

**THE LORD'S PLACE, INC.**  
**REPORT ON AUDITS OF FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

# THE LORD'S PLACE, INC.

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## Independent Auditors' Report

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

### Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Lord's Place, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Lord's Place, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lord's Place, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Lord's Place, Inc.'s ability to continue as a going concern for a reasonable period of time.

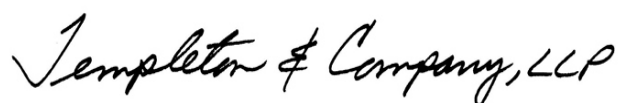
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022, on our consideration of The Lord's Place, Inc.'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 solely 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 the effectiveness of The Lord's Place, Inc.'s 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 Lord's Place, Inc.'s internal control over financial reporting and compliance.



West Palm Beach, Florida  
December 9, 2022

**THE LORD'S PLACE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,710,907	\$ 4,570,828
Investments	11,753,540	12,198,261
Grants and other receivables	1,060,147	1,050,663
Current portion of contributions receivable, net	1,701,317	2,257,536
Prepaid expenses and other current assets	186,104	250,003
Total current assets	17,412,015	20,327,291
Contributions receivable, net of current portion	1,865,537	3,956,391
Property and equipment, net	12,364,342	8,101,350
Other assets	39,396	40,345
Total assets	\$ 31,681,290	\$ 32,425,377
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 123,248	\$ 153,767
Construction costs and retainage payable	414,118	-
Accrued expenses	598,626	636,171
Current portion of long-term debt	62,909	145,028
Client deposits	130,410	129,284
Total current liabilities	1,329,311	1,064,250
Long-term debt, net	146,416	208,850
Total liabilities	1,475,727	1,273,100
Net assets:		
Without donor restrictions:		
Undesignated	14,946,671	13,182,842
Designated by the Board for operating reserve	200,000	200,000
Designated by the Board for housing	163,365	163,365
	15,310,036	13,546,207
With donor restrictions:		
Purpose or time restrictions	14,320,420	17,030,963
Perpetual in nature	575,107	575,107
	14,895,527	17,606,070
Total net assets	30,205,563	31,152,277
Total liabilities and net assets	\$ 31,681,290	\$ 32,425,377

See accompanying notes to financial statements.

**THE LORD'S PLACE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2022 and 2021**

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Government grants and contracts	\$ 5,797,902	\$ -	\$ 5,797,902	\$ 4,547,013	\$ -	\$ 4,547,013
Contributions	1,951,956	3,382,275	5,334,231	2,583,494	2,373,295	4,956,789
United Way	468,676	-	468,676	458,176	-	458,176
Special events income	1,004,815	-	1,004,815	992,248	-	992,248
Social enterprises	819,248	-	819,248	981,624	-	981,624
Residence fees	308,662	-	308,662	267,647	-	267,647
Other	11,701	-	11,701	16,068	-	16,068
Donated services and materials	227,732	-	227,732	253,553	-	253,553
Net assets released from restrictions	<u>1,926,836</u>	<u>(1,926,836)</u>	<u>-</u>	<u>1,984,745</u>	<u>(1,984,745)</u>	<u>-</u>
Total support and revenue	<u>12,517,528</u>	<u>1,455,439</u>	<u>13,972,967</u>	<u>12,084,568</u>	<u>388,550</u>	<u>12,473,118</u>
Expenses:						
Program services:						
Job training and employment	881,077	-	881,077	1,053,224	-	1,053,224
Community engagement	2,040,166	-	2,040,166	1,136,761	-	1,136,761
Re-entry	1,088,800	-	1,088,800	893,107	-	893,107
Housing	6,043,652	-	6,043,652	5,238,830	-	5,238,830
Clinical services	248,102	-	248,102	175,897	-	175,897
Social enterprises	<u>1,986,767</u>	<u>-</u>	<u>1,986,767</u>	<u>2,181,919</u>	<u>-</u>	<u>2,181,919</u>
Total program services	12,288,564	-	12,288,564	10,679,738	-	10,679,738
Supporting services:						
General and administrative	1,080,459	-	1,080,459	886,469	-	886,469
Fundraising	<u>839,906</u>	<u>-</u>	<u>839,906</u>	<u>636,903</u>	<u>-</u>	<u>636,903</u>
Total expenses	<u>14,208,929</u>	<u>-</u>	<u>14,208,929</u>	<u>12,203,110</u>	<u>-</u>	<u>12,203,110</u>
Increase (decrease) in net assets from operations	(1,691,401)	1,455,439	(235,962)	(118,542)	388,550	270,008
Net assets released from restrictions for property and equipment	4,165,982	(4,165,982)	-	413,998	(413,998)	-
Non-operating activities:						
Reserve for exit and disposal costs	(245,302)	-	(245,302)	-	-	-
Net investment return (loss)	(503,233)	-	(503,233)	728,950	182,880	911,830
Proceeds from insured loss, net of impairment charges (Note 15)	37,783	-	37,783	3,238	-	3,238
Gain on forgiveness of PPP loan (Note 8)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,273,100</u>	<u>-</u>	<u>1,273,100</u>
Change in net assets	1,763,829	(2,710,543)	(946,714)	2,300,744	157,432	2,458,176
Net assets - beginning of year	<u>13,546,207</u>	<u>17,606,070</u>	<u>31,152,277</u>	<u>11,245,463</u>	<u>17,448,638</u>	<u>28,694,101</u>
Net assets - end of year	<u>\$ 15,310,036</u>	<u>\$ 14,895,527</u>	<u>\$ 30,205,563</u>	<u>\$ 13,546,207</u>	<u>\$ 17,606,070</u>	<u>\$ 31,152,277</u>

