

**THE LORD'S PLACE, INC.**  
**REPORT ON AUDITS OF FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

# 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	8–22
Supplementary information:	
Schedule of expenditures of federal awards and state financial assistance	23
Notes to schedule of expenditures of federal awards and state financial assistance	24
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>	25–26
Independent auditors' report on compliance for each major program and on internal control over compliance required by the Uniform Guidance	27–28
Schedule of findings and questioned costs	29

## 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, 2020 and 2019, 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, 2020 and 2019, 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 2020 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 2020 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 2020 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 22, 2020, 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 22, 2020

**THE LORD'S PLACE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,020,265	\$ 1,225,155
Investments	10,056,236	6,807,840
Grants and other receivables	487,957	686,438
Current portion of contributions receivable, net	2,968,095	2,328,500
Prepaid expenses and other current assets	88,097	97,935
Total current assets	17,620,650	11,145,868
Contributions receivable, net of current portion	5,706,446	1,426,194
Property and equipment, net	7,816,903	7,602,557
Other assets	32,252	35,853
Total assets	\$ 31,176,251	\$ 20,210,472
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 156,879	\$ 119,112
Accrued expenses	473,273	488,202
Current portion of long-term debt	667,341	102,254
Client deposits	139,083	103,105
Total current liabilities	1,436,576	812,673
Long-term debt, net	1,045,574	439,936
Total liabilities	2,482,150	1,252,609
Net assets:		
Without donor restrictions:		
Undesignated	10,736,274	11,392,988
Designated by the Board for operating reserve	200,000	200,000
Designated by the Board for housing	309,189	334,343
Total	11,245,463	11,927,331
With donor restrictions:		
Purpose or time restrictions	16,873,531	6,455,425
Perpetual in nature	575,107	575,107
Total	17,448,638	7,030,532
Total net assets	28,694,101	18,957,863
Total liabilities and net assets	\$ 31,176,251	\$ 20,210,472

See accompanying notes to financial statements.

**THE LORD'S PLACE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2020 and 2019**

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Government grants and contracts	\$ 3,588,936	\$ -	\$ 3,588,936	\$ 3,274,180	\$ -	\$ 3,274,180
Contributions	1,853,249	13,039,971	14,893,220	4,736,653	6,627,164	11,363,817
United Way	448,673	-	448,673	428,675	-	428,675
Special events income	1,089,658	-	1,089,658	866,032	-	866,032
Social enterprises	1,548,613	-	1,548,613	1,683,140	-	1,683,140
Residence fees	205,619	-	205,619	231,822	-	231,822
Other	8,449	-	8,449	10,976	-	10,976
Net investment return (loss)	88,598	(1,411)	87,187	89,320	25,994	115,314
Donated services and materials	467,169	-	467,169	444,074	-	444,074
Net assets released from restrictions	<u>2,074,610</u>	<u>(2,074,610)</u>	<u>-</u>	<u>1,805,837</u>	<u>(1,805,837)</u>	<u>-</u>
Total support and revenue	<u>11,373,574</u>	<u>10,963,950</u>	<u>22,337,524</u>	<u>13,570,709</u>	<u>4,847,321</u>	<u>18,418,030</u>
Expenses:						
Program services:						
Job training and employment	1,258,028	-	1,258,028	1,187,262	-	1,187,262
Community engagement	785,196	-	785,196	470,778	-	470,778
Re-entry	735,914	-	735,914	673,315	-	673,315
Housing	4,881,762	-	4,881,762	4,371,204	-	4,371,204
Clinical services	154,726	-	154,726	448,233	-	448,233
Social enterprises	<u>3,017,420</u>	<u>-</u>	<u>3,017,420</u>	<u>2,413,907</u>	<u>-</u>	<u>2,413,907</u>
Total program services	10,833,046	-	10,833,046	9,564,699	-	9,564,699
Supporting services:						
General and administrative	1,100,637	-	1,100,637	837,927	-	837,927
Fundraising	<u>667,603</u>	<u>-</u>	<u>667,603</u>	<u>650,560</u>	<u>-</u>	<u>650,560</u>
Total expenses	<u>12,601,286</u>	<u>-</u>	<u>12,601,286</u>	<u>11,053,186</u>	<u>-</u>	<u>11,053,186</u>
Increase (decrease) in net assets from operations	(1,227,712)	10,963,950	9,736,238	2,517,523	4,847,321	7,364,844
Net assets released from restrictions for property and equipment	<u>545,844</u>	<u>(545,844)</u>	<u>-</u>	<u>1,029,966</u>	<u>(1,029,966)</u>	<u>-</u>
Increase (decrease) in net assets	(681,868)	10,418,106	9,736,238	3,547,489	3,817,355	7,364,844
Net assets - beginning of year	<u>11,927,331</u>	<u>7,030,532</u>	<u>18,957,863</u>	<u>8,379,842</u>	<u>3,213,177</u>	<u>11,593,019</u>
Net assets - end of year	<u>\$ 11,245,463</u>	<u>\$ 17,448,638</u>	<u>\$ 28,694,101</u>	<u>\$ 11,927,331</u>	<u>\$ 7,030,532</u>	<u>\$ 18,957,863</u>

