u>\$ 1,100,637</u>	<u>\$ 667,603</u>	<u>\$ 12,601,286</u>

See accompanying notes to financial statements.

**THE LORD'S PLACE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 2,458,176	\$ 9,736,238
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	411,638	389,509
Net unrealized and realized (gain) loss on investments	(795,702)	37,816
Gain on disposal of property and equipment	(3,500)	(4,395)
Gain on forgiveness of PPP loan	(1,273,100)	-
Contributions restricted for long-term purposes	(2,266,300)	(6,839,423)
(Increase) decrease in operating assets:		
Grants and other receivables	(562,707)	198,483
Contributions receivable	2,460,614	(4,919,847)
Prepaid expenses and other current assets	(169,999)	13,440
Increase (decrease) in operating liabilities:		
Accounts payable	(3,112)	37,763
Accrued expenses	163,242	(14,930)
Client deposits	(9,799)	35,979
Net cash provided by (used in) operating activities	409,451	(1,329,367)
Cash flows from investing activities:		
Proceeds from sales of investments	2,418,247	963,788
Purchases of investments	(3,764,570)	(4,250,000)
Insurance proceeds received	279,762	-
Proceeds from sales of equipment	3,500	4,395
Purchases of property and equipment	(953,202)	(603,854)
Net cash used in investing activities	(2,016,263)	(3,885,671)
Cash flows from financing activities:		
Proceeds from long term debt	-	1,273,100
Repayments of principal on long-term debt	(108,925)	(102,375)
Contributions restricted for long-term purposes	2,266,300	6,839,423
Net cash provided by financing activities	2,157,375	8,010,148
Net increase in cash and cash equivalents	550,563	2,795,110
Cash and cash equivalents, beginning of year	4,020,265	1,225,155
Cash and cash equivalents, end of year	4,570,828	4,020,265
Supplemental disclosures of cash flow information:		
Interest paid	\$ 18,270	\$ 21,505
Non-cash investing and financing activity:		
Equipment financed with long-term debt	\$ 29,288	\$ -

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 providing supportive housing to a total of 320 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. 96% of clients remained in the programs or successfully exited to stable housing at the end of the year. 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. 21 of these clients are in our new rapid rehousing program which is instrumental to households experiencing pandemic-related homelessness.

*Job Training & Employment*

Employment Services offer diverse programming (apprenticeships, training, education classes, job coaching) to help clients gain meaningful employment. Of the 162 men and women who participated in the Job Readiness Classroom Training in fiscal year 2020-2021, 100% successfully graduated. For the Job Training and Employment Program, 280 individuals enrolled in the program and 97 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 fiscal year 2020-2021, The Lord's Place Thrift Store and The Café Joshua Catering Company. The two programs provided transitional work experience for individuals, of which 43% successfully gained competitive employment. The program's operating deficit is largely funded through various grant programs with various funders.

*Community Engagement*

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 at risk of homelessness.

Our Community Engagement program assisted 590 unsheltered individuals in 2020-2021. This is an increase of 125 clients from the previous year. Recognizing the vulnerability of the unsheltered population, the Community Engagement program acted with urgency to protect those living on the streets from COVID-19 and other risks associated with sleeping in places not meant for human habitation. The program ultimately placed 322 individuals into housing, enabling them begin their new lives in a safe, comfortable environment.

**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*

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 to 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 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.

*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 136 individuals in this capacity.

*Clinical and Care Coordination 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 fiscal year 2020-2021, The Lord's Place served 151 individuals under this program.

*Homeless Prevention*

Finally, early on in the pandemic, we created a major new Homeless Prevention program to assist those experiencing COVID-related housing and financial instability. The program provides financial and utilities assistance, case management, benefits navigation, and housing relocation services. In 2020-2021, the Homeless Prevention program served 80 households composed of 150 individuals.

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*.

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

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

Basis of presentation, continued

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 statements of activities.

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 grant 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.

Grants receivable are stated at the amount of the uncollected balances less any allowance for doubtful accounts. There was no allowance for doubtful accounts related to grants receivable at June 30, 2021 and 2020.

Cash and cash equivalents

Cash and cash equivalents include demand deposits, certificates of deposit, money market accounts, and other highly liquid investments with an original maturity of three months or less. The Agency classified any cash or money market accounts held by external investment managers as investments as the intent is to hold and reinvest these amounts in its investment portfolio.

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

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may be either conditional or unconditional. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. Assets received before the barrier is overcome are accounted for as refundable advances.