See accompanying notes to financial statements.

**THE LORD'S PLACE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2022**

	<u>Program Services</u>						<u>Supporting Services</u>		Total Expenses
	Job Training and Employment	Community Engagement	Re-Entry	Housing	Clinical Services	Social Enterprises	General and Administrative	Fundraising	
Salaries and related costs	\$ 600,215	\$ 986,394	\$ 581,022	\$ 2,836,447	\$ 166,866	\$ 1,192,223	\$ 810,885	\$ 566,947	\$ 7,740,999
Childcare	-	-	-	17,026	-	-	-	-	17,026
Client services	95,135	714,887	308,266	1,426,228	6,826	6,866	14,221	7,005	2,579,434
Food and kitchen supplies	830	282	767	72,664	13	114,020	964	1,910	191,450
Mental health services	-	-	135,561	18,441	40,100	-	-	-	194,102
Stipends	50,165	-	-	-	-	-	-	-	50,165
Travel and transportation	2,639	35,907	18,404	117,910	1,054	74,777	10,573	3,406	264,670
Occupancy	57,525	79,389	16,362	1,059,680	8,465	281,506	81,938	48,857	1,633,722
Professional fees	2,603	163,490	3,384	18,939	751	9,180	80,932	81,524	360,803
Office expense	19,359	30,660	17,603	110,115	19,743	36,385	22,352	59,997	316,214
Interest	17	6	1	2,535	6	10,911	23	2	13,501
Other costs	7,243	12,005	4,832	62,142	4,110	82,752	25,986	54,963	254,033
In-kind services and products	<u>37,260</u>	<u>16,170</u>	<u>1,183</u>	<u>27,283</u>	<u>21</u>	<u>130,519</u>	<u>1</u>	<u>15,295</u>	<u>227,732</u>
Subtotal	872,991	2,039,190	1,087,385	5,769,410	247,955	1,939,139	1,047,875	839,906	13,843,851
Depreciation	<u>8,086</u>	<u>976</u>	<u>1,415</u>	<u>274,242</u>	<u>147</u>	<u>47,628</u>	<u>32,584</u>	<u>-</u>	<u>365,078</u>
Total expenses	<u>\$ 881,077</u>	<u>\$ 2,040,166</u>	<u>\$ 1,088,800</u>	<u>\$ 6,043,652</u>	<u>\$ 248,102</u>	<u>\$ 1,986,767</u>	<u>\$ 1,080,459</u>	<u>\$ 839,906</u>	<u>\$ 14,208,929</u>

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.