See accompanying notes to financial statements.

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

	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	\$ 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.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2019**

	Program Services					Supporting Services			Total Expenses
	Job Training and Employment	Community Engagement	Re-Entry	Housing	Clinical Services	Social Enterprises	General and Administrative	Fundraising	
Salaries and related costs	\$ 748,734	\$ 284,519	\$ 457,079	\$ 2,227,778	\$ 310,726	\$ 1,270,899	\$ 641,322	\$ 324,649	\$ 6,265,706
Childcare	-	-	-	16,322	-	-	-	-	16,322
Client services	28,276	43,189	143,572	742,784	50,844	13,286	17,225	2,640	1,041,816
Food and kitchen supplies	51,979	96	1,260	19,184	630	534,088	123	6,489	613,849
Mental health services	-	-	-	9,946	38,685	-	-	-	48,631
Stipends	111,589	-	-	-	-	-	-	-	111,589
Travel and transportation	12,124	12,060	21,792	124,510	6,667	59,306	27,176	14,703	278,338
Occupancy	68,471	26,472	13,122	706,646	11,375	159,305	48,555	10,717	1,044,663
Professional fees	5,183	1,522	2,401	13,830	1,482	56,749	7,762	68,375	157,304
Office expense	31,906	12,216	17,320	98,947	13,969	33,186	40,398	69,007	316,949
Interest	-	-	-	8,169	-	16,241	61	-	24,471
Other costs	13,910	3,054	3,959	51,514	2,734	125,876	26,567	134,605	362,219
In-kind services and products	<u>79,764</u>	<u>74,257</u>	<u>7,283</u>	<u>147,116</u>	<u>8,482</u>	<u>102,904</u>	<u>6,755</u>	<u>17,513</u>	<u>444,074</u>
Subtotal	1,151,936	457,385	667,788	4,166,746	445,594	2,371,840	815,944	648,698	10,725,931
Depreciation	<u>35,326</u>	<u>13,393</u>	<u>5,527</u>	<u>204,458</u>	<u>2,639</u>	<u>42,067</u>	<u>21,983</u>	<u>1,862</u>	<u>327,255</u>
Total expenses	<u>\$ 1,187,262</u>	<u>\$ 470,778</u>	<u>\$ 673,315</u>	<u>\$ 4,371,204</u>	<u>\$ 448,233</u>	<u>\$ 2,413,907</u>	<u>\$ 837,927</u>	<u>\$ 650,560</u>	<u>\$ 11,053,186</u>

See accompanying notes to financial statements.