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

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

Contributions, continued

Contributions, 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.

Promises (contributions receivable) that are expected to be collected within one year are recorded at net realizable value. Promises that are expected to be collected beyond one year are recorded at their net present value. Promises that are expected to be collected in future years are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based on management's judgment of potential defaults.

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.

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 (ETFs) 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 and common stocks are measured at quoted market prices. Real estate investment trusts are measured at net asset value per share or its equivalent. 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 statements 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.

The Agency's investments, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility risk. In addition, due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and those changes could materially affect the amounts reported in the statements of financial position.

Purchased investments are initially recorded at cost and contributed investments are initially recorded at fair value on the date received, and any net appreciation or loss arising thereafter is reported annually in the statements of activities. Gains and losses on investments, including changes in market value, are reported in the statements of activities as increases or decreases in net assets without donor restrictions or net assets with donor restrictions.

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

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

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, 2021 and 2020, the net debt issuance costs included in other assets in the statements of financial position are \$2,048 and \$2,821, respectively.

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 2018.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented.

## 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

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, 2021, including interim periods within those years. The Agency is currently evaluating the effects the update will have on its financial statements.

In June 2020, the FASB issued Accounting Standards Update ASU 2020-05 allowing certain private entities and not-for-profits to defer the implementation of ASU 2014-09, *Revenue from Contracts with Customers* and ASU 2016-02, *Leases*. FASB issued ASU 2020-05 in response to the coronavirus (COVID-19) pandemic to give some relief to organizations and the difficulties they are facing during the pandemic. Accordingly, the Agency will adopt ASU 2016-02 under the timeline provided by ASU 2020-05.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The guidance in this ASU requires not-for-profit entities to present nonfinancial assets as a separate line item in the statement of activities separately from contributions of cash and other financial assets. ASU 2020-07 also requires disclosures including the use of the contributed nonfinancial assets, the policy of monetizing or utilizing contributed nonfinancial assets, description of donor-imposed restrictions associated with contributed nonfinancial assets, and the valuation techniques and inputs to measure the contributed nonfinancial assets at fair value. The ASU is required to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Agency has not fully adopted ASU 2020-07 as of June 30, 2021 and is currently evaluating the disclosures required by ASU 2020-07 that will be incorporated into its notes to its financial statements for year ending June 30, 2022.

#### Note 2 – Liquidity and Availability of Resources

Financial assets available for general expenditures within one year of June 30, 2021 and 2020, are as follows:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 4,570,828	\$ 4,020,265
Investments	12,198,261	10,056,236
Grants and accounts receivable, net	1,050,663	487,957
Unconditional promises to give, net	6,213,927	8,674,541
Total financial assets	24,033,679	23,238,999
Less: financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets (Note 13)	(17,030,963)	(16,873,531)
Donor-restricted endowment funds perpetual in nature (Note 13)	(575,107)	(575,107)
Less: Board designated assets (Note 14)	(363,365)	(509,189)
Less: contractual restrictions on financial assets	(104,594)	(127,501)
Amount available for general operating expenditures within one year	\$ 5,959,650	\$ 5,153,671

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 its mission to serve the homeless.

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

**Note 2 – Liquidity and Availability of Resources, Continued**

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 of Directors desires to maintain the principal amount as an endowment, it is available to support operations if needed. Financial assets not included above are designated with donor restrictions and it is the Board of Directors' 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 of Directors 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, 2021 and 2020 follows:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 6,270,078	\$ 5,365,655
Mutual funds and ETFs	880,598	2,052,138
Certificates of deposit	487,107	1,225,294
Common stocks	1,703,459	-
Real estate investment trust	168,557	-
Corporate bonds	<u>2,688,462</u>	<u>1,413,149</u>
Total investments	<u>\$ 12,198,261</u>	<u>\$ 10,056,236</u>

The following schedule summarizes the net investment return for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 134,344	\$ 144,286
Realized gains, net	736,594	70,360
Unrealized gains (losses), net	59,308	(108,176)
Investment fees	<u>(18,416)</u>	<u>(19,283)</u>
Net investment return	<u>\$ 911,830</u>	<u>\$ 87,187</u>

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

**Note 4 – Fair Value Measurements, Continued**

The Agency's investments are reported at fair value. Fair value is determined by the following methods:

*Money market funds* – valued using net asset value (NAV) \$1.

*Mutual funds and ETFs* – valued at the daily closing price as reported by the Fund. Mutual funds held by the Agency are open ended mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds and exchange traded funds held by the Agency are deemed to be actively traded (Level 1 inputs).

