

**THE LORD'S PLACE, INC.**

**REPORT ON AUDITS OF FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

# THE LORD'S PLACE, INC.

## Table of Contents

	<u>Page</u>
Independent auditors' report	1–2
Financial statements:	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5–6
Statements of cash flows	7
Notes to financial statements	8–18
Supplementary information:	
Schedule of expenditures of federal awards and state financial assistance	19
Notes to schedule of expenditures of federal awards and state financial assistance	20
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 <i>Government Auditing Standards</i>	21–22
Independent auditors' report on compliance for each major program and on internal control over compliance required by the Uniform Guidance	23–24
Schedule of findings and questioned costs	25

## **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, 2016 and 2015, 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, 2016 and 2015, 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 2016 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 2016 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 2016 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 13, 2016, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

*Templeton & Company, LLP*

West Palm Beach, Florida  
October 13, 2016

**THE LORD'S PLACE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 981,632	\$ 1,009,714
Investments	3,011,315	3,380,623
Grants and other receivables, net	669,289	488,999
Contributions receivable, current portion	1,147,410	782,185
Prepaid expenses and other current assets	81,880	44,802
Total current assets	5,891,526	5,706,323
Contributions receivable, net of current portion	346,524	384,209
Property and equipment, net	5,764,194	5,446,505
Other assets	15,809	17,303
Total assets	\$ 12,018,053	\$ 11,554,340
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 83,582	\$ 36,003
Accrued expenses	211,300	157,677
Current portion of long-term debt	55,560	56,691
Client deposits	135,525	108,963
Deferred revenue	-	81,167
Total current liabilities	485,967	440,501
Long-term debt, net of current portion	567,455	607,210
Total liabilities	1,053,422	1,047,711
Net assets:		
Unrestricted	7,202,286	7,243,755
Temporarily restricted	3,187,238	2,687,767
Permanently restricted	575,107	575,107
Total net assets	10,964,631	10,506,629
Total liabilities and net assets	\$ 12,018,053	\$ 11,554,340

See accompanying notes to financial statements.

**THE LORD'S PLACE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2016 and 2015**

	Year Ended June 30, 2016				Year Ended June 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and revenue:</b>								
Government grants and contracts	\$ 2,053,536	\$ -	\$ -	\$ 2,053,536	\$ 2,119,142	\$ -	\$ -	\$ 2,119,142
Contributions	1,574,941	1,708,320	-	3,283,261	1,874,559	1,986,466	-	3,861,025
United Way	391,167	-	-	391,167	377,167	-	-	377,167
Special events income	513,691	-	-	513,691	407,151	-	-	407,151
Social enterprises	1,022,675	-	-	1,022,675	914,275	-	-	914,275
Residence fees	82,699	-	-	82,699	78,168	-	-	78,168
Other	3,061	-	-	3,061	2,718	-	-	2,718
Net investment income	9,381	-	-	9,381	87,165	-	-	87,165
Contributed services and materials	168,394	-	-	168,394	238,646	-	-	238,646
Net assets released from restrictions	728,469	(728,469)	-	-	669,571	(669,571)	-	-
<b>Total support and revenue</b>	<b>6,548,014</b>	<b>979,851</b>	<b>-</b>	<b>7,527,865</b>	<b>6,768,562</b>	<b>1,316,895</b>	<b>-</b>	<b>8,085,457</b>
<b>Expenses:</b>								
<b>Program services:</b>								
Job training and employment	955,891	-	-	955,891	1,047,311	-	-	1,047,311
Community engagement	183,610	-	-	183,610	139,986	-	-	139,986
Re-entry	558,222	-	-	558,222	574,703	-	-	574,703
Housing	2,542,777	-	-	2,542,777	2,259,652	-	-	2,259,652
Clinical services	269,954	-	-	269,954	144,222	-	-	144,222
Social enterprises	1,596,611	-	-	1,596,611	1,596,536	-	-	1,596,536
<b>Total program services</b>	<b>6,107,065</b>	<b>-</b>	<b>-</b>	<b>6,107,065</b>	<b>5,762,410</b>	<b>-</b>	<b>-</b>	<b>5,762,410</b>
<b>Supporting services:</b>								
General and administrative	520,112	-	-	520,112	469,888	-	-	469,888
Fundraising	394,472	-	-	394,472	526,584	-	-	526,584
<b>Total expenses</b>	<b>7,021,649</b>	<b>-</b>	<b>-</b>	<b>7,021,649</b>	<b>6,758,882</b>	<b>-</b>	<b>-</b>	<b>6,758,882</b>
Increase (decrease) in net assets from operations	(473,635)	979,851	-	506,216	9,680	1,316,895	-	1,326,575
Net assets released from restrictions for property, plant, and equipment	480,380	(480,380)	-	-	209,266	(209,266)	-	-
Loss on disposal of property and equipment	(48,214)	-	-	(48,214)	(32,428)	-	-	(32,428)
Increase (decrease) in net assets	(41,469)	499,471	-	458,002	186,518	1,107,629	-	1,294,147
Net assets - beginning of year	7,243,755	2,687,767	575,107	10,506,629	7,057,237	1,580,138	575,107	9,212,482
Net assets - end of year	\$ 7,202,286	\$ 3,187,238	\$ 575,107	\$ 10,964,631	\$ 7,243,755	\$ 2,687,767	\$ 575,107	\$ 10,506,629