**THE LORD'S PLACE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2020 and 2019**

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 9,736,238	\$ 7,364,844
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	389,509	327,255
Net unrealized and realized gain on investments	(37,816)	(23,551)
Gain on disposal of property and equipment	(4,395)	(250)
Contributions restricted for long-term purposes	(6,839,423)	(1,700,000)
(Increase) decrease in operating assets:		
Grants and other receivables	198,483	(151,881)
Contributions receivable	(4,919,847)	(3,177,742)
Prepaid expenses and other current assets	13,440	82,470
Increase (decrease) in operating liabilities:		
Accounts payable	37,763	54,921
Accrued expenses	(14,930)	124,649
Client deposits	35,979	(10,370)
	(1,404,999)	2,890,345
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchases of investments, net of proceeds from sales	(3,210,580)	(3,139,511)
Proceeds from sales of equipment	4,395	250
Purchases of property and equipment	(603,854)	(1,095,594)
	(3,810,039)	(4,234,855)
Net cash used in investing activities		
Cash flows from financing activities:		
Proceeds from long term debt	1,273,100	-
Repayments of principal on long-term debt	(102,375)	(92,570)
Contributions restricted for long-term purposes	6,839,423	1,700,000
	8,010,148	1,607,430
Net cash provided by financing activities		
Net increase in cash and cash equivalents	2,795,110	262,920
Cash and cash equivalents, beginning of year	1,225,155	962,235
Cash and cash equivalents, end of year	\$ 4,020,265	\$ 1,225,155
Supplemental disclosures of cash flow information:		
Interest paid	\$ 21,505	\$ 24,471
Equipment purchased under equipment notes payable	\$ -	\$ 54,272

See accompanying notes to financial statements.

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

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

Nature of activities

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

Description of programs

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

Housing

The Agency is capable of housing a total of 300 homeless men, women and children and providing affordable housing to 30 program graduates. The vast majority of those who exited the Housing Programs were launched into lives of independence and self-sufficiency. 94% 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 Mann Campus, Family Campus, Burckle Place and Burckle Place West (programs for single women), Halle Place, and apartments located throughout the community.

Job Training & Employment

Employment Services offer diverse programming (apprenticeships, training, education classes, job coaching) to help clients gain meaningful employment. Of the 160 men and women who participated in the Job Readiness Classroom Training in 2020, 100% successfully graduated from these programs. For the Job Training and Employment Program, 265 individuals enrolled in the program and 96 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 2020, The Lord's Place Thrift Store and The Café Joshua Catering Company. The two programs provided transitional work experience for individuals, of which 45% successfully gained competitive employment. The program's operating expenses are offset by the income generated by the business as well as through various grant programs with various funders.

Community Engagement

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

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

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

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

Community Engagement, continued

In addition, The Lord's Place has been designated by the Social Security Administration as a Representative Payee Provider, allowing the Agency to offer financial management of SSI/SSDI income benefits to indigent and/or incapacitated disabled participants. Trained staff assists SOAR and Rep Payee Participants with budgeting their monthly income, ensuring that vital resources and service costs (housing and healthcare) are paid for each month, and monitoring participants spending. Collectively, the Agency serves an average of 594 homeless individuals annually with our Community Engagement services.

Re-entry

The Lord's Place works with local agencies and providers to address systemic reform for individuals being released from jail or prison. This program represents a cost-efficient approach to the problem of re-entry. Key areas of assistance include housing, physical and mental healthcare, as well as substance abuse recovery, employment, education, finances, rights restoration, and family reunification. With the support of our partner funders and providers, we were able to serve 185 individuals in this capacity.

Clinical Services

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

Clients who present the greatest health barriers are assigned to a multidisciplinary team. The team meets regularly to review each client's progress and provide direction for our staff. As needed, clients have access to regular therapeutic interventions, screenings by a psychiatric nurse and meetings with case management staff. During 2020, The Lord's Place served 140 individuals under this program.

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

Basis of presentation

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

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

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

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that may or will be met either by actions of the Agency or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Generally, the donors of these assets permit the Agency to use all or part of the earnings on related investments for general or specific purposes. When a donor restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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

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

Classification of transactions

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

Revenue recognition

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

The Agency is the recipient of cost reimbursement grant funds. The 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, 2020 and June 30, 2019.

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.

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.