*Common stocks*: Valued at the closing price reported on the active market on which the securities are traded on the last business day of the Agency's fiscal year.

*Certificates of deposit* – determined using the contractual cash flows and current market rates or certificates of deposit with a similar remaining time to maturity (Level 2 inputs). The Agency intends to hold the certificates to their maturity.

*Corporate bonds* – determined by the closing bid price on the last business day of the fiscal year if actively traded.

*Real estate investment trust (RIT)* – valued at the NAV of units of a real estate investment trust fund. The NAV, as provided by the fund manager of the RIT, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Unitholder transactions (purchases and sales) may occur daily.

The following table summarizes the Agency's determination of fair value as of June 30, 2021 and 2020 on the following financial assets using these input levels that are measured at fair value on a recurring basis:

Investments	Fair Value Measurement as of June 30, 2021		
	Level 1	Level 2	Fair Value Total
Money market funds	\$ 6,270,078	\$ -	\$ 6,270,078
Mutal funds and ETFs	880,598	-	880,598
Common stocks	1,703,459	-	1,703,459
Certificates of deposit	-	487,107	487,107
Real estate investment trust*	-	-	168,557
Corporate bonds	-	2,688,462	2,688,462
Investments, at fair value	<u>\$ 8,854,135</u>	<u>\$ 3,175,569</u>	<u>\$ 12,198,261</u>

  

Investments	Fair Value Measurement as of June 30, 2020		
	Level 1	Level 2	Fair Value Total
Money market funds	\$ 5,365,655	\$ -	\$ 5,365,655
Mutal funds and ETFs	2,052,138	-	2,052,138
Certificates of deposit	-	1,225,294	1,225,294
Corporate bonds	-	1,413,149	1,413,149
Investments, at fair value	<u>\$ 7,417,793</u>	<u>\$ 2,638,443</u>	<u>\$ 10,056,236</u>

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

**Note 4 – Fair Value Measurements, Continued**

\* In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items present in the statements of financial position.

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments for which fair value is measured using the NAV share practical expedient as of June 30, 2021. There are no redemption restrictions for this investment.

<u>Year End</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
June 30, 2021	RIT	<u>\$ 168,557</u>	None	Daily	None

The Starwood Real Estate Income Trust (the trust) is a perpetual life non-traded REIT and composed of real estate investments in multifamily and industrial properties and reports its NAV of units of the real estate trust. The objective of the trust is to provide income-producing returns on invested real estate. The trust's investments primarily consist of direct real estate investments as well as investments in real estate collateralized debt.

**Note 5 – Contributions Receivable, Net**

Contributions receivable consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Homeless services	\$ 800,000	\$ 1,810,000
Capital campaign	<u>5,829,250</u>	<u>7,335,550</u>
Total unconditional promises to give	6,629,250	9,145,550
Less: unamortized discount	<u>(249,592)</u>	<u>(242,370)</u>
	6,379,658	8,903,180
Less: allowance for doubtful collections	<u>(165,731)</u>	<u>(228,639)</u>
Contributions receivable, net	<u>\$ 6,213,927</u>	<u>\$ 8,674,541</u>
Amounts due in:		
Less than one year	\$ 2,423,267	\$ 3,196,734
One to five years	<u>4,205,983</u>	<u>5,948,816</u>
	<u>\$ 6,629,250</u>	<u>\$ 9,145,550</u>

The Agency applies a discount rate as of June 30, 2021 and 2020 of 2.08% and 2.16%, respectively, to all pledges with terms in excess of one year. The allowance for doubtful collections is estimated and adjusted based upon management's assessment of current economic conditions that would affect the adequacy of the allowance.

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

**Note 6 – Property and Equipment**

Property and equipment as of June 30, 2021 and 2020 consists of the following:

	2021	2020
Land	\$ 1,496,428	\$ 1,496,428
Building and building improvements	9,809,108	9,543,140
Furniture and equipment	412,450	385,700
Transportation equipment	408,133	429,142
	12,126,119	11,854,410
Less: accumulated depreciation	(4,480,001)	(4,114,487)
Operating property and equipment, net	7,646,118	7,739,923
Construction in progress	455,232	76,980
Property and equipment, net	\$ 8,101,350	\$ 7,816,903

Depreciation totaled \$411,638 and \$389,509 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021, construction in progress consists of the construction costs for the Agency's West Palm Beach Resource Center.

