

The Place of Hope at  
the Haven Campus, Inc.  
d/b/a The Place of Hope at the  
Leighan and David Rinker Campus

Financial Statements  
For the Year Ended December 31, 2018

**The Place of Hope at the Haven Campus, Inc.  
d/b/a The Place of Hope at the Leighan and David Rinker Campus**

**Table of Contents**

---

Independent Auditor's Report	1-2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15
<b>Internal Controls and Compliance</b>	
Independent Auditor's 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>	16-17

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Place of Hope at the Haven Campus, Inc.  
d/b/a The Place of Hope at the Leighan and David Rinker Campus

### Report on the Financial Statements

We have audited the accompanying financial statements of The Place of Hope at the Haven Campus, Inc. d/b/a The Place of Hope at the Leighan and David Rinker Campus (the "Organization") (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 qualified audit opinion.

The Place of Hope at the Haven Campus, Inc.  
d/b/a The Place of Hope at the Leighan and David Rinker Campus

### **Basis for Qualified Opinion**

As more fully described in Note 12 to the financial statements, the Organization's financial statements do not include the accounts of Place of Hope, Inc., Village of Hope of Palm Beach County, Inc., and Treasures for Hope, Inc., which are related parties to the Organization. The related parties and the Organization have been identified by management as meeting the requirements for the presentation of combined financial statements as required by accounting principles generally accepted in the United States of America; however, these financial statements are not presented on a combined basis. In our opinion, the Organization's financial statements should include the accounts of these related parties to conform with accounting principles generally accepted in the United States of America.

### **Qualified Opinion**

In our opinion, except for the effects of the matter as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter - Subsequent Event**

As discussed in Note 14 to the financial statements, effective January 1, 2019, management and the Board of Directors voted to transfer the operations and net assets of the Organization to a related party. Our opinion is not modified with respect to that matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2019, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
June 25, 2019

# FINANCIAL STATEMENTS

**The Place of Hope at the Haven Campus, Inc.  
d/b/a The Place of Hope at the Leighan and David Rinker Campus  
Statement of Financial Position  
December 31, 2018**

---

**Assets:**

Cash and cash equivalents	\$ 1,472,720
Investments	289,785
Grants and contracts receivable	274,460
Prepaid expenses and other assets	36,986
Property held for resale	20,000
Property and equipment, net	<u>9,832,885</u>

Total assets	\$ <u><u>11,926,836</u></u>
--------------	-----------------------------

**Liabilities:**

Accounts payable and accrued expenses	\$ 386,564
Line of credit	400,000
Due to related party	486,804
Deferred revenue	<u>122,835</u>

Total liabilities	<u>1,396,203</u>
-------------------	------------------

**Net Assets:**

Without donor restrictions:	
Undesignated	9,295,113
With donor restrictions:	
Purpose restrictions	<u>1,235,520</u>

Total net assets	<u>10,530,633</u>
------------------	-------------------

Total liabilities and net assets	\$ <u><u>11,926,836</u></u>
----------------------------------	-----------------------------

The accompanying notes to financial statements are an integral part of these statements.

**The Place of Hope at the Haven Campus, Inc.**  
**d/b/a The Place of Hope at the Leighan and David Rinker Campus**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public Support and Revenues:</b>			
Contributions	\$ 1,917,361	\$ 700,000	\$ 2,617,361
Grants and contracts	989,646	-	989,646
Donated goods and services	333,498	-	333,498
	<u>3,240,505</u>	<u>700,000</u>	<u>3,940,505</u>
Total public support and revenues			
Net assets released from restrictions	<u>29,730</u>	<u>(29,730)</u>	<u>-</u>
	<u>3,270,235</u>	<u>670,270</u>	<u>3,940,505</u>
Total public support, revenues and net assets released from restrictions			
<b>Expenses:</b>			
Program services	<u>1,500,706</u>	<u>-</u>	<u>1,500,706</u>
Supporting services:			
Management and general	68,724	-	68,724
Fundraising	270,302	-	270,302
	<u>339,026</u>	<u>-</u>	<u>339,026</u>
Total supporting services			
Total expenses	<u>1,839,732</u>	<u>-</u>	<u>1,839,732</u>
Net operating revenue	<u>1,430,503</u>	<u>670,270</u>	<u>2,100,773</u>
<b>Nonoperating revenues (expense):</b>			
Net realized and unrealized loss on investments	(32,748)	-	(32,748)
Interest and dividend income, net	5,061	-	5,061
	<u>(27,687)</u>	<u>-</u>	<u>(27,687)</u>
Total nonoperating revenues (expense)			
Change in net assets	1,402,816	670,270	2,073,086
<b>Net Assets, beginning of year</b>	<u>7,892,297</u>	<u>565,250</u>	<u>8,457,547</u>
<b>Net Assets, end of year</b>	<u>\$ 9,295,113</u>	<u>\$ 1,235,520</u>	<u>\$ 10,530,633</u>

The accompanying notes to financial statements are an integral part of these statements.