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

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

Contributions, continued

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 judgement 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 and index funds are reported at fair value based on daily quoted prices. Money market funds maintain a constant net asset value of \$1 per share. Corporate bonds are measured at quoted market prices. Investments received as contributions are recorded at quoted market value or estimated fair value on the date of receipt. Realized and unrealized gains and losses are determined by comparison of specific costs of the investment to the proceeds at the time of sale or at the statement of financial position date.

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

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 statement 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**

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.

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, 2020 and 2019, the net debt issuance costs included in the other assets in the statements of financial position are \$2,821 and \$3,593, 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. The Agency is no longer subject to income tax examinations for years prior to 2017.

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 reclassifications have no impact on previously reported net assets.

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

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

Adopted accounting principles

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as an exchange transaction and determining whether a contribution is conditional or not. The adoption of this update in 2020 had no effect on the Agency's financial position and changes in net assets.

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

In June 2020, the FASB issued 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 has deferred adoption of ASU 2014-09 and will adopt ASU 2016-02 under the timeline provided by ASU 2020-05.

**Note 2 – Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of the statement of financial position date, June 30, 2020, comprise the following:

Cash and cash equivalents	\$ 3,990,063
Investments	782,952
Grants and other receivables	488,936
Contributions receivable within one year	<u>1,010,000</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,271,951</u>

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

The Agency has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 180 days of normal operating expenses. Although the Board 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.

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

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

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, 2020 and 2019 follows:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 5,365,655	\$ 329,120
Closed end funds and exchange traded funds	2,025,504	2,394,166
Certificates of deposit	1,225,294	3,117,514
Corporate bonds	1,413,149	942,079
Other funds	<u>26,634</u>	<u>24,961</u>
Total Investments	<u>\$ 10,056,236</u>	<u>\$ 6,807,840</u>

The following schedule summarizes the net investment return for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 144,286	\$ 97,974
Realized gains, net	70,360	33,526
Unrealized losses, net	(108,176)	(9,975)
Investment fees	<u>(19,283)</u>	<u>(6,211)</u>
Net investment return	<u>\$ 87,187</u>	<u>\$ 115,314</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 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.

*Closed-end and exchange traded funds* – valued using daily closing prices as reported on the active market on which the individual exchange traded funds are traded (Level 1 inputs).

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

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

*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.

*Index funds* – valued at the daily closing price as reported by the Fund. Index 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 net asset value (NAV) and to transact at that price. The index funds held by the Agency are deemed to be actively traded (Level 1 inputs).

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

The following table summarizes the Agency's determination of fair value as of June 30, 2020 and 2019 on the following financial assets and liabilities using these input levels that are measured at fair value on a recurring basis:

	Fair Value Measurement as of June 30, 2020		
	Level 1	Level 2	Fair Value Total
Money market funds	\$ 5,365,655	\$ -	\$ 5,365,655
Closed end funds and exchange traded funds	2,025,504	-	2,025,504
Certificates of deposit	-	1,225,294	1,225,294
Corporate bonds	1,413,149	-	1,413,149
Index funds	26,634	-	26,634
Total investments, at fair value	\$ 8,830,942	\$ 1,255,294	\$ 10,056,236
	Fair Value Measurement as of June 30, 2019		
	Level 1	Level 2	Fair Value Total
Money market funds	\$ 329,120	\$ -	\$ 329,120
Closed end funds and exchange traded funds	2,394,166	-	2,394,166
Certificates of deposit	-	3,117,514	3,117,514
Corporate bonds	942,079	-	942,079
Index funds	24,961	-	24,961
Total investments, at fair value	\$ 3,690,326	\$ 3,117,514	\$ 6,807,840

There were no significant transfers between levels during 2020 and 2019. The Agency does not have any Level 3 investments at June 30, 2020 and 2019.