**Note 7 – Lines of Credit**

Collateralized line of credit

As of June 30, 2021, the Agency has an available revolving line of credit with a financial institution that provides for borrowings of up to \$5,800,000 (the line of credit) with a minimum withdrawal requirement of \$55,000. The Agency had no borrowings outstanding as of June 30, 2021 and 2020. The line of credit is due on demand, bears interest at a variable rate set by the financial institution (2.10% at June 30, 2021) and is collateralized by the Agency's investments held with the financial institution.

Uncollateralized line of credit

As of June 30, 2021, the Agency has a revolving line of credit with a financial institution that provides for borrowings of up to \$25,000 (revolving line of credit). The Agency had no borrowings outstanding on the revolving line of credit as of June 30, 2021 and 2020. The line of credit is due on demand, bears interest at a fixed rate (5% at June 30, 2021), is uncollateralized and matures in October 2022.

**Note 8 – Long-term Debt**

Paycheck Protection Program

On April 23, 2020, the Agency received loan proceeds in the amount of \$1,273,100 under the Paycheck Protection Program (PPP) from its primary lender. The PPP Loan, as established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), was designed to be a direct incentive for qualifying employers to keep their workers on payroll due to the COVID-19 pandemic and its far reaching economic disruption. The U.S. Small Business Association (SBA) will forgive the loan if eligible expenses are incurred over the period specified in the SBA and US Treasury's PPP guidance and regulations. The PPP Loan, which was in the form of a promissory note, had a scheduled twenty-four month maturity from the date of funding, April 12, 2025, with an interest rate of 1.00% per annum, payable monthly, commencing six months from issuance (April 23, 2020). The PPP Loan was uncollateralized.

After the expiration of the covered period, the Agency applied for loan forgiveness from the lender and SBA upon satisfying the requirements for PPP Loan forgiveness.

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

**Note 8 – Long-term Debt, Continued**

Paycheck Protection Program, continued

On March 3, 2021, the Agency was notified by the lender that it satisfied the forgiveness requirements and received full forgiveness from the lender and SBA. As such, the Agency has recorded the PPP Loan forgiveness as a non-operating gain on forgiveness of debt in the amount of \$1,273,100 for the year ended June 30, 2021.

Description of long-term debt

Long-term debt at June 30, 2021 and 2020 is as follows:

	2021	2020
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.	\$ 222,447	\$ 260,494
Vehicle notes payable – vehicle finance lenders, monthly payments of principal and interest ranging from 3.50% to 5.10%; maturing through April 2024; collateralized by certain transportation equipment.	54,334	68,057
Paycheck Protection Program Loan (see above)	-	1,273,100
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.	77,097	111,264
	353,878	1,712,915
Less: current portion of long-term debt	(145,028)	(667,341)
Long – term debt, net of current portion	\$ 208,850	\$ 1,045,574

Principal maturities

Principal payments required in each of the five years subsequent to June 30, 2021, and thereafter, are as follows:

Year Ending June 30,	Amount
2022	\$ 145,028
2023	63,877
2024	56,066
2025	49,088
2026	39,819
Total	\$ 353,878

**Note 9 – Lease Commitments**

The Agency leases certain equipment, housing, office, and retail space under certain non-cancelable operating lease agreements. Minimum future rental payments under non-cancelable operating leases as of June 30, 2021 are as follows:

Year Ending June 30,	Amount
2022	\$ 399,055
2023	264,912
2024	127,197
Total	\$ 791,164

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

**Note 9 – Lease Commitments, Continued**

Total rent expense under all operating leases was \$388,528 and \$294,552 for the years ended June 30, 2021 and 2020, respectively.

**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 \$111,708 and \$112,255 for the years ended June 30, 2021 and 2020, respectively.

**Note 11 – Concentrations**

The Agency maintains its cash and cash equivalent accounts in bank deposit accounts with several high credit quality financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). The balances, at times, may exceed federally insured limits. The Agency's uninsured balances as of June 30, 2021 and 2020 totaled approximately \$4,360,000 and \$3,573,000, respectively. The Agency has not experienced any losses in such accounts. To minimize this risk, the Agency uses several financial institutions and reviews the banks' financial condition to ensure the safety of its deposits.