**THE LORD'S PLACE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2022 and 2021**

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (946,714)	\$ 2,458,176
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	365,078	411,638
Net unrealized and realized (gain) loss on investments	694,046	(795,702)
Gain on disposal of property and equipment	-	(3,500)
Gain on forgiveness of PPP loan	-	(1,273,100)
Contributions restricted for long-term purposes	(2,671,233)	(2,266,300)
(Increase) decrease in operating assets:		
Grants and other receivables	(9,484)	(562,707)
Contributions receivable	2,647,073	2,460,614
Prepaid expenses and other current assets	64,848	(169,999)
Increase (decrease) in operating liabilities:		
Accounts payable	(30,519)	(3,112)
Accrued expenses	(37,545)	163,242
Client deposits	1,126	(9,799)
Net cash provided by operating activities	76,676	409,451
Cash flows from investing activities:		
Proceeds from sales of investments	1,005,897	2,418,247
Purchases of investments	(1,255,222)	(3,764,570)
Insurance proceeds received	161,419	279,762
Proceeds from sales of equipment	-	3,500
Purchases of property and equipment	(4,375,371)	(953,202)
Net cash used in investing activities	(4,463,277)	(2,016,263)
Cash flows from financing activities:		
Repayments of principal on long-term debt	(144,553)	(108,925)
Contributions restricted for long-term purposes	2,671,233	2,266,300
Net cash provided by financing activities	2,526,680	2,157,375
Net (decrease) increase in cash and cash equivalents	(1,859,921)	550,563
Cash and cash equivalents, beginning of year	4,570,828	4,020,265
Cash and cash equivalents, end of year	\$ 2,710,907	\$ 4,570,828
Supplemental disclosures of cash flow information:		
Interest paid	\$ 13,501	\$ 18,270
Non-cash investing and financing activity:		
Equipment financed with long-term debt	\$ -	\$ 29,288
See accompanying notes to financial statements.		

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

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

Nature of activities

The Lord's Place, Inc. (The Lord's Place or Agency) is a non-sectarian organization dedicated to breaking the cycle of homelessness for men, women, and children in our community. Supportive services offered through our housing programs include case management, recovery support, behavioral health care and coordination, budgeting, and financial counseling, as well as services designed to secure and maintain 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 can provide supportive housing to a total of 320 homeless men, women and children, and 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, Alexander 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 employment. Of the 147 individuals who participated in the Job Readiness Classroom Training in the fiscal year 2021-2022, 100% successfully graduated. For the Job Training and Employment Program, 189 individuals enrolled in the program and 86 individuals gained competitive employment by the end of the fiscal year.

*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 to 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. The program served 647 unsheltered individuals in the fiscal year 2021-2022, of which 597 were referred to community resources and 392 were connected to the housing. PATH provides comprehensive outreach and case management services to those with mental illness and experiencing or at risk of homelessness. In the fiscal year 2021-2022, 89 clients were served by the program and 74% of those served exited to a stable housing destination.

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.

## 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 169 individuals in this capacity, and 82 percent of individuals served avoided recidivism for at least 12 months.

##### Clinical and Care Coordination Services

Clients with untreated or mismanaged health concerns can display erratic, unpredictable behavior that can negatively impact relationships, making it difficult to maintain employment and, in severe cases, even result in arrests. Untreated physical and mental health needs are a leading cause of 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 comprehensively and effectively.

Clients who present with the greatest health barriers are assigned to a multidisciplinary team. The team meets regularly to review each client's progress and provide direction for our staff. As needed, clients have access to regular therapeutic interventions, screenings by a psychiatric nurse, and meetings with case management staff. During the fiscal year 2021-2022, The Lord's Place served 143 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 accounting principles generally accepted in the United States (U.S. GAAP).

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.

##### Grant revenue

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.

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

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

Grant revenue, continued

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, 2022 and 2021.