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

**Note 5 – Contributions Receivable, Net**

Contributions receivable consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Homeless services	\$ 1,810,000	\$ 878,500
Capital campaign	<u>7,335,550</u>	<u>2,950,000</u>
Total unconditional promises to give	9,145,550	3,828,500
Less: unamortized discount	<u>(242,370)</u>	<u>(73,806)</u>
	8,903,180	3,754,694
Less: allowance for doubtful collections	<u>(228,639)</u>	<u>-</u>
Contributions receivable, net	<u>\$ 8,674,541</u>	<u>\$ 3,754,694</u>
Amounts due in:		
Less than one year	\$ 3,196,734	\$ 2,328,500
One to five years	<u>5,948,816</u>	<u>1,500,000</u>
	<u>\$ 9,145,550</u>	<u>\$ 3,828,500</u>

The Agency applies a discount rate as of June 30, 2020 and 2019 of 2.16% and 3.99%, 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. There was no allowance for doubtful collections as of June 30, 2019. As of June 30, 2020, the allowance for doubtful collections amounted to \$228,639.

**Note 6 – Property and Equipment**

Property and equipment as of June 30, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,496,428	\$ 1,191,430
Building and building improvements	9,543,140	8,445,601
Furniture and equipment	385,700	349,047
Transportation equipment	<u>429,142</u>	<u>439,814</u>
	11,854,410	10,425,892
Less: accumulated depreciation	<u>(4,114,487)</u>	<u>(3,801,999)</u>
Operating property and equipment, net	7,739,923	6,623,893
Construction in progress	<u>76,980</u>	<u>978,664</u>
Property and equipment, net	<u>\$ 7,816,903</u>	<u>\$ 7,602,557</u>

Depreciation totaled \$389,509 and \$327,255 for the years ended June 30, 2020 and 2019, respectively. Construction in progress primarily consists of the construction projects for the Agency's West Palm Beach Resource Center and Administrative Offices, as well as, Burckle Place 3.

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

**Note 7 – Lines of Credit**

Collateralized line of credit

As of June 30, 2020, 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, 2020 and 2019. The line of credit is due on demand, bears interest at a variable rate set by the financial institution (2.16% at June 30, 2020) and is collateralized by the Agency's investments held with the financial institution.

Uncollateralized line of credit

As of June 30, 2020, 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, 2020 and 2019. The line of credit is due on demand, bears interest at a fixed rate (5.0% at June 30, 2020), is uncollateralized and matures in November 2020.

**Note 8 – Long-term Debt**

Long-term debt at June 30, 2020 and 2019 is as follows:

	2020	2019
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.	\$ 260,494	\$ 298,838
Equipment notes payable – financial institution, monthly payments of principal and interest ranging from 3.06% to 5.15%; maturing through April 2024; collateralized by certain transportation equipment.	68,057	98,434
Paycheck Protection Program Loan (see below)	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.	111,264	144,918
	1,712,915	542,190
Less: current portion of long-term debt	(667,341)	(102,254)
Long – term debt, net of current portion	\$ 1,045,574	\$ 439,936

Principal payments required in each of the five years subsequent to June 30, 2020, and thereafter, are as follows:

Year Ending June 30,	Amount
2021	\$ 667,341
2022	849,502
2023	56,052
2024	53,878
2025	49,167
Thereafter	36,975
Total	\$ 1,712,915

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

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

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), is 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.

The PPP Loan, which is in the form of a promissory note, matures in two years from the date of funding, April 12, 2025, and bears interest at a rate of 1.00% per annum, payable monthly, commencing six months from the PPP Loan (issuance date April 23, 2020). The PPP Loan may be prepaid by the Agency at any time prior to maturity with no prepayment penalties. The PPP Loan is uncollateralized.

The Agency may apply for loan forgiveness from the lender and SBA based on satisfying the requirements of the PPP forgiveness. As part of the requirements for loan forgiveness, at least sixty-percent (60%) of the forgiven amount must consist of eligible payroll expenses with the remainder, if applicable, consisting of non-payroll costs such as mortgage interest, rent, and utilities. Loan forgiveness includes other factors such as maintaining compensation levels through the specified period, as well as, employee retention. As of June 30, 2020, the Agency continued to satisfy the requirements for application for loan forgiveness. As such, the Agency has not classified the PPP Loan proceeds as a conditional contribution.