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, 2021 and 2020 as follows:

	2021	2020
Social enterprises	\$ 41,900	\$ -
Clinical services	4,974	6,732
Capital campaign	390,392	159,063
Job training and employment	295,121	274,418
Re-entry	101,515	131,071
Homeless services	418,104	557,075
Housing	<u>1,146,737</u>	<u>1,492,095</u>
Total net assets released from restrictions	<u>\$ 2,398,743</u>	<u>\$ 2,620,454</u>

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

**Note 13 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Time and purpose restrictions:		
Housing	\$ 2,130,063	\$ 2,233,799
Homeless services	488,354	876,141
Capital campaign	13,992,618	13,049,435
Job training and employment	354,876	587,641
Clinical services	40,052	-
Re-entry	25,000	126,515
Perpetual in nature:		
Institutional support	<u>575,107</u>	<u>575,107</u>
Total net assets with donor restrictions	<u>\$ 17,606,070</u>	<u>\$ 17,448,638</u>

**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, 2021 and 2020 is presented as follows:

	<u>June 30, 2021</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment gifts and designations:			
Housing	\$ 163,365	\$ -	\$ 163,365
Institutional support	<u>200,000</u>	<u>575,107</u>	<u>775,107</u>
Total endowment gifts and designations	363,365	575,107	938,472
Non-endowment net assets	<u>13,182,842</u>	<u>17,030,963</u>	<u>30,213,805</u>
Total net assets	<u>\$ 13,546,207</u>	<u>\$ 17,606,070</u>	<u>\$ 31,152,277</u>
	<u>June 30, 2020</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment gifts and designations:			
Housing	\$ 309,189	\$ -	\$ 309,189
Institutional support	<u>200,000</u>	<u>575,107</u>	<u>775,107</u>
Total endowment gifts and designations	509,189	575,107	1,084,296
Non-endowment net assets	<u>10,736,274</u>	<u>16,873,531</u>	<u>27,609,805</u>
Total net assets	<u>\$ 11,245,463</u>	<u>\$ 17,448,638</u>	<u>\$ 28,694,101</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.

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

**Note 14 – Endowments, Continued**

Interpretation of relevant law

The Agency follows 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 restricted 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, 2021.

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 3-5 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.

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

**Note 14 – Endowments, Continued**

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of July 1, 2020	\$ 509,189	\$ 575,107	\$ 1,084,296
Appropriations for endowment expenditures	<u>(145,824)</u>	<u>-</u>	<u>(145,824)</u>
Balance as of June 30, 2021	<u>\$ 363,365</u>	<u>\$ 575,107</u>	<u>\$ 938,472</u>

**Note 15 – Commitments and Contingencies**

Legal matters

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.

Insurance claim

In March 2021, one of the Agency's thrift store locations was damaged in a fire. At the time of the fire, the building and related improvements had a net book value of \$339,841. The Agency filed a claim and received a portion of its claim during the year ended June 30, 2021 totaling \$283,000 with the remainder of its claim to be received during the year ending June 30, 2022. Insurance proceeds, net of restoration costs and impairment charges related to the fire damage, for the year ended June 30, 2021 amounted to \$3,238 and is classified as a non-operating activity in the accompanying statement of activities.

The Agency believes the ultimate costs to restore the thrift store building to its intended use is uncertain and that it will receive additional insurance proceeds as the claim evaluation process continues with the insurance carrier. The restoration costs and any additional insurance proceeds are not reflected in these financial statements.

Construction contract

The Agency has entered into a construction contract for the renovation, construction and expansion of its West Palm Beach, Florida Community Resource Center, Café Joshua and Administrative Offices. Construction in progress totaling \$309,447 has been capitalized for this project as of June 30, 2021. The Resource Center project is expected to be completed by December 2022.

Support from federal, state and local agencies

Grant awards from federal, state and local governmental entities are subject to certain audit and compliance requirements. Such compliance requirements and program reviews could result in adjustments to grant funds received for disallowed costs or noncompliance with grantor restrictions. No provision has been made for liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that it has operated and conducted grant programs in accordance with the guidelines and requirements from the various governmental agencies.

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

**Note 16 – Risks and Uncertainties**

Significant uncertainties – COVID-19

As of June 30, 2021, the Agency had endured several months of the COVID-19 pandemic. In response to the various safety measures that were required to be imposed on the Agency, including suspension of thrift store hours and social enterprise operations for several months, management elected to temporarily limit travel for employees for several months and reduced headcount or reassigned staff to other programs and supporting activities in the Agency. Management elected to make these adjustments due to the unknown factors of how the COVID-19 pandemic would affect the Agency. Management will continue to monitor current market conditions as the COVID-19 pandemic continues and will make further adjustments if considered necessary.