The Place of Hope at the Haven Campus, Inc.  
d/b/a The Place of Hope at the Leighan and David Rinker Campus  
Statement of Functional Expenses  
For the Year Ended December 31, 2018

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
<b>Personnel Costs:</b>				
Salaries, including in-kind donations of \$ 133,498	\$ 548,754	\$ 29,900	\$ 93,130	\$ 671,784
Employee benefits and payroll taxes	83,884	1,951	11,705	97,540
Total personnel costs	<u>632,638</u>	<u>31,851</u>	<u>104,835</u>	<u>769,324</u>
<b>Other Expenses:</b>				
Provision for depreciation	243,637	-	-	243,637
Event and activity expenses	77,029	9,673	149,868	236,570
Outreach	160,296	-	-	160,296
Repairs and maintenance	62,949	456	-	63,405
Promotional expenses	52,541	10,447	2	62,990
Insurance	46,354	2,680	-	49,034
Utilities	34,773	710	-	35,483
Professional fees	30,836	1,527	461	32,824
Residents support	31,483	-	-	31,483
Travel (program advancement)	27,201	-	3,512	30,713
Telephone	29,746	525	-	30,271
Office supplies and other	26,148	2,961	1,068	30,177
Interest	16,830	-	-	16,830
Bank charges and fees	7,894	7,894	-	15,788
Rent	7,150	-	7,149	14,299
Printing and reproduction	3,408	-	3,407	6,815
Miscellaneous expenses	6,507	-	-	6,507
Computer	3,286	-	-	3,286
Total other expenses	<u>868,068</u>	<u>36,873</u>	<u>165,467</u>	<u>1,070,408</u>
Total expenses	<u>\$ 1,500,706</u>	<u>\$ 68,724</u>	<u>\$ 270,302</u>	<u>\$ 1,839,732</u>

The accompanying notes to financial statements are an integral part of these statements.



**The Place of Hope at the Haven Campus, Inc.**  
**d/b/a The Place of Hope at the Leighan and David Rinker Campus**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

---

<b>Cash Flows from Operating Activities:</b>	
Change in net assets	\$ 2,073,086
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Provision for depreciation	243,637
Net realized and unrealized (gains) losses on investments	32,748
Donated property and equipment	(200,000)
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Grants and contracts receivable	261,638
Prepaid expenses and other assets	129
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	172,336
Deferred revenue	122,835
Due to related party	<u>(315,819)</u>
Net cash provided by (used in) operating activities	<u>2,390,590</u>
<b>Cash Flows from Investing Activities:</b>	
Proceeds from sales and purchases of investments, net	(98,777)
Purchases of property and equipment	<u>(2,751,459)</u>
Net cash provided by (used in) investing activities	<u>(2,850,236)</u>
<b>Cash Flows from Financing Activities:</b>	
Proceeds from line of credit	<u>271,340</u>
Net cash provided by (used in) financing activities	<u>271,340</u>
Net increase (decrease) in cash and cash equivalents	(188,306)
<b>Cash and Cash Equivalents, beginning of year</b>	<u>1,661,026</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 1,472,720</u>

The accompanying notes to financial statements are an integral part of these statements.

## **Note 1 - Organization and Operations**

The Place of Hope at the Haven Campus, Inc. d/b/a The Place of Hope at the Leighan and David Rinker Campus (the "Organization") is a not-for-profit organization, incorporated in January 2013, after The Haven, Inc.'s (the "Haven") Board of Directors chose Place of Hope, Inc. ("Place") to carry on the Haven's mission and to steward the Haven's assets and resources, which their friends and supporters had entrusted to them over the years. The Haven was a not-for-profit corporation with a long-standing and respected charitable purpose similar to that of Place of Hope, Inc. This transition included a transfer of all of the Haven's remaining assets with no assumption of liabilities.

This transition provided Place with the opportunity to expand its services to meet the needs of youth and their families within the South Palm Beach County region. The Boca Raton campus is similar to the combined services offered by Place and Village of Hope of Palm Beach County, Inc. ("Village"), in the North Palm Beach County area, providing residential foster care, developing residential programs for those who have "aged out", and operating foster care recruitment and support in the South Palm Beach County area. Place relocated certain specific program operations from Palm Beach Gardens to the Organization's Campus in Boca Raton; this created a regional assessment center, allowing for sufficient time to assess foster youth for future placements within traditional foster homes or family cottages. Management also utilizes office space at the Boca Raton Campus to further their efforts in the local community to promote adoptions and child abuse prevention and awareness.

