

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**

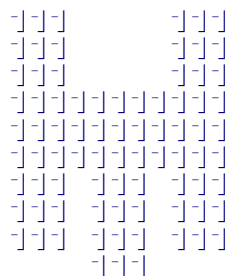
**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021  
(with comparable totals for 2020)**

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# Holyfield & Thomas, LLC

## Certified Public Accountants & Advisors

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Children's Place at Home Safe, Inc.  
Lake Worth, Florida

#### Report on the Financial Statements

We have audited the accompanying financial statements of The Children's Place at Home Safe, Inc. (a nonprofit organization d/b/a HomeSafe), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Children's Place at Home Safe, Inc. as of June 30, 2021, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of The Children's Place at Home Safe, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Children's Place at Home Safe, Inc.'s internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

We have previously audited the June 30, 2020 financial statements, and our report dated December 7, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
November 29, 2021

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2021**  
**(with comparable totals for 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,052,642	\$ 562,244	\$ 2,614,886	\$ 1,925,119
Accounts receivable	659,515	-	659,515	654,656
Pledges receivable, current portion	10,695	886,699	897,394	154,413
Mortgage receivable	-	-	-	1,750,000
Beneficial interest in trust, current portion	-	150,992	150,992	-
Prepaid expenses	555,425	-	555,425	422,091
Total current assets	3,278,277	1,599,935	4,878,212	4,906,279
Pledges receivable	-	3,557,687	3,557,687	-
Deposits	23,432	-	23,432	21,415
Investments	116,534	6,216,124	6,332,658	8,943,359
Investment in deferred compensation plan	58,972	-	58,972	39,214
Beneficial interest in trusts	-	114,351	114,351	153,475
Property and equipment, net	11,238,682	-	11,238,682	5,200,290
Total assets	<u>\$ 14,715,897</u>	<u>\$ 11,488,097</u>	<u>\$ 26,203,994</u>	<u>\$ 19,264,032</u>
<b>LIABILITIES AND NET ASSETS</b>				
Accounts payable	\$ 156,740	\$ -	\$ 156,740	\$ 97,894
Accrued expenses	570,709	-	570,709	530,235
Note payable	522,057	-	522,057	-
Line of credit	-	-	-	-
Other liabilities	268,598	-	268,598	46,345
Total current liabilities	1,518,104	-	1,518,104	674,474
Note payable	-	-	-	348,750
Obligation under deferred compensation plan	58,972	-	58,972	39,214
Total liabilities	<u>1,577,076</u>	<u>-</u>	<u>1,577,076</u>	<u>1,062,438</u>
Net assets	<u>13,138,821</u>	<u>11,488,097</u>	<u>24,626,918</u>	<u>18,201,594</u>
Total liabilities and net assets	<u>\$ 14,715,897</u>	<u>\$ 11,488,097</u>	<u>\$ 26,203,994</u>	<u>\$ 19,264,032</u>

*See accompanying notes to financial statements.*

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2021**  
**(with comparable totals for 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
Revenues and support:				
Program service	\$ 8,716,022	\$ -	\$ 8,716,022	\$ 8,063,016
Grants	733,121	474,030	1,207,151	714,308
PPP Loan forgiveness	348,750	-	348,750	-
Contributions	325,745	5,301,979	5,627,724	735,610
Special event revenue	355,372	-	355,372	550,265
Investment income, net	1,761	83,984	85,745	282,782
Realized and change in unrealized gain (loss)	27,193	500,291	527,484	(10,762)
Change in value of beneficial interest in trusts	-	111,868	111,868	(7,506)
Other income	11,120	-	11,120	14,900
Total revenues and support	10,519,084	6,472,152	16,991,236	10,342,613
Net assets released from restrictions	6,112,045	(6,112,045)	-	-
	16,631,129	360,107	16,991,236	10,342,613
Expenses:				
Program services	9,131,454	-	9,131,454	8,316,013
Supporting services:				
Management and general	676,517	-	676,517	614,286
Fundraising	736,668	-	736,668	687,816
Total expenses	10,544,639	-	10,544,639	9,618,115
Gain (loss) on sale of assets	(21,273)	-	(21,273)	3,959
Change in net assets	6,065,217	360,107	6,425,324	728,458
Net assets, beginning	7,073,604	11,127,990	18,201,594	17,473,136
Net assets, end	<u>\$ 13,138,821</u>	<u>\$ 11,488,097</u>	<u>\$ 24,626,918</u>	<u>\$ 18,201,594</u>