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

**THE LORD'S PLACE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2015**

	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	\$ 694,607	\$ 101,814	\$ 449,013	\$ 1,151,442	\$ 85,300	\$ 959,313	\$ 283,387	\$ 263,571	\$ 3,988,447
Childcare	-	-	-	26,157	-	-	-	-	26,157
Client services	8,615	11,115	20,188	238,353	511	9,559	2,541	301	291,183
Food and kitchen supplies	47,152	12	130	9,601	12	259,838	657	2,736	320,138
Mental health services	5,800	-	33,920	57,367	47,143	-	-	-	144,230
Stipends	59,034	3	5,955	58	4	3,771	-	-	68,825
Travel and transportation	22,656	3,386	19,724	40,052	1,622	40,571	15,523	3,368	146,902
Occupancy	58,685	9,267	30,473	449,039	4,353	114,689	42,072	50,585	759,163
Professional fees	-	-	1,041	237	-	4,685	24,635	77,007	107,605
Office expense	11,270	5,002	7,167	31,067	1,707	23,391	26,476	74,505	180,585
Interest	29	125	-	7,293	-	24,405	-	4	31,856
Other costs	23,374	1,948	3,212	32,254	546	62,142	59,879	51,426	234,781
In-kind services and products	87,120	716	96	89,999	-	52,391	8,324	-	238,646
Subtotal	1,018,342	133,388	570,919	2,132,919	141,198	1,554,755	463,494	523,503	6,538,518
Depreciation	28,969	6,598	3,784	126,733	3,024	41,781	6,394	3,081	220,364
Total expenses	<u>\$ 1,047,311</u>	<u>\$ 139,986</u>	<u>\$ 574,703</u>	<u>\$ 2,259,652</u>	<u>\$ 144,222</u>	<u>\$ 1,596,535</u>	<u>\$ 469,888</u>	<u>\$ 526,584</u>	<u>\$ 6,758,882</u>

See accompanying notes to financial statements.



