

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, 2019

**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	1-3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-15
Supplemental Information	
Schedule of Expenditures of State Financial Assistance	16
Notes to Schedule of Expenditures of State Financial Assistance	17
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 <i>Government Auditing Standards</i>	18-19
Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.650, <i>Rules of the Auditor General</i>	20-21
Schedule of Findings and Questioned Costs	22-23

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, 2019, 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 Organization'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 Organization'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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As more fully described in Note 11 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. d/b/a Peninsula Social Enterprises, 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 above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019, 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

As discussed in Note 1 to the financial statements, effective January 1, 2019, the Organization's program services ceased and are now offered by related parties. Our opinion is not modified with respect to that matter.

Other Matters

Other 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 state financial assistance, as required by the Florida Single Audit Act, 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2020, 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 26, 2020

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, 2019

Assets:

Cash and cash equivalents	\$	998,957
Investments		476,414
Property held for resale		20,000
Property and equipment, net		<u>11,358,197</u>
Total assets	\$	<u><u>12,853,568</u></u>

Liabilities:

Line of credit	\$	82,381
Due to related parties		<u>222,964</u>
Total liabilities		<u>305,345</u>

Net Assets:

Without donor restrictions:		
Undesignated		11,738,358
With donor restrictions:		
Purpose restrictions		<u>809,865</u>
Total net assets		<u>12,548,223</u>
Total liabilities and net assets	\$	<u><u>12,853,568</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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenues:			
Contributions	\$ 1,190,973	\$ 90,000	\$ 1,280,973
Grants and contracts	1,148,385	-	1,148,385
Donated property and equipment	100,000	-	100,000
	<u>2,439,358</u>	<u>90,000</u>	<u>2,529,358</u>
Total public support and revenues			
Net assets released from restrictions	<u>515,655</u>	<u>(515,655)</u>	<u>-</u>
	<u>2,955,013</u>	<u>(425,655)</u>	<u>2,529,358</u>
Total public support, revenues and net assets released from restrictions			
Expenses:			
Program services	<u>574,640</u>	<u>-</u>	<u>574,640</u>
Supporting services:			
Management and general	18,926	-	18,926
Fundraising	415	-	415
	<u>19,341</u>	<u>-</u>	<u>19,341</u>
Total supporting services			
Total expenses	<u>593,981</u>	<u>-</u>	<u>593,981</u>
Net operating revenue	<u>2,361,032</u>	<u>(425,655)</u>	<u>1,935,377</u>
Nonoperating revenues (expense):			
Net realized and unrealized gain on investments	66,484	-	66,484
Interest and dividend income, net	15,729	-	15,729
	<u>82,213</u>	<u>-</u>	<u>82,213</u>
Total nonoperating revenues (expense)			
Change in net assets	2,443,245	(425,655)	2,017,590
Net Assets, beginning of year	<u>9,295,113</u>	<u>1,235,520</u>	<u>10,530,633</u>
Net Assets, end of year	<u>\$ 11,738,358</u>	<u>\$ 809,865</u>	<u>\$ 12,548,223</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, 2019**

	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Provision for depreciation	\$ 280,938	\$ -	\$ -	\$ 280,938
Grant pass through to related party	250,000	-	-	250,000
Interest	15,509	15,508	-	31,017
Utilities	18,259	-	-	18,259
Bank charges and fees	3,395	3,394	-	6,789
Repairs and maintenance	2,356	-	-	2,356
Telephone	2,181	-	-	2,181
Residents support	1,100	-	-	1,100
Event and activity expenses	458	-	350	808
Professional fees	444	24	65	533
	<u>574,640</u>	<u>18,926</u>	<u>415</u>	<u>593,981</u>
Total expenses	\$ <u>574,640</u>	\$ <u>18,926</u>	\$ <u>415</u>	\$ <u>593,981</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, 2019

Cash Flows from Operating Activities:	
Change in net assets	\$ 2,017,590
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Provision for depreciation	280,938
Net realized and unrealized (gains) losses on investments	(66,484)
Donated property and equipment	(100,000)
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Grants and contracts receivable	274,460
Prepaid expenses and other assets	36,986
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(386,564)
Deferred revenue	(122,835)
Due to related parties	(258,993)
	<u>1,675,098</u>
Net cash provided by (used in) operating activities	<u>1,675,098</u>
Cash Flows from Investing Activities:	
Proceeds from sales and purchases of investments, net	(120,145)
Purchases of property and equipment	<u>(1,711,097)</u>
Net cash provided by (used in) investing activities	<u>(1,831,242)</u>
Cash Flows from Financing Activities:	
Proceeds from line of credit	117,619
Payments on line of credit	<u>(435,238)</u>
Net cash provided by (used in) financing activities	<u>(317,619)</u>
Net increase (decrease) in cash and cash equivalents	(473,763)
Cash and Cash Equivalents, beginning of year	<u>1,472,720</u>
Cash and Cash Equivalents, end of year	\$ <u><u>998,957</u></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 and Village of Hope of Palm Beach County, Inc. ("Village") with the opportunity to expand their 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 in the North Palm Beach County area, developing residential programs for those who have "aged out" or who are otherwise found homeless. Effective January 1, 2019, the Organization's program services ceased and are now offered by Place and Village. The real estate and other property and equipment is now being used by these related parties in furtherance of their mission, as previously provided by the Organization.