*See accompanying notes to financial statements.*

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2021**  
**(with comparable totals for 2020)**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from program services	\$ 8,711,163	\$ 8,040,055
Cash received from government grants and contracts	1,207,151	714,308
Cash received from contributions and support	832,557	1,200,384
Cash paid to suppliers and employees	(10,018,174)	(9,218,271)
Other income	11,120	14,901
Interest and dividends received	101,581	189,790
Net cash provided by operating activities	<u>845,398</u>	<u>941,167</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	5,005	6,000
Purchase of property and equipment	(6,261,358)	(2,086,783)
Collection of mortgage receivable	1,750,000	1,750,000
Proceeds from sale of investments	2,891,715	392,764
Purchase of investments	246,470	(551,973)
Net cash used in investing activities	<u>(1,368,168)</u>	<u>(489,992)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for capital campaign	690,480	-
Proceeds from note payable	522,057	348,750
Net cash provided by financing activities	<u>1,212,537</u>	<u>348,750</u>
Net change in cash and cash equivalents	689,767	799,925
Cash and cash equivalents, beginning	<u>1,925,119</u>	<u>1,125,194</u>
Cash and cash equivalents, end	<u><u>\$ 2,614,886</u></u>	<u><u>\$ 1,925,119</u></u>

*See accompanying notes to financial statements.*

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2021**  
**(with comparable totals for 2020)**

	<u>2021</u>	<u>2020</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 6,425,324	\$ 728,458
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Interest from mortgage receivable	-	(108,835)
Realized and change in unrealized loss (gain)	(527,484)	10,762
Change in value of beneficial interest in trusts	(111,868)	7,506
Depreciation	196,688	169,369
PPP Loan forgiveness	(348,750)	-
Loss (gain) on sale of assets	21,273	(3,959)
Decrease (increase) in certain assets:		
Accounts receivable	(4,859)	(22,957)
Pledges receivable	(12,981)	106,309
Prepaid expenses	(133,334)	(27,130)
Deposits	(2,017)	25,002
Increase (decrease) in certain liabilities:		
Accounts payable	58,848	(7,748)
Accrued expenses	40,472	62,644
Other liabilities	222,253	1,746
Contributions restricted for capital campaign	(1,523,517)	-
Contributions restricted for endowment	(3,454,650)	-
Net cash provided by operating activities	<u>\$ 845,398</u>	<u>\$ 941,167</u>