**THE LORD'S PLACE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in net assets	\$ 458,002	\$ 1,294,147
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	213,209	220,364
Unrealized and realized (gain) loss on investments	77,160	(6,301)
Loss on disposal of property and equipment	48,214	32,428
(Increase) decrease in operating assets:		
Grants receivable	(180,290)	47,960
Contributions receivable	(327,540)	(1,069,979)
Prepaid expenses and other current assets	(35,584)	(12,699)
Increase (decrease) in operating liabilities:		
Accounts payable	47,579	(18,319)
Accrued expenses	53,623	28,956
Client deposits	26,562	44,549
Deferred revenue	(81,167)	13,694
Net cash provided by operating activities	<u>299,768</u>	<u>574,800</u>
Cash flows from investing activities:		
Proceeds from sale of investments, net	292,148	736,667
Proceeds from sales of equipment	1,400	41,728
Purchases of property and equipment	<u>(580,512)</u>	<u>(488,575)</u>
Net cash provided by (used in) investing activities	<u>(286,964)</u>	<u>289,820</u>
Cash flows from financing activities:		
Proceeds from long-term debt	30,241	-
Repayments of principal on long-term debt	<u>(71,127)</u>	<u>(50,160)</u>
Net cash used in financing activities	<u>(40,886)</u>	<u>(50,160)</u>
Net increase (decrease) in cash and cash equivalents	(28,082)	814,460
Cash and cash equivalents, beginning of year	<u>1,009,714</u>	<u>195,254</u>
Cash and cash equivalents, end of year	<u>\$ 981,632</u>	<u>\$ 1,009,714</u>
Supplemental disclosures of cash flow information		
Interest paid	<u>\$ 30,249</u>	<u>\$ 29,947</u>

See accompanying notes to financial statements.

# THE LORD'S PLACE, INC.

## NOTES TO FINANCIAL STATEMENTS

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

#### Nature of activities

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

#### Housing

The Agency is capable of housing a total of 250 homeless men, women and children. The vast majority of those who exited the Housing Programs were launched into lives of independence and self-sufficiency. Housing is provided at the Agency's Men's Campus, Family Campus, Burckle Place (a program for single women), 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 166 men and women who participated in the Job Training & Education Programs in 2016, 94% successfully graduated from these programs.

#### Social enterprises

The mission of The Lord's Place Social Enterprise businesses is to create jobs for individuals with significant barriers to employment. Social enterprise businesses offer an approach to employment that leverages the power of the public marketplace to provide real world job experiences for the employees. The Lord's Place operated three social enterprise businesses in 2016, The Lord's Place Thrift Store, Joshua Landscaping, and The Café Joshua Catering Company. The three programs employed 50 formerly homeless men and women. The program's operating deficit is largely funded through various grant programs with various funders. In February 2016, the Joshua Landscaping business was closed.

#### Community engagement

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

In addition, The Lord's Place has been designated by the Social Security Administration as a Representative Payee Provider, allowing our organization the ability to offer indigent and/or incapacitated disabled participants financial management of their income benefits. Trained staff assists SOAR and Rep Payee Participants with budgeting their monthly income, ensuring that vital resources and service costs (housing and healthcare) are paid for each month, and monitoring participants spending. Collectively, the Agency serves an average of 100 chronically homeless individuals annually with our Benefits Navigation and Management Services.

## THE LORD'S PLACE, INC.

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

##### Re-entry

The Lord's Place works with local agencies and providers to address systemic reform for individuals being released from jail or prison. This program represents a cost-efficient approach to the problem of re-entry. Key areas of assistance include housing, physical and mental healthcare, as well as substance abuse recovery, employment, education, finances, rights restoration, and family reunification. With the support of our partner funders and providers, we were able to serve 148 individuals in this capacity.

##### Clinical services

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

Clients who present with the greatest health barriers are assigned to a multidisciplinary team. The team meets regularly to review each client's progress and provide direction for our staff. As needed, clients have access to regular therapeutic interventions, screenings by a psychiatric nurse and meetings with case management staff. The Lord's Place served 110 individuals under this program.

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

##### Basis of presentation

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

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

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

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

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

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

## THE LORD'S PLACE, INC.

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

##### Revenue recognition

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

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

##### Cash and cash equivalents

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

##### Contributed services

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

##### Contributions and grants

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

The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Grants receivable are stated at the amount of the uncollected balances less any allowance for doubtful accounts. There was no allowance recorded for uncollectable amounts as of June 30, 2016 or 2015.

##### Accounting estimates

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

# THE LORD'S PLACE, INC.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

#### Property and equipment

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. Leasehold improvements are amortized over the lesser of the estimated useful life or lease term. 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.

#### 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, 2016 and 2015, the net debt issuance costs included in other assets in the statements of financial position are \$5,910 and \$6,682, respectively.

#### Income taxes

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

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years ended June 30, 2016 and 2015. The Agency is no longer subject to income tax examinations for years prior to 2013.