Revenue recognition

*Special event revenue*

The portion of attendee fees and tickets sold that relate to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met. The portion of sponsorship revenue that relates to commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

*Social enterprises and residence fees*

Revenues from fees are recognized over the terms of the program and the period of service provided. Amounts collected in advance but unearned are reflected in the statement of financial position, as deferred revenue.

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 and gifts in-kind

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.

The Agency received gifts-in-kind for the years ended June 30,:

	2022	2021
Contributed services	\$ 157,241	\$ 222,428
Thrift store goods for resale	18,592	-
Program supplies	51,900	31,125
	\$ 227,732	\$ 253,553

The Agency's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of The Lord's Place. All gifts-in-kind received by the Agency for the years ended June 30, 2022 and 2021 were considered without donor restrictions and able to be used by the Agency as determined by the board of directors and management.

Reclassifications

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

## THE LORD'S PLACE, INC.

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

##### Contributions and contributions receivable

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 are recognized in revenue when cash, securities, or other assets, an unconditional promise to give, or notification of beneficial interest is received. All public support and revenue are considered to be available for unrestricted use unless specifically restricted by the donor. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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

##### Use of estimates

The preparation of financial statements in accordance with U.S. GAAP 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 the custody of an investment firm that manages them in accordance with policies set by the Board of Directors. Investments in closed-end and open-end mutual funds, as well exchange-traded funds (ETFs) and index funds are reported at fair value based on daily quoted prices. Money market funds maintain a constant net asset value of \$1 per share. Corporate bonds and common stocks are measured at quoted market prices. Real estate investment trusts are measured at net asset value per share or its equivalent. Investments received as contributions are recorded at quoted market value or estimated fair value on the date of receipt. Realized and unrealized gains and losses are determined by comparison of specific costs of the investment to the proceeds at the time of sale or at the statements of financial position date.

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

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

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

Investments and endowment, continued

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

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

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, 2022 and 2021, the net debt issuance costs included in other assets in the statements of financial position are \$1,276 and \$2,048, respectively.

Property and equipment

Property and equipment is stated at cost or, if donated, at the fair value at the date of donation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. These estimated useful lives are summarized in the following table:

Building and building improvements	20-40 years
Furniture and equipment	5-10 years
Transportation equipment	3-5 years

When assets are retired or otherwise disposed of, the cost or donated value and related accumulated depreciation are removed from the statements of financial position and any resulting gain or loss is reflected in the statements of activities. Maintenance and repairs are charged to expense as incurred.

Income taxes

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

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. The Agency is no longer subject to income tax examinations for years prior to 2019.

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. Expenses that apply to more than one functional category include administration, program administration, evaluation and research, and occupancy costs.

## THE LORD'S PLACE, INC.

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

##### Functional allocation of expenses, continued

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 occupancy is allocated based on the 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.

##### Adopted accounting standard

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

##### New accounting pronouncement

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.

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

Financial assets available for general expenditures within one year of June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 2,710,907	\$ 4,570,828
Investments	11,753,540	12,198,261
Grants and other receivables, net	1,060,147	1,050,663
Unconditional promises to give, net	<u>3,566,854</u>	<u>6,213,927</u>
Total financial assets	19,091,448	24,033,679
Less: financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets (Note 13)	(14,320,420)	(17,030,963)
Donor-restricted endowment funds perpetual in nature (Note 13)	(575,107)	(575,107)
Less: Board designated assets (Note 14)	(363,365)	(363,365)
Less: contractual restrictions on financial assets	<u>(198,160)</u>	<u>(104,594)</u>
Amount available for general operating expenditures within one year	<u>\$ 3,634,396</u>	<u>\$ 5,959,650</u>

# THE LORD'S PLACE, INC.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

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

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

### Note 3 – Investments

A summary of investments, by investment type, at June 30, 2022 and 2021 follows:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 7,112,399	\$ 6,270,078
Mutual funds and ETFs	1,994,883	880,598
Certificates of deposit	-	487,107
Common stocks	1,617,421	1,703,459
Real estate investment trust	207,521	168,557
Corporate bonds	<u>821,315</u>	<u>2,688,462</u>
Total investments	<u>\$ 11,753,540</u>	<u>\$ 12,198,261</u>

The following schedule summarizes the net investment return for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 190,813	\$ 134,344
Realized gains, net	-	736,594
Unrealized gains (losses), net	(681,563)	59,308
Investment fees	<u>(12,483)</u>	<u>(18,416)</u>
Net investment return (loss)	<u>\$ (503,233)</u>	<u>\$ 911,830</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 LORD'S PLACE, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

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.