*See accompanying notes to financial statements.*



**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2021**  
**(with comparable totals for 2020)**

	Program Services							2021	2020
	SafetyNet	Healthy Beginnings	Specialized Therapeutic Group Homes	Independent Living Program	Total Program Services	Management and General	Fundraising	Totals	Totals
Personnel expenses:									
Salaries and wages	\$ 180,268	\$ 2,336,213	\$ 3,134,627	\$ 49,054	\$ 5,700,162	\$ 303,146	\$ 463,020	\$ 6,466,328	\$ 5,897,035
Payroll taxes	12,869	172,692	228,004	3,492	417,057	22,274	32,359	471,690	426,455
Employee benefits	30,682	359,444	467,519	10,145	867,790	75,748	29,807	973,345	841,426
Total personnel expenses	223,819	2,868,349	3,830,150	62,691	6,985,009	401,168	525,186	7,911,363	7,164,916
Advertising	-	-	-	-	-	4,109	42,481	46,590	4,914
Appreciation	-	-	4,951	-	4,951	17,591	15,475	38,017	19,363
Individual assistance	2,769	38,098	106,490	868	148,225	1,758	-	149,983	130,320
Insurance	5,196	101,009	187,238	1,992	295,435	32,775	8,833	337,043	278,132
Other expenses	3,339	5,633	41,137	6,852	56,961	29,023	10,670	96,654	51,699
Professional fees	27,537	65,713	210,467	2,685	306,402	80,842	105,330	492,574	439,532
Recruiting and retention	-	5,500	282	-	5,782	19,467	245	25,494	25,832
Rent	345	168,172	137,025	285	305,827	237	609	306,673	308,852
Repairs and maintenance	6,410	39,514	127,103	18,844	191,871	20,980	5,191	218,042	198,455
Service charges	-	-	26	-	26	12,809	768	13,603	11,328
Supplies	2,403	54,545	244,216	573	301,737	12,628	10,823	325,188	351,503
Travel and entertainment	704	16,184	25,113	111	42,112	1,339	130	43,581	171,918
Utilities	6,628	114,208	169,768	12,164	302,768	32,568	7,810	343,146	291,982
Depreciation	1,920	37,162	118,109	27,157	184,348	9,223	3,117	196,688	169,369
Total expenses	\$ 281,070	\$ 3,514,087	\$ 5,202,075	\$ 134,222	\$ 9,131,454	\$ 676,517	\$ 736,668	\$10,544,639	\$ 9,618,115

*See accompanying notes to financial statements.*

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021**

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**1. Organization and Summary of Significant Accounting Policies**

**Organization and Nature of Activities:** Since 1979, The Children's Place at Home Safe, Inc. (d/b/a "HomeSafe") has been serving Palm Beach County and South Florida's most vulnerable citizens – victims of child abuse and domestic violence. HomeSafe offers comprehensive protection, prevention, and intervention programs to prepare children and families for safer, more productive lives. It is nationally accredited by the Council on Accreditation (COA) and certified by Nonprofits First, signifying compliance with standards of excellence in operations and management. Annually, HomeSafe serves more than 14,000 children and families. HomeSafe is the only agency in Palm Beach County offering a complete array of mental health services for victims of childhood trauma through Specialized Therapeutic Group Care via residential programs. HomeSafe is the exclusive entry agency (for newborns to age 5) for Healthy Beginnings, a program of the Children's Services Council of Palm Beach County.

**Financial Statement Presentation:** Under FASB ASC 958-205, *Presentation of Financial Statements*, HomeSafe reports information regarding its financial position and activities according to two classes of net assets described as follows:

Net Assets Without Donor Restrictions: includes those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transaction (except income and gains on assets that are restricted by donors or by law) are included in the net assets without donor restrictions.

Net Assets With Donor Restrictions: are those subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other event specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Basis of Accounting:** The financial statements of HomeSafe have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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.

**Cash and Cash Equivalents:** Cash and cash equivalents consist of cash held in checking and money market accounts, other than those held as a part of HomeSafe's investment portfolio.

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021**

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**1. Organization and Summary of Significant Accounting Policies, continued**

**Accounts Receivable:** Accounts receivable consists of amounts due to HomeSafe under Medicaid, various state and local grants, United Way allocations, and other agencies. As of June 30, 2021, provisions for doubtful accounts were deemed unnecessary because the amounts are considered to be fully collectible.

**Unconditional Promises to Give:** Pledges receivable in the accompanying statement of financial position consist of donors' unconditional promises to give that are recognized as revenue and as receivable in the period the promise is received. Pledges receivable that are expected to be collected in more than one year beyond the financial statement date are discounted to net present value using a discount rate of approximately 3.25%, which is the prime rate as of June 30, 2021. As with the accounts receivable above, there is no allowance for uncollectible pledges receivable deemed necessary as of June 30, 2021.