#### Functional expenses

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

#### Reclassifications

Certain amounts appearing in the 2015 financial statements have been reclassified to conform with the 2016 presentation.

**THE LORD'S PLACE, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Note 2 – Investments**

A summary of portfolio investments, by investment type, at June 30, 2016 and 2015 follows:

	2016	2015
Money market fund	\$ 159,993	\$ 74,691
Equity mutual funds	1,881,765	1,961,523
Fixed income mutual funds	969,557	1,344,409
	\$ 3,011,315	\$ 3,380,623

The following schedule summarizes the net investment return on portfolio investments for the years ended June 30, 2016 and 2015:

	June 30, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Interest and dividends	\$ 71,738	\$ 14,803	\$ -	\$ 86,541
Realized losses, net	(49,078)	(25,983)	-	(75,061)
Unrealized gains (losses), net	1,991	(4,090)	-	(2,099)
Net investment return (loss)	\$ 24,651	\$ (15,270)	\$ -	\$ 9,381
	June 30, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Interest and dividends	\$ 68,032	\$ 12,832	\$ -	\$ 80,864
Realized gains, net	103,540	20,042	-	123,582
Unrealized gains (losses), net	(118,320)	1,039	-	(117,281)
Net investment return	\$ 53,252	\$ 33,913	\$ -	\$ 87,165

**Note 3 – Fair Value Measurements**

FASB ASC Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. As of June 30, 2016 and 2015, the Agency had no Level 2 or Level 3 assets or liabilities.

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

**THE LORD'S PLACE, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Note 4 – Contributions Receivable**

Contributions receivable consist of the following at June 30, 2016 and 2015:

	2016	2015
General operating pledges	\$ 61,160	\$ 61,997
Job training and employment	125,000	275,000
Homeless services	1,250,000	589,000
Tomorrow fund	75,000	272,688
Total unconditional promises to give	1,511,160	1,198,685
Less: unamortized discount	(17,226)	(32,291)
Net unconditional promises to give	\$ 1,493,934	\$ 1,166,394
Amounts due in:		
Less than one year	\$ 1,147,410	\$ 782,185
One to five years	363,750	416,500
	\$ 1,511,160	\$ 1,198,685

The Agency applies a discount rate as of June 30, 2016 and 2015 of 4% and 8%, respectively to all pledges with terms in excess of one year. There was no allowance for doubtful accounts as of June 30, 2016 and 2015.

**Note 5 – Property and Equipment**

Property and equipment as of June 30, 2016 and 2015 consists of the following:

	2016	2015
Land	\$ 1,174,630	\$ 1,174,630
Building and building improvements	6,564,874	6,522,052
Furniture and equipment	212,510	210,118
Transportation equipment	295,674	300,324
	8,247,688	8,207,124
Less: accumulated depreciation	(2,948,008)	(2,760,619)
Operating property and equipment, net	5,299,680	5,446,505
Construction in progress	464,514	-
Property and equipment, net	\$ 5,764,194	\$ 5,446,505

Depreciation totaled \$213,209 and \$220,364 for the years ended June 30, 2016 and 2015, respectively. Construction in progress consists primarily of construction projects for Burckle West and Halle Place. The estimated costs to complete the above projects is \$1.5 million and the Agency plans to fund these through fund-raising, restricted funds and operations.

**THE LORD'S PLACE, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Note 6 – Line of Credit**

As of June 30, 2016, 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, 2016. The line of credit is due on demand, bears interest at the a variable rate set by the financial institution (2.965% at June 30, 2016) and is collateralized by the Agency's investments held with the financial institution.