**Note 17 – Subsequent Events**

The Agency evaluated events occurring subsequent to June 30, 2021 through December 14, 2021, 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, 2021**

Federal Grantor/Pass-Through Grantor Program Title	CFDA #	Grantor's Number	Expenditures
<b>US Department of Housing and Urban Development:</b>			
Office of Community Planning and Development: <u>Continuum of Care Program</u>			
Supportive Housing - Project Family Care	14.267	FL0287L4D052013	\$ 88,702
Supportive Housing - Project Family Care	14.267	FL0287L4D051912	231,677
Supportive Housing - Operation Home Ready	14.267	FL0368L4D051809	15,640
Supportive Housing - Operation Home Ready II	14.267	FL0483L4D051805	29,462
Supportive Housing - Operation Home Ready III	14.267	FL0594L4D051902	136,741
Supportive Housing - Operation Home Ready III	14.267	FL0594L4D051801	135,084
Supportive Housing - Operation Home Ready III	14.267	FL0368L4D51910	277,393
Supportive Housing - Home First	14.267	FL0711L4D051902	292,621
Supportive Housing - Home First	14.267	FL0711L4D051801	29,019
Total Continuum of Care Program			1,236,339
US Department of Housing and Urban Development			
Office Of Community Planning and Development: <u>Emergency Solutions Grant Program</u>			
Coronavirus Aid, Relief, and Economic Security Act (COVID-19)	14.231	R2021-0045	33,056
Coronavirus Aid, Relief, and Economic Security Act (COVID-19)	14.231	R2021-0045	82,100
Coronavirus Aid, Relief, and Economic Security Act (COVID-19)	14.231	R2021-0028	245,118
Coronavirus Aid, Relief, and Economic Security Act (COVID-19)	14.231	R2021-0045	433,082
Total Emergency Solutions Grant Program			793,356
<b>Total U.S. Department of Housing and Urban Development</b>			<b>2,029,695</b>
<b>U.S. Department of Homeland Security:</b>			
Pass-through programs from:			
Palm Beach County - Emergency Food and Shelter Program (COVID-19)	97.024	LRO-168600-004	100,000
Palm Beach County - Emergency Food and Shelter Program	97.024	LRO-168600-004	63,516
<b>Total U.S. Department of Homeland Security</b>			<b>163,516</b>
<b>U.S. Department of Labor:</b>			
CareerSource Palm Beach County			
Pass-through programs from Florida Agency of Workforce Innovations:			
CareerSource - Workforce Services to Homeless/Ex Offenders	17.258	S19-007	300,000
<b>Total U.S. Department of Labor</b>			<b>300,000</b>
<b>US Department of Health and Human Services:</b>			
Block Grants for Community Mental Health Services			
Federal - Southeast Florida Behavioral Health Network	93.15	PNA22-1619	199,226
Federal - Southeast Florida Behavioral Health Network	93.958	PNA22-1619	227,735
Total Block Grants for Community Mental Health Services			426,961
<b>Total US Department of Health and Human Services</b>			<b>426,961</b>
<b>US Department of Justice:</b>			
Second Chance Act Reentry Initiative			
Pass-through programs from:			
Palm Beach County - Criminal Justice Commission (Community)	16.812	2017-CZ-BX-0003	95,628
Total Second Chance Act Reentry Initiative			95,628
Edward Byrne Memorial Justice Assistance Grant Program			
Pass-through programs from:			
Palm Beach County - Criminal Justice Commission (Community)	16.738	R2020-1764	97,698
Palm Beach County - Criminal Justice Commission (Community)	16.738	R2019-1568	42,483
Total Edward Byrne Memorial Justice Assistance Grant Program			140,181
<b>Total US Department of Justice</b>			<b>235,809</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,155,981</b>
<b>State Financial Assistance:</b>			
Palm Beach County - Criminal Justice Commission (Community)	70.011	R2019-1568	\$ 172,179
<b>Total State Financial Assistance</b>			<b>\$ 172,179</b>

None of the expenditures presented in this schedule were provided to subrecipients, were for loan or loan guarantee programs or non cash 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, 2021 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, 2021.

**Note 4 – Loan and Loan Guarantee Programs**

There were no loans or loan guarantee programs as of or for the year ended June 30, 2021.

**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, 2021, 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 December 14, 2021.

**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  
December 14, 2021

## **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, 2021. 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, 2021.



## 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  
December 14, 2021

**THE LORD'S PLACE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2021**

**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
14.231	Emergency Solutions Grant 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, 2021.

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, 2020.