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

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

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

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

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

The following table summarizes the Agency's determination of fair value as of June 30, 2022 and 2021 on the following financial assets using these input levels that are measured at fair value on a recurring basis:

	Fair Value Measurement as of June 30, 2022		
	Level 1	Level 2	Fair Value Total
Money market funds	\$ 7,112,399	\$ -	\$ 7,112,399
Mutal funds and ETFs	1,994,883	-	1,994,883
Common stocks	1,617,421	-	1,617,421
Real estate investment trust*	-	-	207,521
Corporate bonds	-	821,315	821,824
Investments, at fair value	<u>\$ 10,724,703</u>	<u>\$ 821,315</u>	<u>\$ 11,753,540</u>

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

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

	Fair Value Measurement as of June 30, 2021		
	Level 1	Level 2	Fair Value Total
Money market funds	\$ 6,270,078	\$ -	\$ 6,270,078
Mutal funds and ETFs	880,598	-	880,598
Common Stock	1,703,459	-	1,703,459
Certificates of deposit	-	487,107	487,107
Real estate investment trust*	-	-	168,557
Corporate bonds	-	2,688,462	2,268,462
Investments, at fair value	<u>\$ 8,854,135</u>	<u>\$ 3,175,569</u>	<u>\$ 12,198,261</u>

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

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments for which fair value is measured using the NAV share practical expedient as of June 30, 2022 and 2021. There are no redemption restrictions for this investment.

Investment Type	Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	2022	2021			
RIT	<u>\$ 207,521</u>	<u>\$ 168,557</u>	None	Daily	None

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

**Note 5 – Contributions Receivable, Net**

Contributions receivable consist of the following at June 30, 2022 and 2021:

	2022	2021
Homeless services	\$ 150,000	\$ 800,000
Capital campaign	<u>3,658,017</u>	<u>5,829,250</u>
Total unconditional promises to give	3,808,017	6,629,250
Less: unamortized discount	<u>(145,963)</u>	<u>(249,592)</u>
	3,662,054	6,379,658
Less: allowance for doubtful collections	<u>(95,200)</u>	<u>(165,731)</u>
Contributions receivable, net	<u>\$ 3,566,854</u>	<u>\$ 6,213,927</u>
Amounts due in:		
Less than one year	\$ 1,796,517	\$ 2,423,267
One to five years	<u>2,011,500</u>	<u>4,205,983</u>
	<u>\$ 3,808,017</u>	<u>\$ 6,629,250</u>

# THE LORD'S PLACE, INC.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### Note 5 – Contributions Receivable, Net, Continued

The Agency applies a discount rate as of June 30, 2022 and 2021 of 5.26% and 2.08%, 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.

### Note 6 – Property and Equipment

Property and equipment as of June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,173,430	\$ 1,496,428
Building and building improvements	7,878,125	9,809,108
Furniture and equipment	403,042	412,450
Transportation equipment	<u>320,754</u>	<u>408,133</u>
	9,775,351	12,126,119
Less: accumulated depreciation	<u>(3,822,107)</u>	<u>(4,480,001)</u>
Operating property and equipment, net	5,953,244	7,646,118
Real estate held for sale	637,000	-
Construction in progress	<u>5,774,098</u>	<u>455,232</u>
Property and equipment, net	<u>\$ 12,364,342</u>	<u>\$ 8,101,350</u>

Depreciation totaled \$365,078 and \$411,638 for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022, construction in progress consists of the construction costs for the Agency's West Palm Beach Resource Center.

Real estate held for sale consists of the Agency's former Thrift Store located in West Palm Beach, Florida. Subsequent to June 30, 2022, the Agency sold the property for approximately \$2,000,000.

