



Place of Hope, Inc.

Financial Statements
and Additional Information
For the Year Ended December 31, 2021



FINANCIAL STATEMENTS



Place of Hope, Inc.
Statement of Financial Position
December 31, 2021

Assets:

Cash and cash equivalents	\$	4,816,647
Investments		14,633,931
Grants and contracts receivable		231,653
Prepaid expenses and other assets		196,916
Due from related parties		578,864
Property and equipment, net		<u>9,480,374</u>

Total assets \$ 29,938,385

Liabilities:

Accounts payable and accrued expenses	\$	430,510
Line of credit		128
Deferred compensation		120,000
Deferred revenue and refundable advances		<u>338,910</u>

Total liabilities 889,548

Net Assets:

Without donor restrictions:		
Undesignated		21,730,643
Designated		6,041,238
With donor restrictions:		
Purpose restrictions		<u>1,276,956</u>

Total net assets 29,048,837

Total liabilities and net assets \$ 29,938,385

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

Place of Hope, Inc.
Statement of Activities
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenues:			
Contributions	\$ 8,523,933	\$ -	\$ 8,523,933
Grants and contracts	3,425,732	-	3,425,732
Donated goods and services	109,605	-	109,605
Donated facilities	11,000	-	11,000
	<u>12,070,270</u>	<u>-</u>	<u>12,070,270</u>
Total public support and revenues			
Net assets released from restrictions	<u>515,171</u>	<u>(515,171)</u>	<u>-</u>
Total public support, revenues and net assets released from restrictions	<u>12,585,441</u>	<u>(515,171)</u>	<u>12,070,270</u>
Expenses:			
Program services	<u>6,827,406</u>	<u>-</u>	<u>6,827,406</u>
Supporting services:			
Fundraising	1,116,823	-	1,116,823
Management and general	443,024	-	443,024
	<u>1,559,847</u>	<u>-</u>	<u>1,559,847</u>
Total supporting services			
Total expenses	<u>8,387,253</u>	<u>-</u>	<u>8,387,253</u>
Net operating revenue	<u>4,198,188</u>	<u>(515,171)</u>	<u>3,683,017</u>
Nonoperating revenues (expenses):			
Net investment income	1,141,921	136,448	1,278,369
Loss on disposal of property and equipment	(7,859)	-	(7,859)
Transfer of property and equipment (Note 9)	(163,673)	-	(163,673)
	<u>970,389</u>	<u>136,448</u>	<u>1,106,837</u>
Total nonoperating revenues			
Change in net assets	5,168,577	(378,723)	4,789,854
Net Assets, beginning of year	<u>22,603,304</u>	<u>1,655,679</u>	<u>24,258,983</u>
Net Assets, end of year	<u>\$ 27,771,881</u>	<u>\$ 1,276,956</u>	<u>\$ 29,048,837</u>

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Place of Hope, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Personnel Costs:				
Salaries	\$ 3,090,985	\$ 181,823	\$ 363,645	\$ 3,636,453
Employee benefits and payroll taxes	561,784	32,017	64,033	657,834
Total personnel costs	<u>3,652,769</u>	<u>213,840</u>	<u>427,678</u>	<u>4,294,287</u>
Other Expenses:				
Bank charges and fees	41,048	41,047	-	82,095
Dues and subscriptions	13,381	13,381	-	26,762
Event and activity expenses	327,639	2,309	625,916	955,864
In-kind donations	120,605	-	-	120,605
Insurance	417,908	8,122	4,979	431,009
Interest	477	-	-	477
Licenses, permits, and taxes	16,636	-	-	16,636
Miscellaneous expenses	32,851	-	-	32,851
Office supplies and other	153,355	31,380	21,910	206,645
Outreach	188,433	-	-	188,433
Printing and reproduction	77,558	-	19,389	96,947
Professional fees	145,542	58,781	2,072	206,395
Promotional expenses	93,145	15,556	2,269	110,970
Provision for depreciation	469,787	41,759	10,439	521,985
Regulatory compliance	29,492	-	-	29,492
Rent	75,002	-	-	75,002
Repairs and maintenance	294,135	9,758	-	303,893
Residents support	354,357	-	-	354,357
Telephone	25,269	-	-	25,269
Training and development	17,872	-	-	17,872
Travel (program advancement)	39,087	2,171	2,171	43,429
Utilities	241,058	4,920	-	245,978
Total other expenses	<u>3,174,637</u>	<u>229,184</u>	<u>689,145</u>	<u>4,092,966</u>
Total expenses	<u>\$ 6,827,406</u>	<u>\$ 443,024</u>	<u>\$ 1,116,823</u>	<u>\$ 8,387,253</u>