The Organization partners with its affiliate organizations Place, Village, and Treasures for Hope, Inc. d/b/a Peninsula Social Enterprises ("Treasures"), (Notes 9 and 11). 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 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.

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

The Organization reported net assets of approximately \$ 810,000 with donor restrictions as of December 31, 2019, 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.

Investments: Investments primarily include equity securities and mutual 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, 2019.

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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

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 recognition: The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The Organization recognizes revenue from donated goods at their estimated fair values at the date of donation. Donated services are recognized if (1) the services received create or enhance nonfinancial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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.

Concentration of credit risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents, and investments. The Organization has cash in financial institutions that is insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times throughout the year, the Organization may have cash balances at financial institutions that exceed the insured amount. Investments are held in brokerage accounts protected by the Securities Investor Protection Corporation ("SIPC") in the event of broker-dealer failure, the Organization has up to \$ 500,000 of protection for each brokerage account. The SIPC insurance does not protect against market losses on investments. Deposit and investment accounts are maintained with what management believes to be quality financial institutions.

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 26, 2020 which is the date the financial statements were available for issuance.

**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, 2019**

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	\$	998,957
Investments		<u>476,414</u>
Financial assets, at year-end		1,475,371
Less:		
Assets unavailable for general expenditures within one year due to:		
Restrictions by donor with purpose restrictions		<u>(809,865)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>665,506</u></u>

In the event of an unanticipated liquidity need, the Organization could draw upon approximately \$ 418,000 of its available line of credit (Note 8).

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.

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, 2019, no amounts are known to be owed to grantor agencies.

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, 2019, the Organization capitalized \$ 100,000 in donated property and equipment relating to construction and development of their facilities.

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.
- 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, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 223,276	\$ -	\$ -	\$ 223,276
Equities	<u>253,138</u>	<u>-</u>	<u>-</u>	<u>253,138</u>
	<u>\$ 476,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,414</u>

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

Net realized and unrealized gains	\$ 66,484
Interest and dividends income, net	<u>15,729</u>
	<u>\$ 82,213</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, 2019**

Note 7 - Property and Equipment

Property and equipment consists of the following at December 31, 2019:

Buildings and improvements	\$	4,273,334
Land improvements		772,120
Furniture, fixtures, and office equipment		121,682
Vehicles		26,100
		<u>5,193,236</u>
Less: accumulated depreciation		939,717
		<u>4,253,519</u>
Land		1,859,166
Construction in progress		5,245,512
	\$	<u><u>11,358,197</u></u>

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 timeframe.

Construction commitments: The Organization previously entered into agreements with various contractors to construct a multi-story apartment building, and various infrastructure improvements. The contracted prices amount to approximately \$3,890,000 of which approximately \$3,585,000 had been spent as of December 31, 2019.

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% (6.34% at December 31, 2019). The line of credit is collateralized by certain assets of the Organization. The outstanding balance on this line of credit at December 31, 2019 was approximately \$82,000. Subsequent to year end in February 2020, the Organization closed this line of credit.

Note 9 - Related Party Transactions (Note 1)

The Organization is related to Place through common board members and management. During the year, the Organization received approximately \$486,800 of contributions from Place. The Organization also received grant funding of \$250,000 from the State of Florida Department of Children and Families that was passed through to Place. In addition, as of December 31, 2019, the Organization had an amount due to Place amounting to \$222,100 for expense reimbursements. This amount bears no interest and there is no established repayment schedule.

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, 2019

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

The Organization is also related to Village through common board members and management. As of December 31, 2019, the Organization had an amount due to Village amounting to \$ 864 for expense reimbursements. This amount bears no interest and there is no established repayment schedule.