**Prepaid Expenses:** Prepaid expenses represent costs incurred that benefit future periods. These costs include the following:

Prepaid insurance	\$ 522,057
Prepaid special events	15,000
Prepaid contracts and licenses	<u>16,947</u>
	<u><u>\$ 555,425</u></u>

**Property and Equipment and Depreciation:** Property and equipment are recorded at cost for financial reporting purposes and depreciated using the straight-line method over the following useful lives:

Buildings and leasehold improvements	25-30 years
Furniture and equipment	5-15 years
Vehicles	5 years
Donated property	5-39 years

Generally, all expenditures for land, buildings, and equipment in excess of \$2,500 are capitalized. Exceptions to this policy result from requirements under grant agreements to capitalize property and equipment expenditures below the \$2,500 threshold. Expenditures for maintenance, repairs, and minor renewals are charged to operations as incurred. Donated assets are recorded at their fair market value as contributions without donor restrictions, in the absence of donor-imposed restrictions, at the date of donation.

**Impairment of Long-Lived Assets:** In accordance with the provision of FASB ASC 360-10, *Property, Plant, and Equipment*, HomeSafe reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021**

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**1. Organization and Summary of Significant Accounting Policies, continued**

**Investments:** Investments are comprised of money market accounts, certificates of deposit, publicly-traded mutual funds, commodities, common stocks, and corporate bonds. The funds are invested for long-term investment return. Under FASB ASC 958-320, *Investments - Debt and Equity Securities*, investments in marketable securities with readily-determinable fair values are reported at their fair values in the statement of financial position, with the amount of unrealized gains or losses on investments not previously recognized shown in the statement of activities. Investment income includes interest and dividends of \$101,581, and investment fees of \$15,836.

**Revenues and support:** In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, *Not-For-Profit Entities, Revenue Recognition*, contributions received are recorded as with or without donor restricted support depending on the existence and/or nature of any donor restrictions. Under the standard, contributions that are initially restricted as to time or use are required to be reported as support with donor restrictions and are later reclassified to net assets without donor restrictions upon expiration of the time or use restriction.

HomeSafe receives various grants from federal, local, and private agencies for program and supporting services. Grants on a cost reimbursement basis, including recoverable overhead, from governmental grants and other sources are deemed earned and recognized in the statement of activities when expenditures are made for the purpose specified. Funds that have been received but have not yet been expended for the purpose specified are reported as increases in net assets with donor restriction. Grants which are not awarded on a cost reimbursement basis are recorded as support in the year for which the grant was awarded and in which the conditions of the grant are met.

**Contributions:** All contributions are considered available for the general programs of HomeSafe, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as an increase in net assets with donor restrictions.

**Special Events:** HomeSafe recognizes special event revenue at the time of the event. Direct expenses such as venue fees, supplies, advertising, and indirect expenses such as salaries, insurance, other expenses, associated with these events and general fundraising and development are reflected on a functional basis in the statements of activities and functional expenses.

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021**

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**1. Organization and Summary of Significant Accounting Policies, continued**

***In-kind Contributions and Contributed Services:*** In-kind contributions are reflected as contributions at their estimated fair value at date of donation. Non-monetary contributions are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. HomeSafe recognizes the fair value of contributed services received if such services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. In addition, HomeSafe receives services from a large number of volunteers who give significant amounts of their time to HomeSafe's programs, fundraising campaigns, and management; however, such services do not meet the criteria for financial statement recognition and are therefore not included herein. The total amount of in-kind contributions received during the year ended June 30, 2021, amounted to \$159,391. This amount is recognized as both support, under the caption of contributions, and as various expenses in the statement of functional expenses.

***Functional Allocation of Expenses:*** The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and activities benefited.

***Advertising Costs:*** Advertising costs are expensed as incurred. Total expense for the year ended June 30, 2021 was \$46,590, and consisted of advertising and marketing expenses.

***Income Taxes:*** HomeSafe is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly-supported organization that is not a private foundation under Section 509(a) of the Code. Income determined to be unrelated business taxable income (UBTI) would be taxable. There was no UBTI for the year ended June 30, 2021.

HomeSafe follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. HomeSafe assesses its income tax positions based on management's evaluation of the facts, circumstances, and information available at the reporting date. HomeSafe uses the prescribed more likely than not threshold when making its assessment. HomeSafe has not accrued any interest expense or penalties related to tax positions. There are currently no open Federal or State tax years under audit.