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

Place of Hope, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows from Operating Activities:	
Change in net assets	\$ 4,789,854
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Provision for depreciation	521,985
Net realized and unrealized (gains) losses on investments	(884,618)
Loss on disposal of property and equipment	7,859
Transfer of property and equipment (Note 9)	163,673
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Grants and contracts receivable	302,844
Prepaid expenses and other assets	54,898
Due from related parties	128,548
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	83,959
Deferred compensation	15,000
Deferred revenue and refundable advances	109,419
	<u>5,293,421</u>
Cash Flows from Investing Activities:	
Proceeds from sales of investments	1,256,226
Proceeds from disposal of property and equipment	5,000
Purchases of property and equipment	(328,241)
Purchases of investments	(5,079,274)
	<u>(4,146,289)</u>
Cash Flows from Financing Activities:	
Proceeds from line of credit	302
Payments on line of credit	(1,091,675)
	<u>(1,091,373)</u>
Net cash provided by (used in) financing activities	<u>(1,091,373)</u>
Net increase (decrease) in cash and cash equivalents	55,759
Cash and Cash Equivalents, beginning of year	<u>4,760,888</u>
Cash and Cash Equivalents, end of year	<u>\$ 4,816,647</u>

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

Note 1 - Organization and Operations

Place of Hope, Inc. (the "Organization") is a nonprofit, tax exempt, unique faith-based state-licensed child welfare organization providing family-style foster care (emergency and long-term), family outreach and intervention, transitional housing and support services, a maternity home, hope and healing opportunities for children and families who have been traumatized by abuse and neglect throughout our region. Management believes that the Organization has both met and exceeded most performance standards by which licensed child welfare organizations are judged.

The main campus and outreach complex is located on a ten-acre gated campus in Palm Beach Gardens, Florida. Through a model approach and commitment, the Organization is dedicated to providing stable, loving, and nurturing environments and support for foster children and their family members while in state custody, following family reunification, pre-adoptive placement, and post-emancipation from care. The Organization strives to foster and support healthy and productive lives, free of fear, endangerment, and, most of all, abuse. Children and families can find dignity, guidance, and hope through various programs and efforts at Place of Hope - *Placing Hope in a Child's Future*.

The Organization contracts with ChildNet, Inc. and Communities Connected for Kids, Inc., through the State of Florida Department of Children and Families, to provide residential group care, a maternity home, emergency shelter and adoption/foster care services; and plans to pursue other federal, state, and social service agency grants and contracts. The main campus consists of six licensed family cottages (group homes); a licensed emergency cottage; an administration/community outreach center building; a health and wellness center; and a respite home for the cottage parents.

- The Organization serves up to thirty-six (36) children daily in six (6) "Family Cottages" with the Enhanced Residential Care Model. These children are given a safe and stable placement, therapeutic services, professional case management and the chance to just be kids in a structured, traditional family setting.
- The Organization partners with KidSanctuary Campus, Inc. ("Kid"), a Florida not-for-profit organization, to provide services at a remote location for up to eighteen (18) additional children using the Enhanced Residential Care Model previously discussed.
- The Seven Stars Cottage, Palm Beach County's first and only faith-based, family-style emergency shelter, opened to care for up to eight (8) boys, ages six to eighteen, during crisis situations, immediately following removal from their homes by the authorities.
- Joann's Cottage (Maternity Home), a shelter located at the campus of Village of Hope of Palm Beach County, Inc. (Note 9), includes up to ten (10) private rooms to be used as a maternity home for mothers and is currently licensed for up to twelve (12) individuals.
- The Organization provides an enrichment and transition to independence program, a series of counseling and programs through which the children work through trauma; explore life and career opportunities; participate in nutrition, fitness, budgeting, parenting, interviewing, and more classes; and establish mentors as they "age out" of foster care.

Note 1 - Organization and Operations (continued)

- The Organization also provides human trafficking prevention, education and recovery services by providing prevention and awareness education to the community and partners with others to prevent at-risk children and youth from being trafficked. This program trains the community on what to look for and how to help. Recovery services are provided for victims throughout all programs. These services include professional case management, quality medical care, counseling, therapy, tutoring, mentoring, life-skills development, hope and healing opportunities.