Note 10 - 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 event and activity expenses, professional fees, 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 11 - 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, 2019, is as follows:

Total assets	\$ 28,352,793
Total liabilities	<u>1,096,503</u>
Total net assets	\$ <u>27,256,290</u>
Total change in net assets	\$ <u>6,322,411</u>

Summarized financial information for Village, as of and for the year ended December 31, 2019, is as follows:

Total assets	\$ 2,793,880
Total liabilities	<u>80,148</u>
Total net assets	\$ <u>2,713,732</u>
Total change in net assets	\$ <u>(71,921)</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, 2019**

Note 11 - Combination of Related Party Entities (Note 1) (continued)

Summarized financial information for Treasures, as of and for the year ended December 31, 2019, is as follows:

Total assets	\$	2,156,513
Total liabilities		<u>1,123,730</u>
Total net assets	\$	<u>1,032,783</u>
Total change in net assets	\$	<u>193,454</u>

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. d/b/a Peninsula Social Enterprises as to which the independent auditor's reports are dated June 26, 2020.

Note 12 - Supplemental Cash Flows Information

Supplemental disclosure of cash flow information:

Cash received during the year for - Interest and dividend income, net	\$	<u>15,729</u>
Cash paid during the year for - Interest expense	\$	<u>31,017</u>

Other noncash investing activities:

Acquisition of property and equipment - Cost of property and equipment	\$	1,811,097
Less donated property and equipment		<u>(100,000)</u>
Cash paid for property and equipment	\$	<u>1,711,097</u>

Note 13 - Subsequent Event

In March 2020, the *World Health Organization* declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown how this negative outlook will impact the Organization's financial statements. No adjustments have been made to the accompanying financial statements as a result of the current events.

SUPPLEMENTAL INFORMATION

**The Place of Hope at the Haven Campus, Inc.
d/b/a The Place of Hope at the Leighan and David Rinker Campus
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2019**

<u>State Agency, State Project</u>	<u>CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
State Financial Assistance:				
Direct Project:				
State of Florida Department of Children and Families -				
Place of Hope Haven Campus	60.121	WC045	\$ 898,385	\$ -
		WC056	<u>250,000</u>	<u>250,000</u>
Total expenditures of State Financial Assistance			\$ <u>1,148,385</u>	\$ <u>250,000</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 Schedule of Expenditures of State Financial Assistance
December 31, 2019**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") includes the state financial assistance 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") under programs of the state government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Summary of 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 Chapter 10.650, *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, as applicable.

Note 3 - Contingency

Grants and contracts revenue are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor/contracting agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Organization. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the grant/contract agreements and applicable state laws and other regulations.

Note 4 - Related Party Transactions

The Organization received grant funding of \$ 250,000 from the State of Florida Department of Children and Families that was passed through to a related party (Note 9).

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

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, 2019, 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 26, 2020.

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 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 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 26, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

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

Report on Compliance for Each Major State Project

We have audited 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") compliance with the types of compliance requirements described in the *Florida Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on the Organization's major state projects for the year ended December 31, 2019. The Organization's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General*. Those standards and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major State Project

In our opinion, the Organization's 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 state projects for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project 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 state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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 Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 26, 2020

**The Place of Hope at the Haven Campus, Inc.
d/b/a The Place of Hope at the Leighan and David Rinker Campus
Schedule of Findings and Questioned Costs
December 31, 2019**

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on 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 (the "Organization") with the exception of not combining the accounts of Place of Hope, Inc., Village of Hope of Palm Beach County, Inc., and Treasures for Hope, Inc. d/b/a Peninsula Social Enterprises, as noted in Note 11 of the financial statements.
2. No material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
4. No material weaknesses relating to the audit of the major state project is reported in the Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.650, *Rules of the Auditor General*.
5. The auditor's report on compliance for the major state project for the Organization expresses an unmodified opinion.
6. There are no audit findings relative to the major state project for the Organization reported in Part C of this schedule.
7. The project tested as a major project is as follows:

<u>State Project:</u>	<u>State CSFA No.</u>
State of Florida Department of Children and Families – Place of Hope Haven Campus	60.121

8. The threshold for distinguishing Types A and B projects was \$ 344,516.

B. Findings – Financial Statements Audit

No matters were reported

C. Findings and Questioned Costs – Major State Financial Assistance Project Audit

No matters were reported

**The Place of Hope at the Haven Campus, Inc.
d/b/a The Place of Hope at the Leighan and David Rinker Campus
Schedule of Findings and Questioned Costs
December 31, 2019**

D. Other Issues

1. A separate management letter was not issued because there were no findings required to be reported in the management letter.
2. No summary schedule of prior audit findings is required because there was no prior year audit of state projects.
3. No corrective action plan is required because there were no findings reported under the the Florida Single Audit Act.