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021**

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**1. Organization and Summary of Significant Accounting Policies, continued**

**Prior Year Summarized Information:** The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with HomeSafe's financial statements for the year ended June 30, 2020, from which the summarized information was derived. Certain 2020 amounts may have been reclassified to conform to 2021 classifications. Such reclassifications would have no effect on the change in net assets as previously reported.

**Recently Adopted Accounting Pronouncements:** As of July 1, 2020, HomeSafe adopted the provisions of FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Analysis of various provisions of this standard resulted in no significant changes in the way HomeSafe recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

**Recent Accounting Pronouncements:** In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU 2016-02 replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their statement of financial position as liabilities, with corresponding "right-of-use" assets. The standard is effective for annual reporting periods in fiscal years that begin after December 15, 2021. Management is currently evaluating the magnitude on HomeSafe's financial statements.

**2. Program Services**

The following is a description of current HomeSafe programs:

<i>SafetyNet</i>	Offers a full spectrum of services for victims of domestic violence, including year-round adult, teen, and child support groups, individual therapy, crisis intervention, preventive education, and court advocacy.
<i>Healthy Beginnings</i>	Program screens, assesses and provides early intervention services to at-risk children from birth to age five throughout Palm Beach County. It ensures identified needs are addressed through referrals to appropriate providers in the county.

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021**

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**2. Program Services, continued**

<i>Specialized Therapeutic Group Homes</i>	Provides an intensive, community-based, licensed residential group home setting for children and adolescents, ages 8 through 17, who have a moderate to severe emotional trauma. The program includes an array of mental health services that provide trauma-sensitive, innovative treatment to effectively respond to the complex and acute psychiatric and behavior issues brought about by the physical, sexual, and emotional childhood trauma. Also integrated into programming is a comprehensive life skills component.
<i>Independent Living Housing Program (Pond Place)</i>	Provides safe, affordable housing for clients, ages 18-23, who have "aged out" of foster care. In return for an apartment, clients make a low monthly contribution. Clients must maintain their Post-secondary Education Services & Support (PESS) eligibility and follow the rules set by HomeSafe to stay in the program. A licensed clinical therapist works with clients on an individualized treatment plan.

**3. Concentration of Credit Risk and Uncertainties**

HomeSafe uses several financial institutions to maintain its cash, which at times may exceed FDIC insured limits. HomeSafe has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on such cash. As of June 30, 2021, HomeSafe had approximately \$2,238,000 uninsured deposits held in banks.

HomeSafe also holds investments in various accounts with financial and brokerage institutions. As of June 30, 2021, approximately 91% of HomeSafe's investments were held by one institution. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

**4. Liquidity and Availability of Resources**

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

Cash and cash equivalents	\$ 2,052,642
Accounts receivable	659,515
Pledges receivable	<u>10,695</u>
Total financial assets available within one year	<u>\$ 2,722,852</u>

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021**

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**4. Liquidity and Availability of Resources, continued**

In addition to financial assets currently available to meet general expenditures over the next 12 months, HomeSafe anticipates collecting sufficient support and revenue from its contracts with various state and local agencies and from its historically consistent stream of contributions to cover general expenditures not covered by donor-restricted resources.

HomeSafe's endowment funds consist of donor-restricted contributions to be maintained in perpetuity and contributions restricted for the purpose of providing support to HomeSafe. The endowment is subject to annual appropriations determined at the discretion of the Board of Directors as described in Note 15.

Furthermore, management believes HomeSafe has sufficient financial assets, including \$116,534 in investments reserved for long-term purposes, plus a \$700,000 line of credit, which may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need (see Note 11).

**5. Fair Value Measurements**

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, requires assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that HomeSafe has the ability to access.

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and

*Level 3* – Inputs that are unobservable for the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

*Fair Value of Financial Instruments:* The following methods and assumptions were used by HomeSafe in estimating fair value of financial instruments that are not disclosed under ASC 820.

*Cash equivalents and liabilities* – The carrying amount reported approximates fair value due to the short-term duration of the instrument.