The Organization partners with its affiliate organizations Village of Hope of Palm Beach County, Inc. ("Village"), Treasures for Hope, Inc. d/b/a Peninsula Social Enterprises ("Treasures"), and The Place of Hope at the Haven Campus, Inc. d/b/a The Place of Hope at the Leighan and David Rinker Campus ("Haven") (Notes 9 and 14). 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 the Organization and Village. Haven, a nonprofit entity incorporated in 2013, provides real estate and other property and equipment to the Organization and Village in furtherance of their respective missions.

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 accounting principles generally accepted in the United States of America ("U.S. GAAP"). 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

Generally, contributions restricted by donors are reported 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. All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

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, common stocks, fixed income securities, exchange traded funds (ETFs), 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, 2021.

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, 2021, 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 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:

Building and improvements	7-27.5 years
Land improvements	27.5 years
Furniture, fixtures, and office equipment	3-7 years
Vehicles	5 years
Machinery and equipment	3-7 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue and revenue recognition: The Organization recognizes revenues from nonexchange transactions 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.

Grants and contracts revenue derived from units of service contracts is recognized as revenue when the unit of service has been provided in compliance with the specific contract. Revenue derived from cost-reimbursement contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when such expenditures are incurred in compliance with specific contract provisions.

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.

Refundable advances: Revenues received in advance (nonexchange transaction) that are not recognized because the allowable costs as defined by the individual grant or contract have not been incurred, the unit of service has not been provided, and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances. In addition, revenues received in advance from special events and other income that are considered exchange transactions are deferred to the applicable period.

Donated goods and services: Donated services are recognized, at estimated fair value, as a contribution, along with corresponding expense, if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individual with those skills, and would otherwise have been purchased. Donated goods are recorded at their estimated fair market value when received. Donated equipment is capitalized at its estimated fair market value at the date of donation and depreciated over the estimated useful life of the asset.

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. The expenses that are allocated include personnel costs, depreciation, promotional expenses, professional fees, and other expenses; which are allocated on the basis of estimates of time and effort, and other methods as determined 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)

Concentration of credit risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents, receivables, and investments. The concentration of credit risk with respect to receivables is primarily due to the economic dependency in federal, state, and other agencies and the ability to obtain authorization, process and collect balances timely. The Organization does not require collateral or other security to support receivables. 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 U.S. GAAP 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 27, 2022 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	\$ 4,816,647
Investments	14,633,931
Grant and contracts receivable	231,653
Due from related parties	<u>578,864</u>
Financial assets at year-end	<u>20,261,095</u>

Note 3 - Liquidity and Availability (continued)

Less:	
Contractual or donor-imposed restrictions making financial assets unavailable for general expenditure	(1,276,956)
Board designated endowments, primarily for long-term investing	<u>(6,041,238)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ <u>12,942,901</u>

From time-to-time the board may approve the utilization of board designated funds for general operations, based on the needs of the Organization.

In the event of an unanticipated liquidity need, the Organization could draw upon its available line of credit (Note 7).

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 government, State of Florida, and certain other grantor agencies. 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.

Note 5 - 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).

Note 5 - Investments (continued)

- 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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity and other mutual funds	\$ 5,891,155	\$ -	\$ -	\$ 5,891,155
Common stocks	4,074,642	-	-	4,074,642
Fixed income	847,730	2,412,462	-	3,260,192
International equity funds	1,001,834	-	-	1,001,834
Community Foundation fund	-	209,927	-	209,927
Alternatives-hedge funds and commodities	<u>196,181</u>	<u>-</u>	<u>-</u>	<u>196,181</u>
Total	<u>\$ 12,011,542</u>	<u>\$ 2,622,389</u>	<u>\$ -</u>	<u>\$ 14,633,931</u>

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

Interest and dividend income	\$ 491,822
Net realized/unrealized gains (losses)	884,618
Fees	<u>(98,071)</u>
	<u>\$ 1,278,369</u>

Note 6 - Property and Equipment

Property and equipment consists of the following at December 31, 2021:

Buildings and improvements	\$ 9,483,546
Land improvements	1,313,562
Furniture, fixtures, and office equipment	548,347
Vehicles	533,451
Machinery and equipment	455,941
	<u>12,334,847</u>
Less: accumulated depreciation	<u>5,316,159</u>
	7,018,688
Land	2,354,356
Construction in progress	<u>107,330</u>
	<u>\$ 9,480,374</u>

Note 6 - Property and Equipment (continued)

Certain grant and contract 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 agencies to use this property for other lawful purposes within the prescribed time-frame.