**Note 7 – Long-term Debt**

Long-term debt at June 30, 2016 and 2015 is as follows:

	2016	2015
Mortgage note payable – financial institution, monthly payments of \$4,376, including interest at 4.95%; maturing in August 2026; collateralized by certain land and buildings.	\$ 402,899	\$ 435,179
Equipment notes payable – financial institution, monthly payments of principal and interest ranging from 2.93% to 3.06%; maturing through January 2021; collateralized by certain transportation equipment.	30,048	24,660
Mortgage note payable – financial institution, monthly payments of \$1,783, including interest at 4.0%; maturing in July 2019; collateralized by residential real estate.	190,068	204,062
	623,015	663,901
Less: current portion of long-term debt	(55,560)	(56,691)
	\$ 567,455	\$ 607,210

Principal payments required in each of the five years subsequent to June 30, 2016, and thereafter, are as follows:

Year Ending June 30,	Amount
2017	\$ 55,560
2018	55,057
2019	57,618
2020	191,769
2021	43,470
Thereafter	219,541
Total	\$ 623,015



**THE LORD'S PLACE, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Note 8 – Lease Commitments**

The Agency leases certain equipment under non-cancelable operating lease agreements. Minimum future rental payments under non-cancelable operating leases as of June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 33,728
2018	<u>25,131</u>
Total	<u>\$ 58,859</u>

Total rent expense under all operating leases was \$33,957 and \$15,680 for the years ended June 30, 2016 and 2015, respectively.

**Note 9 – Retirement Plan**

Under the Agency's 401(k) plan, which covers employees who have completed minimum service requirements, employees may contribute up to 15% of compensation, not to exceed the maximum amount allowable by law. The Agency matches up to 3% of an eligible employees' gross wages. The Agency's matching contribution was \$60,926 and \$60,696 for the years ended June 30, 2016 and 2015, respectively.

**Note 10 – Concentrations**

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

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

**Note 11 – Net Assets Released from Restrictions**

Net assets are released from donor restrictions by incurring expenses, satisfying the restricted purposes or, by the occurrence of events as specified by the donors. Net assets were released during the years ended June 30, 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Social enterprises	\$ 117,700	\$ 401,961
Clinical services	-	73,317
Community engagement	103,662	32,937
Job training and employment	115,835	-
Re-entry	35,198	34,232
Homeless services	10,263	-
Housing	<u>826,191</u>	<u>336,390</u>
Total	<u>\$ 1,208,849</u>	<u>\$ 878,837</u>

**THE LORD'S PLACE, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Note 12 – Net Assets**

Temporarily restricted net assets consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Housing	\$ 1,992,170	\$ 1,688,349
Homeless services	97,547	-
Social enterprises	489,882	260,332
Job training and employment	312,500	275,000
Re-entry	207,099	272,384
Community engagement	<u>88,040</u>	<u>191,702</u>
	<u>\$ 3,187,238</u>	<u>\$ 2,687,767</u>

Permanently restricted net assets consist of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Institutional support	<u>\$ 575,107</u>	<u>\$ 575,107</u>

**Note 13 – Endowments**

The Agency considers its endowment to include certain assets designated by the Board of Directors. The endowment by net asset category and purpose at June 30, 2016 and 2015 is presented as follows:

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

**THE LORD'S PLACE, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Note 13 – Endowments, Continued**

	June 30, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment gifts and designations:				
Housing	\$ 389,764	\$ -	\$ -	\$ 389,764
Marketing	1,658	-	-	1,658
Institutional support	-	-	575,107	575,107
Total endowment gifts and designations	391,422	-	575,107	966,529
Non-endowment net assets	6,852,333	2,687,767	-	9,540,100
Total net assets	\$ 7,243,755	\$ 2,687,767	\$ 575,107	\$ 10,506,629

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

Interpretation of relevant law

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

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

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Agency to retain as a fund of perpetual duration. There were no funds with deficiencies as of June 30, 2016.

**THE LORD'S PLACE, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Note 13 – Endowment, Continued**

Return objectives and risk parameters

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

Strategies employed to achieve objectives

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

Spending policy

The Agency's policy is to appropriate for distribution each year an amount equal to 100% of the respective 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, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance as of July 1, 2015	\$ 391,422	\$ -	\$ 575,107	\$ 966,529
Appropriations for endowment expenditures	<u>(52,229)</u>	<u>-</u>	<u>-</u>	<u>(52,229)</u>
Balance as of June 30, 2016	<u>\$ 339,193</u>	<u>\$ -</u>	<u>\$ 575,107</u>	<u>\$ 914,300</u>

