

THE LORD'S PLACE, INC.
REPORT TO MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2021

DRAFT

November 23, 2021

To the Board of Directors and Audit Committee
The Lord's Place, Inc.

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of The Lord's Place, Inc. (the Agency) for the year ended June 30, 2021, we considered the Agency's internal control for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

During our audit, we note certain matters involving internal control and operational efficiencies that are presented for your consideration. This letter does not affect our report dated November 23, 2021 on the financial statements of the Agency. We will review the status of these comments during our next audit engagement. Our comment and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operational efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. This letter does not affect our report dated November 23, 2021 on the financial statements of the Agency.

COVID-19 Federal Programs

Comment

During the year ended June 30, 2021, the Agency accepted certain grant agreements which were funded through certain federal stimulus funding which was a response to the COVID-19 pandemic. The Emergency Solutions Grant Program (ESG) is a COVID-19 Federal Assistance program funded through the U.S. Department of Housing and Urban Development (HUD). Through June 30, 2021, HUD issued several waivers for certain compliance requirements related to the ESG program. It is anticipated that additional changes to ESG compliance requirements will be issued by HUD given the nature of the program and stimulus funding.

Throughout the audit period, the Agency did an effective job of identifying applicable changes to compliance requirements and obtaining waivers, as necessary, from HUD.

Recommendation

Given the relatively fluid nature of HUD's ESG compliance and reporting requirements, we encourage the Agency to continually review the compliance terms of its ESG funding to determine if all applicable changes have been incorporated for the year ending June 30, 2022. It is anticipated that future changes and reporting requirements will incorporate a level of complexity not previously required under the Agency's other federal grant programs.

Finance and Accounting Department – Processes and Staffing Levels

Comment

Management recognizes the challenges the current environment presents with hiring and retaining skilled professionals and staff. Changes in accounting and finance personnel during the year ended June 30, 2021 did not permit the Agency's schedule of net assets and releases from restriction to be completed in a timely manner. Ultimately, the net asset schedules were completed accurately by the Agency's accounting team. However, the timing in changes in personnel and limited instructions over the steps used to complete these year-end schedules were limiting factors.

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Finance and Accounting Department – Processes and Staffing Levels, Continued

Comment, continued

The change in accounting and finance personnel create an opportunity for a reassessment of the Finance and Accounting Department's closing process, related documentation required for closing, and the use of technology. A reassessment will aid in addressing the current scarcity of qualified accounting and finance professionals while maintaining the consistency and accuracy of the Agency's financial reports.

This comment is not meant to diminish or detract from the substantial effort the Agency's accounting and finance department put into the fiscal year end close, monthly internal closes, and financial reporting under its grant agreements.

Recommendation

We recommend that the Controller and Chief Financial Officer reassess the department's staffing needs and plan for increasing capacity through hiring or reorganizing the current responsibilities

Additionally, we recommend the Finance and Accounting Department take this opportunity to expand the internally prepared restricted funds schedule to include incorporating references to the general ledger and supporting schedules, in addition to the references to the trial balance. We believe this will aid in reducing the time required to prepare the monthly/year-end schedules while maintaining their accuracy.

We would like to commend the many favorable aspects of the Agency's internal controls and the high level of dedication of the Finance and Accounting Department. We would also like to thank the Finance and Accounting Department and management for their assistance and the many courtesies extended to us during our audit. We sincerely appreciate this opportunity to serve the Agency.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, and others within The Lord's Place, Inc. and it is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Templeton & Company, LLP