The Organization partners with its affiliate organizations Place, Village, and Treasures for Hope, Inc. ("Treasures"), (Notes 9 and 12). Place, a not-for-profit entity incorporated in 1998, provides family-style foster care, family outreach and intervention, transitional housing and support services, adoption and foster care recruitment and support, a maternity home, hope and healing opportunities for children and families who have been traumatized by abuse and neglect throughout Palm Beach County. Village, a not-for-profit entity incorporated in 2006, provides a residential campus which may serve up to eighteen (18) young adults on a daily basis who have "aged out" (eighteen years old) of the foster care system or who are otherwise found homeless. Treasures, a not-for-profit entity incorporated in 2012, operates a charity store which sells second-hand items, to support the activities of Place and Village.

## **Note 2 - Summary of Significant Accounting Policies**

**Basis of accounting:** The Organization uses the accrual basis of accounting for financial reporting purposes, which is in accordance with generally accepted accounting principles. Revenues are recognized when earned and expenses are recognized when incurred.

**Basis of presentation:** The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Net assets:** Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* - consist of net assets for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets with Donor Restrictions* - represent net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor (or certain grantor) imposed restrictions are released when a restriction expires, that is, when the stipulated period of time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reported net assets of approximately \$ 1,236,000 with donor restrictions as of December 31, 2018, which were restricted for on-going construction projects.

**Cash and cash equivalents:** The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization occasionally maintains cash balances at financial institutions which may exceed federally insured amounts. These amounts are maintained with what management believes to be quality financial institutions.

**Investments:** Investments primarily include mutual and exchange-traded funds. Investments are stated at their estimated fair value. Unrealized gains and losses in fair value are recognized.

**Promises to give:** Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization had no unconditional or conditional promises to give as of December 31, 2018.

**Allowance for doubtful accounts:** Management periodically reviews the grants and contracts receivable balance and provides an allowance for accounts which may be uncollectible. At December 31, 2018, management considered the grants and contracts receivable balance to be fully collectible within the current accounting period and no allowance for doubtful accounts was considered necessary.

**Property held for resale:** Property held for resale represents real estate property received from the Haven and located in Middleburg, Florida, approximately 30 miles southwest of downtown Jacksonville. It is the Organization's management intent to sell the property and use the proceeds to further its mission.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Property and equipment:** Property and equipment are carried at cost if purchased or, if donated, at estimated fair value on the date of donation, less accumulated depreciation. The Organization's policy is to provide for depreciation using the straight-line method over the estimated useful life of each type of asset which is as follows:

Buildings and improvements	27.5 years
Land improvements	7 years
Furniture, fixtures, and office equipment	3-7 years
Vehicles	5 years

Donations of property and equipment are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as an increase to net assets with donor restrictions. Without donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying net assets with donor restrictions to net assets without donor restrictions at that time.

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized.

**Deferred revenue:** Grants and contracts revenue that is not recognized because the allowable costs as defined in the individual grant or contract have not been incurred and/or the unit of service has not been provided is considered deferred revenue. In addition, revenues from special events that are considered exchange transactions are deferred until the special event takes place.

**Grants and contracts revenue:** Grants and contracts revenue are recognized when the allowable costs as defined by the individual grant or contract are incurred and/or the unit of service has been provided. Grants and contracts receivable at year end represent expenditures and/or units of service provided, which have not yet been reimbursed by the granting agency.

**Revenue and support:** Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Noncash contributions are recorded at their estimated fair value on the date received.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Functional expenses:** The costs of providing the various programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Program and supporting services are charged with their direct expenses. Other expenses are allocated based on their proportionate share of total expenses as well as other estimates provided by management.

**Joint costs of fundraising appeals:** The Organization utilizes various pamphlets, brochures and informational methods to inform the general public of their activities and to solicit funds. These costs are charged to fundraising.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Income taxes:** The Organization qualifies as a non-profit corporation exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3), with the exception of any unrelated business income. Management has evaluated the unrelated business income tax implications and believes that the effects, if any, are immaterial to the Organization’s financial statements. Accordingly, no provision for income taxes has been made to these financial statements.

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

**Date of management’s review:** Management has evaluated subsequent events through June 25, 2019, which is the date the financial statements were available for issuance.