Note 7 - Line of Credit

The Organization has a \$ 1,345,000 revolving line of credit from a bank due on demand. The line of credit bears a variable interest rate based on the 30 day London Interbank Offered Rate (1.601% at December 31, 2021). The line of credit is collateralized by certain assets of the Organization. The outstanding balance on this line of credit at December 31, 2021 was \$ 128. Subsequent to year end, the line of credit's interest rate changed to a variable rate based on the 30 day Secured Overnight Financing Rate.

Note 8 - Donated Goods, Services, and Facilities

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, 2021, the Organization recorded as a revenue and as an expense approximately \$ 110,000, of which the full amount is related to program services. In addition, as discussed in Note 15, the Organization recorded \$ 11,000 for donated revenue and expense related to leases.

Note 9 - Related Party Transactions (Note 1)

The Organization is related to Village through common board members and management. The Organization also provides support in the form of donated services and contributions for the general operations of Village. The Organization provided in-kind services of approximately \$ 158,000, in-kind facilities of approximately \$ 209,000, and contributed \$ 20,000 to Village during the year ended December 31, 2021. In addition, at December 31, 2021, the Organization had an amount due from Village of approximately \$ 20,000, related to expense reimbursements. This amount bears no interest and there is no established repayment schedule.

The Organization is related to Treasures through common board members and management. The Organization also provides support in the form of donated services for the general operations of Treasures. The Organization provided in-kind services of approximately \$ 139,000 to Treasures during the year ended December 31, 2021. In addition, the Organization transferred property and equipment of approximately \$ 164,000 to Treasures. At December 31, 2021, the Organization had an amount due from Treasures of approximately \$ 559,000, for expense reimbursements. This amount bears no interest and there is no established repayment schedule.

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

The Organization is related to Haven through common board members and management. During the year, the Organization received approximately \$ 178,000 of contributions from Haven, and contributed approximately \$ 134,000 to Haven for expense reimbursements. In addition, as discussed in Note 15, the Organization recorded in-kind revenue and expense relating to the use of Haven's facilities.

During the year, the Organization received contributions totaling approximately \$ 232,000 from Palm Beach Gardens Christ Fellowship Church, Inc. ("Christ Fellowship"). The Organization and Christ Fellowship are related through certain common board members. In addition, the Organization received contributions totaling approximately \$ 591,000 from various members ("members") of the Board of Directors and its members related entities.

Note 10 - Net Assets with Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes:

Subject to expenditure for specified purpose:	
Student scholarships	\$ <u>1,276,956</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows:

Satisfaction of purpose restrictions:	
Construction	\$ 498,223
Student scholarships	<u>16,948</u>
	<u>\$ 515,171</u>

Note 11 - Designated Unrestricted Net Assets

As of December 31, 2021, the Board of Directors had designated \$ 6,041,238 for funds to support the future operations of the Organization.

The Organization recognizes the following Board designated funds:

Paxson Endowment	\$ 2,361,048
The Stack Family Endowment	1,180,519
In Memory of Jesus Endowment	849,971
Brett Harris Weinstein Memorial Endowment	785,023
Anna Turri Endowment	740,729
Kazma Endowment	<u>123,948</u>
	<u>\$ 6,041,238</u>

Note 11 - Designated Unrestricted Net Assets (continued)

These funds have been invested as follows:

Common stocks	\$	2,254,306
Equity and other mutual funds		1,468,116
Fixed income mutual funds		1,302,319
International equity funds		493,422
Hedge funds		83,001
Cash and cash equivalents		<u>440,074</u>
	\$	<u>6,041,238</u>

Note 12 - Retirement Plan

Previously, the Organization, along with Villages and Treasures, entered into a safe harbor 401k plan offered to eligible employees. Employee contributions are based upon the amount of compensation each participant elects to defer yearly, which may be "before tax" and are limited only by certain provisions of the Internal Revenue Code. The Organization provides a 100% match of up to 4% of the employees' eligible earnings. The total 401(k) plan expense for the Organization for the year ended December 31, 2021 amounted to approximately \$ 78,000.

Note 13 - Deferred Compensation Plan

The Organization previously established a 457(f) non-qualified deferred compensation plan for certain highly compensated employees. Under the plan, the participants or their designated beneficiaries are entitled to receive a single lump sum payment of all benefits upon the Organization's change of control or employee's total and permanent disability or death. Total expense for the Plan for the year ended December 31, 2021 was \$ 15,000. As of December 31, 2021, the total amount approved by the Organization's Board of Directors amounted to \$ 120,000.