The application for loan forgiveness is contingent upon the formal application being approved by the primary lender and accepted by the SBA. The Agency selected a 24-week forgiveness period, where it identified \$1,273,100 in qualifying expenses which it anticipates satisfying the requirements for loan forgiveness. At such time the PPP Loan is forgiven, and if forgiven, the Agency will record the forgiveness as non-operating support. Until the PPP Loan is forgiven, partially or in full, the Agency has elected to record the PPP Loan as part of its long-term debt as of June 30, 2020. No assurance can be given that the Agency will obtain forgiveness of the PPP Loan in whole or in part.

**Note 9 – Lease Commitments**

The Agency leases certain equipment and office space under certain non-cancelable operating lease agreements. Minimum future rental payments under non-cancelable operating leases as of June 30, 2020 are as follows:

Year Ending June 30,	Amount
2021	\$ 273,774
2022	193,154
2023	137,191
2024	110,574
Total	\$ 714,693

Total rent expense under all operating leases was \$294,552 and \$103,139 for the years ended June 30, 2020 and 2019, respectively.

## THE LORD'S PLACE, INC.

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

#### Note 10 – Employee Retirement Plan

The Agency maintains a 401(k) Retirement Plan (the Plan) for the benefit of substantially all eligible employees. Employees must complete minimum service requirements and may contribute up to 15% of their compensation, not to exceed the maximum amount allowable by the IRC. The Agency matches up to 3% of an eligible employee's gross compensation. The Agency's matching contribution was \$112,255 and \$94,235 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019 totaled approximately \$3,573,000 and \$750,000, 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, 2020 and 2019 as follows:

	2020	2019
Social enterprises	\$ -	\$ 158,750
Clinical services	6,732	100,822
Capital campaign	159,063	3,721
Job training and employment	274,418	93,209
Re-entry	131,071	96,410
Homeless services	557,075	233,950
Housing	<u>1,492,095</u>	<u>2,148,941</u>
Total net assets released from restrictions	<u>\$ 2,620,454</u>	<u>\$ 2,835,803</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, 2020 and 2019:

	2020	2019
Time and purpose restrictions:		
Housing	\$ 2,233,799	\$ 2,343,275
Homeless services	876,141	296,041
Capital campaign	13,049,435	3,450,000
Job training and employment	587,641	126,791
Clinical services	-	6,732
Re-entry	126,515	232,586
Perpetual in nature:		
Institutional support	575,107	575,107
Total net assets with donor restrictions	\$ 17,448,638	\$ 7,030,532

**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, 2020 and 2019 is presented as follows:

	June 30, 2020		
	Without Donor Restriction	With Donor Restriction	Total
Endowment gifts and designations:			
Housing	\$ 309,189	\$ -	\$ 309,189
Institutional support	200,000	575,107	775,107
Total endowment gifts and designations	509,189	575,107	1,084,296
Non-endowment net assets	10,736,274	16,873,531	27,609,805
Total net assets	\$ 11,245,463	\$ 17,448,638	\$ 28,694,101
	June 30, 2019		
	Without Donor Restriction	With Donor Restriction	Total
Endowment gifts and designations:			
Housing	\$ 334,343	\$ -	\$ 334,343
Institutional support	200,000	575,107	775,107
Total endowment gifts and designations	534,343	575,107	1,109,450
Non-endowment net assets	11,392,988	6,455,425	17,848,413
Total net assets	\$ 11,927,331	\$ 7,030,532	\$ 18,957,863

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

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Agency to retain as a fund of perpetual duration. There were no funds with deficiencies as of June 30, 2020.

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, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of July 1, 2019	\$ 534,343	\$ 575,107	\$ 1,109,450
Appropriations for endowment expenditures	<u>(25,154)</u>	<u>-</u>	<u>(25,154)</u>
Balance as of June 30, 2020	<u>\$ 509,189</u>	<u>\$ 575,107</u>	<u>\$ 1,084,296</u>

**Note 15 – Legal Proceedings**

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

**Note 16 – Significant Uncertainties – COVID-19**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As a result of worldwide reporting of COVID-19 infections, certain national, state, and local governmental authorities have issued stay-at-home orders, proclamations and/or directives aimed at minimizing the spread of COVID-19. Additionally, more restrictive proclamations and/or directives may be issued in the future.