**Note 3 - Liquidity and Availability**

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

Financial Assets:		
Cash and cash equivalents	\$	1,472,720
Investments		289,785
Grant and contracts receivable		<u>274,460</u>
Financial assets, at year-end		2,036,965
Less:		
Assets unavailable for general expenditures within one year due to:		
Restrictions by donor with purpose restrictions		<u>(1,235,520)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>801,445</u></u>

**Note 4 - Grants and Contracts**

Funding agreements for services to be provided are generally entered into on an annual basis. The release of funds is subject to monies made available by the federal and state government, and certain other grantor agencies, as applicable. These agreements may generally be terminated by either party upon thirty to ninety days written notice; however, such an event would be unlikely if contract performance continues to be satisfactory.

**Note 4 - Grants and Contracts (continued)**

Program expenditures made by the Organization are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may increase its grant of funds to the Organization to offset amounts which would otherwise be repayable based on audits. As of December 31, 2018, no amounts are known to be owed to grantor agencies.

In accordance with the Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Florida Single Audit Act, the Organization is required to perform "single audits" when the required threshold of \$ 750,000 in grant expenditures from either source is exceeded. During the year ended December 31, 2018, the Organization did not exceed the required threshold for either source and thus no single audit was required.

**Note 5 - Donated Goods, Property, and Services**

The Organization receives donated goods and services, paying for most services requiring specific expertise. A number of volunteers have donated their time in certain of the Organization's program service areas, fundraising activities and efforts to solicit charitable contributions. Because of the difficulty in determining the number of hours for such services, those items are not disclosed in the accompanying financial statements. However, when the value of donated services requires specific expertise, they are recorded in the financial statements as revenue and as an expense, or as property and equipment, depending on the nature of the services provided. For the year ended December 31, 2018, the Organization capitalized \$ 200,000 in donated goods and services relating to construction and development of their facilities and recorded as a revenue and as an expense \$ 133,498 in donated services, which related to program and supporting services received from Place (Note 9).

**Note 6 - Investments**

The Organization follows the Statement of Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) No. 820, *Fair Value Measurements and Disclosures* for fair value measurements of investments that are recognized and disclosed at fair value in the financial statements on a recurring basis. FASB ASC No. 820 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 measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.

**The Place of Hope at the Haven Campus, Inc.**  
**d/b/a The Place of Hope at the Leighan and David Rinker Campus**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**Note 6 - Investments (continued)**

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly (e.g. quoted prices in active markets for similar securities, valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).
- Level 3 inputs are unobservable inputs for the investments (e.g. information about assumptions, including risk, market participants would use in pricing a security).

The level in the fair value hierarchy within which a fair measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The input or methodology used for valuing securities is not necessarily an indicator of risk associated with investing in those securities.

The following table represents the investments as held by the Organization at December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 185,451	\$ -	\$ -	\$ 185,451
Exchange Traded Funds	<u>104,334</u>	<u>-</u>	<u>-</u>	<u>104,334</u>
	<u>\$ 289,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 289,785</u>

Investment income relative to these investments and others held and sold during the year is comprised of:

Net realized and unrealized gains	\$ (32,748)
Interest and dividends income, net	<u>5,061</u>
	<u>\$ (27,687)</u>

**Note 7 - Property and Equipment**

Property and equipment consists of the following at December 31, 2018:

Buildings and improvements	\$ 3,038,235
Land improvements	766,280
Furniture, fixtures, and office equipment	93,260
Vehicles	<u>58,413</u>
	3,956,188
Less: accumulated depreciation	<u>686,245</u>
	3,269,943
Land	1,859,166
Construction in progress	<u>4,703,776</u>
	<u>\$ 9,832,885</u>

**Note 7 - Property and Equipment (continued)**

The real estate property (main campus) transferred by the Haven to the Organization was originally received as a donation from Palm Beach County. The property now conveyed to the Organization carries a covenant that it shall be used exclusively for the construction and operation of facilities for a staffed residential behavioral health and educational program for at risk children, including independent living transition services for older children and young adults. In the event that the property is used for any other purpose, title to the property shall automatically revert back to Palm Beach County. In addition, certain grant revenue has been awarded to the Organization for the purpose of improving existing real estate. The grantor retains a security interest in the subject property. If the improved real estate is no longer used for its intended purpose, the Organization must obtain approval from the grantor agency to use this property for other lawful purposes within the prescribed time-frame.

**Construction Commitments:** The Organization previously entered into agreements with various contractors to construct an enrichment center, a multi-story apartment building, and various infrastructure improvements. The contracted prices amount to approximately \$ 6,000,000 of which approximately \$ 3,800,000 had been spent as of December 31, 2018. Certain costs of construction are expected to be reimbursed by the State of Florida.