Note 14 - 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, Village, Treasures, and Haven are all not-for-profit entities which share common Board members and Officers. Furthermore, the Organization 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 table below.

Note 14 - Combination of Related Party Entities (Note 1) (continued)

Summarized financial information for uncombined related party entities, as of and for the year ended December 31, 2021, is as follows:

	<u>Total</u>	<u>Village</u>	<u>Treasures</u>	<u>Haven</u>
Total assets	\$ 26,486,096	\$ 2,887,660	\$ 11,894,250	\$ 11,704,186
Total liabilities	<u>725,965</u>	<u>85,836</u>	<u>640,129</u>	<u>-</u>
Total net assets	<u>\$ 25,760,131</u>	<u>\$ 2,801,824</u>	<u>\$ 11,254,121</u>	<u>\$ 11,704,186</u>
Total change in net assets	<u>\$ (376,435)</u>	<u>\$ 27,847</u>	<u>\$ (172,238)</u>	<u>\$ (232,044)</u>

Reference should be made to Note 9 for details of the current year transactions between the Organization, Village, Treasures, and Haven. Also, reference should be made to the financial statements of Village of Hope of Palm Beach County, Inc., and Treasures for Hope, Inc. d/b/a Peninsula Social Enterprises, and The Place of Hope at the Haven Campus, Inc. d/b/a The Place of Hope at the Leighan and David Rinker Campus, as to which the independent auditor's/accountant's report are dated June 27, 2022.

Note 15 - Lease Agreements

The Organization uses Haven's facilities to further a significant portion of their program services. During June 2020, the Organization entered into a 10-year lease agreement for use of Haven's facilities. In consideration of the lease, the Organization will make annual payments of \$ 1 through May 2030. In addition, the Organization is also responsible for any utilities, taxes, repairs, and maintenance in relation to these facilities. For the year ended December 31, 2021, the Organization recorded approximately \$ 11,000 of in-kind revenue and expense, related to the lease. The Organization also subleases this space to Villages through a noncancellable lease through May 2030.

Additionally, on October 1, 2020, the Organization entered into a sixty (60) month lease agreement with Treasures for office space. The lease agreement provides for payments of \$ 6,250 per month, increasing 4% annually through September 2025. Rent expense in connection with this lease for the year ended December 31, 2021 amounted to approximately \$ 75,000. The Organization is presently committed to approximate lease payments under the terms of this agreement as follows:

<u>Year Ending December 31,</u>	
2022	\$ 78,000
2023	\$ 81,100
2024	\$ 84,400
2025	\$ 65,800
Thereafter	\$ NONE

Note 16 - Supplemental Cash Flows Information

Supplemental disclosure of cash flow information:

Cash paid during the year for - Interest expense	\$ <u>477</u>
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SUPPLEMENTAL INFORMATION



Place of Hope, Inc.
 Schedule of Expenditures of Federal Awards
 and State Financial Assistance
 For the Year Ended December 31, 2021

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Federal / State Expenditures	State Matching Expenditures (1)	Transfers to Subrecipients
Federal Agency Name:					
Indirect Programs:					
U.S. Department of Health and Human Services -					
Passed through the State of Florida					
Department of Children and Families					
Passed through ChildNet, Inc. (POH Contracts),					
and Communities Connected for Kids, Inc.					
(CCK Contracts)					
Temporary Assistance for Needy Families	93.558	CCK22-306	\$ 158	\$ 19	\$ -
	93.558	CCK22-317	221	27	-
	93.558	POH21NFH	6	70	-
	93.558	CCK22-305	194	24	-
	93.558	POH19NFH	7	78	-
	93.558	POH20CPA	16	173	-
	93.558	POH21CPA	10	126	-
		93.558 Total	612	517	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	POH21NFH	19,158	4,789	-
	93.674	POH19NFH	26,611	6,653	-
	93.674	POH21RGC	246	62	-
		93.674 Total	46,015	11,504	-

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Place of Hope, Inc.
Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)
For the Year Ended December 31, 2021