### Note 7 – Lines of Credit

#### Collateralized line of credit

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, 2022 and 2021. The line of credit is due on demand, bears interest at a variable rate set by the financial institution (3.20% at June 30, 2022) and is collateralized by the Agency's investments held with the financial institution.

#### Uncollateralized line of credit

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, 2022 and 2021. The line of credit is due on demand, bears interest at a fixed rate (5.25% at June 30, 2022), is uncollateralized and matures in November 2023.

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

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Note 8 – Long-term Debt**

Paycheck Protection Program

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

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

Description of long-term debt

Long-term debt at June 30, 2022 and 2021 is as follows:

	2022	2021
Mortgage note payable – financial institution, monthly principal and interest payments of \$4,355, bears interest at 4.95%; maturing in August 2026; collateralized by certain real property.	\$ 180,139	\$ 222,447
Vehicle notes payable – vehicle finance lenders, monthly payments of principal and interest ranging from 3.50% to 5.10%; maturing through April 2024; collateralized by certain transportation equipment.	29,186	54,334
Mortgage note payable – financial institution, repaid in 2022.	-	77,097
	209,325	353,878
Less: current portion of long-term debt	(62,909)	(145,028)
Long – term debt, net of current portion	\$ 146,416	\$ 208,850

Principal maturities

Principal payments required in each of the five years subsequent to June 30, 2022, are as follows:

Year Ending June 30,	Amount
2023	\$ 62,909
2024	55,509
2025	48,033
2026	35,283
2027	7,591
Total	\$ 209,325

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

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Note 9 – Lease Commitments**

The Agency leases certain equipment, housing, office, and retail space under certain non-cancelable operating lease agreements. Minimum future rental payments under non-cancelable operating leases as of June 30, 2022 are as follows:

Year Ending June 30,	Amount
2023	\$ 493,134
2024	356,438
2025	<u>213,432</u>
Total	<u>\$ 1,063,004</u>

Total rent expense under all operating leases was \$477,127 and \$388,528 for the years ended June 30, 2022 and 2021, respectively.

**Note 10 – Employee Retirement Plan**

The Agency maintains a 401(k) Retirement Plan (the Plan) for the benefit of substantially all eligible employees. Employees must complete minimum service requirements and may contribute up to 15% of their compensation, not to exceed the maximum amount allowable by the IRC. The Agency matches up to 3% of an eligible employee's gross compensation. The Agency's matching contribution was \$131,347 and \$111,708 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021 totaled approximately \$2,340,000 and \$4,360,000, 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 help 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, 2022 and 2021 as follows:

	2022	2021
Social enterprises	\$ 48,738	\$ 41,900
Clinical services	66,745	4,974
Capital campaign	4,157,348	390,392
Job training and employment	266,854	295,121
Re-entry	-	101,515
Homeless services	295,414	418,104
Housing	<u>1,257,719</u>	<u>1,146,737</u>
Total net assets released from restrictions	<u>\$ 6,092,818</u>	<u>\$ 2,398,743</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Time and purpose restrictions:		
Housing	\$ 1,427,767	\$ 2,130,063
Homeless services	770,790	488,354
Capital campaign	11,861,482	13,992,618
Job training and employment	141,146	354,876
Clinical services	28,281	40,052
Re-entry	25,000	25,000
Social enterprise and prevention services	65,954	-
Perpetual in nature:		
Institutional support	<u>575,107</u>	<u>575,107</u>
Total net assets with donor restrictions	<u>\$ 14,895,527</u>	<u>\$ 17,606,070</u>

**Note 14 – Endowments**

The Agency considers its endowment to include certain assets designated by the Board of Directors. The endowment by net asset category and purpose at June 30, 2022 and 2021 is presented as follows:

	<u>June 30, 2022</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment gifts and designations:			
Housing	\$ 163,365	\$ -	\$ 163,365
Institutional support	<u>200,000</u>	<u>575,107</u>	<u>775,107</u>
Total endowment gifts and designations	363,365	575,107	938,472
Non-endowment net assets	<u>14,946,671</u>	<u>14,320,420</u>	<u>29,267,091</u>
Total net assets	<u>\$ 15,310,036</u>	<u>\$ 14,895,527</u>	<u>\$ 30,205,563</u>
	<u>June 30, 2021</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment gifts and designations:			
Housing	\$ 163,365	\$ -	\$ 163,365
Institutional support	<u>200,000</u>	<u>575,107</u>	<u>775,107</u>
Total endowment gifts and designations	363,365	575,107	938,472
Non-endowment net assets	<u>13,182,842</u>	<u>17,030,963</u>	<u>30,213,805</u>
Total net assets	<u>\$ 13,546,207</u>	<u>\$ 17,606,070</u>	<u>\$ 31,152,277</u>

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

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

**Note 14 – Endowments, Continued**

Interpretation of relevant law

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

Endowment balances classified as without donor restricted assets consist of accumulated investment return in which the donor has not restricted the Agency's use of such return or endowments where the Board of Directors, rather than the donor, decides to retain and invest in principal with only income to be expended.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Agency to retain as a fund of perpetual duration. There were no funds with deficiencies as of June 30, 2022.

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, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of July 1, 2021	\$ 363,365	\$ 575,107	\$ 938,472
Appropriations for endowment expenditures	-	-	-
Balance as of June 30, 2022	<u>\$ 363,365</u>	<u>\$ 575,107</u>	<u>\$ 938,472</u>

**Note 15 – Commitments and Contingencies**

Legal matters

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

Insurance claim

In March 2021, one of the Agency's thrift store locations was damaged in a fire. At the time of the fire, the building and related improvements had a net book value of \$339,841. For the years ended June 30, 2022 and 2021, the Agency received proceeds from its claim approximating \$161,000 and \$283,000, respectively. Insurance proceeds, net of restoration costs and impairment charges related to the fire damage, for the years ended June 30, 2022 and 2021 amounted to \$37,783 and \$3,238, respectively, and is classified as a non-operating activity in the accompanying statements of activities.

Construction contracts

The Agency has entered into a construction contract for the renovation, construction and expansion of its Fortin Family Campus located in West Palm Beach, Florida. Construction in progress totaling \$5,774,098 has been capitalized for this project as of June 30, 2022. The Fortin Family Campus project is expected to be completed by March 2023.

The Agency has entered into a construction contract for the construction of a new multi-generational women's housing located in Lake Worth, Florida. No construction costs were incurred through June 30, 2022. Construction began subsequent to June 30, 2022 with total estimated construction cost of \$4,000,000 expected to be completed by the fall of 2023.

Support from federal, state and local agencies

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



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

**Note 16 – Exit and Disposal Costs**

During the year ended June 30, 2022, the Agency's management and Board of Directors determined to discontinue the Agency's Thrift Store program and focus on other programs that more effectively carry out the mission of The Lord's Place. Accordingly, as of June 30, 2022, the Agency recorded a reserve and related charge in the amount of \$245,302 for lease termination costs, termination benefits and other related estimated costs.

Such reserve for lease termination costs approximated \$179,000 and severance costs approximated \$87,000 at June 30, 2022 and the related expense classified as reserve for exit and disposal costs as non-operating activities in the accompanying statement of activities for the year ended June 30, 2022.

**Note 17 – Subsequent Events**

Subsequent to June 30, 2022, the Agency completed the sale of its real property located in West Palm Beach, Florida with proceeds from the sale of approximately \$2,000,000 for an approximate gain on sale of \$1,300,000, net of closing costs.