As a result, certain internal operations, communications, program services, and administrative operations of the Agency have been modified.

In addition to implementing protective guidelines and protocols approved by the Board of Directors, the Agency considered and implemented preventative and protection measures recommended by the Centers for Disease Control and Prevention (CDC), a United States federal agency under the Department of Health. These protocols are aimed at providing a safe environment for program services carried out by Agency personnel during the course of the COVID-19 pandemic.

The ultimate impact of the COVID-19 pandemic on the Agency's operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that governments, or the Agency, may direct, which may result in an extended period of operational adjustments. Any resulting financial impact cannot be reasonably estimated at this time but could be anticipated to have an adverse impact on the Agency's operations, financial position, and results of operations for fiscal year 2021.

**Note 17 – Subsequent Events**

The Agency evaluated events occurring subsequent to June 30, 2020 through October 22, 2020, 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, 2020**

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	FL0287L4D051811	\$ 229,455
Supportive Housing - Project Family Care	14.267	FL0287L4D051912	71,040
Supportive Housing - Operation Home Ready	14.267	FL0368L4D051708	5,784
Supportive Housing - Operation Home Ready	14.267	FL0368L4D051809	130,971
Supportive Housing - Operation Home Ready II	14.267	FL0483L4D051704	26,591
Supportive Housing - Operation Home Ready II	14.267	FL0483L4D051805	118,869
Supportive Housing - Operation Home Ready III	14.267	FL0594L4D051500	169,539
Supportive Housing - Operation Home Ready III	14.267	FL0594L4D051801	147,215
Supportive Housing - Home First	14.267	FL0711L4D051700	26,802
Supportive Housing - Home First	14.267	FL0711L4D051801	276,299
Total Continuum of Care Program			<u>1,202,565</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>1,202,565</u></b>
<b>U.S. Department of Homeland Security:</b>			
Pass-through programs from:			
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><u>63,516</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	S19-007	300,000
<b>Total U.S. Department of Labor</b>			<b><u>300,000</u></b>
<b>US Department of Health and Human Services:</b>			
Block Grants for Community Mental Health Services			
Federal - Southeast Florida Behavioral Health Network	93.15	PNA22-1619	160,000
Federal - Southeast Florida Behavioral Health Network	93.958	PNA22-1619	250,803
Total Block Grants for Community Mental Health Services			<u>410,803</u>
<b>Total US Department of Health and Human Services</b>			<b><u>410,803</u></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	31,351
Total Second Chance Act Reentry Initiative			<u>31,351</u>
Edward Byrne Memorial Justice Assistance Grant Program			
Pass-through programs from:			
Palm Beach County - Criminal Justice Commission (Community)	16.738	R2018-1651	42,707
Palm Beach County - Criminal Justice Commission (Community)	16.738	R2019-1568	136,118
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>178,825</u>
<b>Total US Department of Justice</b>			<b><u>210,176</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,187,060</u></b>
<b>State Financial Assistance:</b>			
Palm Beach County - Criminal Justice Commission (Community)	70.011	R2019-1568	\$ 159,850
<b>Total State Financial Assistance</b>			<b><u>\$ 159,850</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.

## 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, 2020 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, 2020.

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

There were no loans or loan guarantee programs as of or for the year ended June 30, 2020.

**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, 2020, 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 22, 2020.

**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 22, 2020

## **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, 2020. 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, 2020.



## 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.



West Palm Beach, Florida  
October 22, 2020

**THE LORD'S PLACE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2020**

**Part I – Summary of Auditor’s Results:**

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

**Part II – Financial Statement Findings and Questioned Costs**

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

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

**Part III – Federal Program Findings and Questioned Costs**

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

Current Year’s Findings and Questioned Costs

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance, were reported for the year ended June 30, 2020.

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, 2019.