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Federal / State Expenditures	State Matching Expenditures (1)	Transfers to Subrecipients
Federal Agency Name:					
Indirect Programs (continued):					
Foster Care Title IV-E					
	93.658	POH20MAT	24,075	11,345	-
	93.658	CCK22-305	71,173	107,036	-
	93.658	CCK22-306	37,958	74,854	-
	93.658	POH19RGC	49,762	23,448	-
	93.658	CCK22-317	47,348	101,006	-
	93.658	POH19NFH	96,029	52,941	-
	93.658	POH20CPA	43,450	35,631	-
	93.658	POH21CPA	32,287	24,468	-
	93.658	POH21NFH	110,018	58,349	-
	93.658	POH21RGC	28,502	13,430	-
		93.658 Total	<u>540,602</u>	<u>502,508</u>	<u>-</u>
Adoption Assistance					
	93.659	POH21NFH	2,052	1,788	-
	93.659	CCK22-306	4,448	4,448	-
	93.659	CCK22-305	5,459	5,459	-
	93.659	POH21CPA	3,902	2,957	-
	93.659	POH20CPA	5,251	4,306	-
	93.659	CCK22-317	6,209	6,209	-
	93.659	POH19NFH	2,296	2,040	-
		93.659 Total	<u>29,617</u>	<u>27,207</u>	<u>-</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Place of Hope, Inc.
Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)
For the Year Ended December 31, 2021

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Federal / State Expenditures	State Matching Expenditures (1)	Transfers to Subrecipients
Federal Agency Name:					
Indirect Programs (continued):					
Social Services Block Grant	93.667	POH21MAT	18,550	-	-
	93.667	CCK22-305	28,133	-	-
	93.667	POH19NFH	107,900	-	-
	93.667	POH20MAT	17,740	-	-
	93.667	POH19RGC	38,628	-	-
	93.667	POH21RGC	31,550	-	-
	93.667	POH21NFH	84,750	-	-
		93.667 Total	327,251	-	-
Other State Matching Expenditures	90.XXX	POH20CPA	-	45,522	-
	90.XXX	POH21CPA	-	32,670	-
	90.XXX	POH19NFH	-	20,647	-
	90.XXX	POH21NFH	-	18,285	-
	90.XXX	POH20MAT	-	42,187	-
	90.XXX	POH21MAT	-	44,112	-
	90.XXX	POH19RGC	-	91,860	-
	90.XXX	POH21RGC	-	75,030	-
		90.XXX Total	-	370,313	-

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Place of Hope, Inc.
 Schedule of Expenditures of Federal Awards
 and State Financial Assistance (continued)
 For the Year Ended December 31, 2021

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Federal / State Expenditures	State Matching Expenditures (1)	Transfers to Subrecipients
Federal Agency Name:					
Indirect Programs (continued):					
U.S. Department of Housing and Urban Development -					
Passed through Palm Beach County, Florida					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/ Entitlement Grants					
	14.218	R2021-1512	3,911	-	-
	14.218	R2020-1466	<u>10,808</u>	-	-
	Total CDBG - Entitlement Grants Cluster		<u>14,719</u>	-	-
Total Expenditures of Federal Awards			<u>\$ 958,816</u>	<u>\$ 912,049</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Place of Hope, Inc.
Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)
For the Year Ended December 31, 2021

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Federal / State Expenditures	State Matching Expenditures (1)	Transfers to Subrecipients
State Agency Name:					
Direct Projects:					
State of Florida Department of Children and Families -					
CBC-Sexually Exploited Children	60.138	IJ712	450,000	-	-
	60.138	* YSIJ3	<u>325,422</u>	<u>-</u>	<u>-</u>
			<u>775,422</u>	<u>-</u>	<u>-</u>
Indirect Projects:					
State of Florida Department of Children and Families -					
Passed through ChildNet, Inc.					
Child Welfare Out-of-Home Supports	60.074	POH20CPA	149,099	-	-
	60.074	POH21CPA	83,045	-	-
	60.074	POH19NFH	273,156	-	-
	60.074	POH21NFH	<u>274,145</u>	<u>-</u>	<u>-</u>
			<u>779,445</u>	<u>-</u>	<u>-</u>
Total Expenditures of State Financial Assistance			\$ <u>1,554,867</u>	\$ <u>-</u>	\$ <u>-</u>

(1) State financial assistance not subject to Section 215.97, Florida Statutes.

* Denotes fiscal year 2020 expenditures.

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Place of Hope, Inc.
Notes to Schedule of Expenditures of Federal
Awards and State Financial Assistance
December 31, 2021

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (collectively referred to the "Schedule") includes the federal awards and state financial assistance of Place of Hope, Inc. (the "Organization") under programs of the federal and state government for the year ended December 31, 2021. The information in this Schedule of Expenditures of Federal Awards and State Financial Assistance 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* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, 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 the Uniform Guidance, and in Chapter 10.650, *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Organization did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Contingency

Grants and contracts revenue received 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 federal and state laws and other regulations.