The Agency evaluated events occurring subsequent to June 30, 2022 through December 9, 2022, 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, 2022**

Federal Grantor/Pass-Through Grantor Program Title	CFDA #	Grantor's Number	Expenditures
<b>US Department of Housing and Urban Development:</b>			
Office of Community Planning and Development: <u>Continuum of Care Program</u>			
Supportive Housing - Project Family Care	14.267	FL0287L4D052013	\$ 239,342
Supportive Housing - Project Family Care	14.267	FL0287L4D052114	106,728
Supportive Housing - Operation Home Ready III	14.267	FL0594L4D051902	147,470
Supportive Housing - Operation Home Ready III	14.267	FL0594L4D052003	138,464
Supportive Housing - Operation Home Ready IV	14.267	FL0368L4D051910	25,474
Supportive Housing - Operation Home Ready IV	14.267	FL0368L4D052011	242,289
Supportive Housing - Home First	14.267	FL0711L4D051902	32,490
Supportive Housing - Home First	14.267	FL0711L4D052003	311,243
Total Continuum of Care Program			1,243,500
US Department of Housing and Urban Development			
Office Of Community Planning and Development: <u>Emergency Solutions Grant Program</u>			
Coronavirus Aid, Relief, and Economic Security Act (COVID-19)	14.231	R2021-0045	8,750
Coronavirus Aid, Relief, and Economic Security Act (COVID-19)	14.231	R2021-0028	228,168
Coronavirus Aid, Relief, and Economic Security Act (COVID-19)	14.231	R2021-0045	1,836,941
Total Emergency Solutions Grant Program			2,073,859
<b>Total U.S. Department of Housing and Urban Development</b>			<b>3,317,359</b>
<b>U.S. Department of Homeland Security:</b>			
Pass-through programs from:			
Palm Beach County - Emergency Food and Shelter Program (COVID-19)	97.024	LRO-168600-004	106,758
<b>Total U.S. Department of Homeland Security</b>			<b>106,758</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	159,279
<b>Total U.S. Department of Labor</b>			<b>159,279</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	PNA22-15	258,290
Federal - Southeast Florida Behavioral Health Network	93.958	PNA22-15	259,419
Total Block Grants for Community Mental Health Services			517,709
<b>Total US Department of Health and Human Services</b>			<b>517,709</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	221,894
Total Second Chance Act Reentry Initiative			221,894
Edward Byrne Memorial Justice Assistance Grant Program			
Pass-through programs from:			
Palm Beach County - Criminal Justice Commission (Community)	16.738	R2020-1764	53,079
Palm Beach County - Criminal Justice Commission (Community)	16.738	R2019-1568	57,545
Total Edward Byrne Memorial Justice Assistance Grant Program			110,624
<b>Total US Department of Justice</b>			<b>332,518</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 4,433,623</b>
<b>State Financial Assistance:</b>			
Palm Beach County - Criminal Justice Commission (Community)	70.011	R2019-1568	\$ 254,488
<b>Total State Financial Assistance</b>			<b>\$ 254,488</b>

**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, 2022 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 as allowed under the Uniform Guidance unless it is contractually required to use the 10 percent de minimis indirect cost rate in which case it applied the 10 percent de minimis cost rate.

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

There were no loans or loan guarantee programs as of or for the year ended June 30, 2022.

**Note 5 – Subrecipients**

There were no payments to subrecipients for the year ended June 30, 2022.



**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, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Lord's Place, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Lord's Place, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Lord's Place, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Lord's Place, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Templeton & Company, LLP*

West Palm Beach, Florida  
December 9, 2022



## **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.  
West Palm Beach, Florida

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on 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, 2022. 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.

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, 2022.

#### **Basis for Opinion on Each Major Federal Program**

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Lord's Place, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Lord's Place, Inc.'s compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Lord's Place, Inc.'s federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Lord's Place, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Lord's Place, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Lord's Place, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Lord's Place, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 The Lord's Place, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.



Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Templeton & Company, LLP*

West Palm Beach, Florida  
December 9, 2022

**THE LORD'S PLACE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2022**

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

Financial statement section:	
Type of auditors’ report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No
Federal programs section:	
Dollar threshold used to distinguish Type A and Type B Program	\$750,000
Auditee qualified as low-risk auditee?	No
Type of auditor’s report on compliance for major programs	Unmodified
Internal control over compliance for major programs:	
Material weaknesses identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
Identification of major programs:	
<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.267	Continuum of Care Program
14.231	COVID-19 Emergency Solutions Grant Program

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

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, 2022.

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, 2021.