**Note 8 - Line of Credit**

The Organization has a \$ 500,000 revolving line of credit from a bank expiring April 2020. The line of credit bears a variable interest rate of the Prime Rate plus 1.59 % (7.09% at December 31, 2018). The line of credit is collateralized by certain assets of the Organization. The outstanding balance on this line of credit at December 31, 2018 was \$ 400,000.

**Note 9 - Related Party Transactions (Note 1)**

The Organization is related to Place through common board members and management. The Organization also receives support in the form of donated services and contributions for its general operations from Place. During the year, the Organization received approximately \$ 133,000 of in-kind services and approximately \$ 292,000 of contributions from Place. During the year, the Organization provided support of approximately \$ 150,000 to Place. In addition, as of December 31, 2018, the Organization had an amount due to Place amounting to \$ 486,804 for expense reimbursements. This amount bears no interest and there is no established repayment schedule.

The Organization is also related to Treasures and Village, not-for-profit entities, through common board members and management.

During the year ended December 31, 2018, the Organization received contributions totaling approximately \$ 244,000 from various members ("members") of the Board of Directors and its members related entities.

**Note 10 - Retirement Plan**

The Organization's SIMPLE IRA retirement plan is available to all employees who have worked for the Organization for at least one year and have earned or are expected to earn a specified minimum salary. For the year ended December 31, 2018, the Organization contributed approximately \$ 6,000 to the plan.



**Note 11 - Functionalized Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs, event and activity expenses, promotional expenses, insurance, professional fees, office supplies and other, bank charges and fees, and other expenses; which are allocated on the basis of estimates of time and effort, and other methods as determined by management.

**Note 12 - Combination of Related Party Entities (Note 1)**

FASB Accounting Standards Codification (ASC) 958-810-25-3 for Not-for-Profit Organizations requires combination of related party financial statements if one of the related parties has (1) control through a majority voting interest, and (2) economic interest. The Organization, Place, Village, and Treasures, are all not-for-profit entities which share common Board members and Officers. Furthermore, Place provides general support to these entities in the form of contributions and donated services. Management indicated that, although the criterion for combination was met for the current year, they had chosen not to combine the financial statements for presentation. The Organization determined that if combination had taken place, as required by accounting principles generally accepted in the United States of America, the current year activity would have been affected by the summarized financial information documented in the tables below.

Summarized financial information for Place, as of and for the year ended December 31, 2018, is as follows:

Total assets	\$ 21,940,538
Total liabilities	<u>1,006,659</u>
Total net assets	\$ <u>20,933,879</u>
Total change in net assets	\$ <u>1,513,978</u>

Summarized financial information for Village, as of and for the year ended December 31, 2018, is as follows:

Total assets	\$ 2,916,278
Total liabilities	<u>130,625</u>
Total net assets	\$ <u>2,785,653</u>
Total change in net assets	\$ <u>(78,181)</u>

Summarized financial information for Treasures, as of and for the year ended December 31, 2018, is as follows:

Total assets	\$ 2,094,311
Total liabilities	<u>1,254,982</u>
Total net assets	\$ <u>839,329</u>
Total change in net assets	\$ <u>34,469</u>

**The Place of Hope at the Haven Campus, Inc.  
d/b/a The Place of Hope at the Leighan and David Rinker Campus  
Notes to Financial Statements  
December 31, 2018**

---

**Note 12 - Combination of Related Party Entities (Note 1) (continued)**

Reference should be made to the financial statements of Place of Hope, Inc., Village of Hope of Palm Beach County, Inc., and Treasures for Hope, Inc., Inc. as to which the independent auditor's reports are dated June 25, 2019.

**Note 13 - Supplemental Cash Flows Information**

Cash received during the year for - Interest and dividend income, net	\$ <u>5,061</u>
--	-----------------

**Note 14 - Subsequent Event**

Subsequent to year-end, effective January 1, 2019, management and the Board of Directors voted to transfer the assets, liabilities, and net assets of the Organization to Place. This will enable the Organization to consolidate their program, fundraising, and management and general efforts.

# INTERNAL CONTROLS AND COMPLIANCE

INDEPENDENT AUDITOR'S 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 Place of Hope at the Haven Campus, Inc.  
d/b/a The Place of Hope at the Leighan and David Rinker Campus  
Palm Beach Gardens, Florida

We have audited, in accordance with the 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 Place of Hope at the Haven Campus, Inc. d/b/a The Place of Hope at the Leighan and David Rinker Campus (a not-for-profit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2018, 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 June 25, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

The Place of Hope at the Haven Campus, Inc.  
d/b/a The Place of Hope at the Leighan and David Rinker Campus

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
June 25, 2019