**Note 14 – Legal Proceedings**

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

**Note 15 – Subsequent Events**

The Agency evaluated events occurring subsequent to June 30, 2016 through October 13, 2016, 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, 2016**

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: Continuum of Care Program			
Supportive Housing - Project Family Care	14.267	FL0287L4D051407	\$ 213,666
Supportive Housing - Project Family Care	14.267	FL0287L4D051508	89,778
Supportive Housing - Joshua House	14.267	FL0286L4D051306	34,503
Supportive Housing - Joshua House	14.267	FL0286L4D051407	161,899
Supportive Housing - Operation Home Ready	14.267	FL0368L4D051304	11,009
Supportive Housing - Operation Home Ready	14.267	FL0368L4D051506	129,472
Supportive Housing - Operation Home Ready II	14.267	FL0483L4D051300	51,068
Supportive Housing - Operation Home Ready II	14.267	FL0483L4D051401	101,002
<b>Total Continuum of Care Program</b>			<b><u>792,397</u></b>
<b>US Department of Housing and Urban Development</b>			
Block Grant for Housing Development			
Community Development Block Grant	14.218	B-15-MC-12-0022	21,737
<b>Total Community Development Block Grant Program</b>			<b><u>21,737</u></b>
<b>Total US Department of Housing and Urban Development</b>			<b><u>814,134</u></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	S15-007	200,000
CareerSource - Life Skills Training	17.258	2015-016	10,875
<b>Total U.S. Department of Labor</b>			<b><u>210,875</u></b>
<b>US Department of Health and Human Services:</b>			
Block Grants for Community Mental Health Services			
Federal - Southeast Florida Behavioral Health Network	93.958	PNA22	11,419
<b>Total Block Grants for Community Mental Health Services</b>			<b><u>11,419</u></b>
<b>Total US Department of Health and Human Services</b>			<b><u>11,419</u></b>
<b>US Department of Justice:</b>			
Second Chance Act Prisoner Reentry Initiative			
Pass-through programs from:			
Palm Beach County - Criminal Justice Commission (Juvenile Re-entry)	16.812	R-2015-0581 R-2014--0954/R-2016-0289/R-	10,828
Palm Beach County - Criminal Justice Commission (Restore)	16.812	2016-0290/R-2016-0291	182,739
<b>Total Second Chance Act Prisoner Reentry Initiative</b>			<b><u>193,567</u></b>
Edward Byrne Memorial Justice Assistance Grant Program			
Pass-through programs from:			
Palm Beach County - Criminal Justice Commission (Community)	16.738	R-2014-0313/R-2015-1840/R- 2016-0288/R-2016-0295	134,605
<b>Total Edward Byrne Memorial Justice Assistance Grant Program</b>			<b><u>134,605</u></b>
<b>Total US Department of Justice</b>			<b><u>328,172</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 1,364,600</u></b>
<b>State Financial Assistance:</b>			
Block Grants for Community Mental Health Services-State Match			
Palm Beach County Sheriff's Office	93.958	PNA22	\$ 123,241
	16.606	2014-AP-BX-0716	135,574
<b>Total State Financial Assistance</b>			<b><u>\$ 258,815</u></b>

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, 2016 which have been financed under the various federal award programs and state financial assistance projects. The Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, certain amounts presented in this Schedule may differ from amounts presented in the basic financial statements. Expenditures reported on the schedule of expenditures of federal awards and state financial assistance are reported on the accrual basis of accounting. The Agency elected to use the 10% de minimis indirect cost rate on eligible grants during the year ended June 30, 2016.

**Note 2 – Loan and Loan Guarantee Programs**

There were no balances of loan or loan guarantee programs as of June 30, 2016.

**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, 2016, 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 13, 2016.

**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 13, 2016

**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, 2016. 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, 2016.



## 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 13, 2016

**THE LORD'S PLACE, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2016**

**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?	Yes
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 Uniform Guidance?	No
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.812	Second Chance Act Reentry Initiative
17.258	Workforce Innovation and Opportunity Act

**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, 2016.

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, 2015.