*Accounts receivable* – The carrying amount approximates fair value due to the short-term of the receivables.

*Note Payable* – The carrying amount reported approximates fair value as the stated interest rates approximate market rates.

*Pledges receivable* – Valued at the present value of estimated future cash flows, which approximate fair value due to an imputed interest rate used that approximates market rates.



**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021**

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**5. Fair Value Measurements, continued**

*Items Measured at Fair Value on a Recurring Basis:* The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2021.

*Investments:*

*Money market accounts* – Valued the reported brokerage amounts.

*Certificates of deposit* – Valued at the quoted market prices by the custodian as of the close of business at year ended June 30, 2021.

*Mutual funds* – Valued at the quoted market prices or net asset value (NAV) by the custodian as of the close of business at year ended June 30, 2021.

*Commodities* – Valued at the quoted market prices by the custodian as of the close of business at year ended June 30, 2021.

*Equity, Real Estate, and Fixed income securities* – Valued at the quoted market prices by the custodian as of the close of business at year ended June 30, 2021.

*Beneficial Interest in Trusts* – Valued at the present value of estimated future cash flows, using the life expectancy of the income beneficiary and discounted at a rate approximating current market rates.

The following table sets forth by level, within the fair value hierarchy, HomeSafe's assets measured at fair value on a recurring basis as of June 30, 2021:

	Assets at Fair Value as of June 30, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market accounts	\$ 3,488,116	\$ -	\$ -	\$ 3,488,116
Fixed income securities	882,209	-	-	882,209
Mutual funds	116,533	-	-	116,533
Equity securities	1,798,075	-	-	1,798,075
Real estate securities	<u>47,725</u>	<u>-</u>	<u>-</u>	<u>47,725</u>
	6,332,658	-	-	6,332,658
Beneficial interest in trusts	<u>-</u>	<u>-</u>	<u>265,343</u>	<u>265,343</u>
	<u>\$ 6,332,658</u>	<u>\$ -</u>	<u>\$ 265,343</u>	<u>\$ 6,598,001</u>

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
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**For the Year Ended June 30, 2021**

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**5. Fair Value Measurements, continued**

The table below sets forth a summary of changes in the fair value of HomeSafe's Level 3 assets, beneficial interest in trusts, for the year ended June 30, 2021.

Balance, beginning of year	\$ 153,475
Change in value	111,868
Contributions (settlements)	<u>-</u>
Balance, end of year	<u>\$ 265,343</u>

FASB ASC 820-10 requires disclosure of quantitative information about the unobservable inputs used to measure Level 3 assets and liabilities. The following table provides information about the beneficial interest in trusts:

<u>Valuation Techniques</u>	<u>Fair Value</u>	<u>Unobservable Inputs</u>
Discounted cash flows	\$ 265,343	Discount rate; life expectancy of income beneficiary

HomeSafe had no other financial instruments with recurring fair value measurements.

**6. Accounts Receivable**

Accounts receivable are deemed to be fully collectible by management and consist of the following as of June 30, 2021:

Medicaid/Managed Care	\$ 78,124
State of Florida, Office of Attorney General	23,955
Palm Beach County	3,337
City of West Palm Beach	3,375
Children's Services Council	349,440
ChildNet, Inc.	33,867
Other Community Based Care Agencies	<u>167,417</u>
Total accounts receivable	<u>\$ 659,515</u>

**7. Pledges Receivable**

Pledges receivable of HomeSafe represent unconditional promises to provide funding for certain programs and capital expenditures for subsequent years by individuals and foundations, and are recognized in the period the promise is received. Pledges receivable that are more than one year beyond the financial statement date are discounted to net present value using a discount rate of 3.25%, which was the bank prime loan rate at June 30, 2021. Management believes that pledges receivable are fully collectible and, therefore, no allowance for uncollectible receivables was considered necessary.

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
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**For the Year Ended June 30, 2021**

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**7. Pledges Receivable, continued**

Pledges receivable are collectible as follows:

Receivable in less than one year	\$ 897,393
Receivable in one to five years	2,710,000
More than five years	<u>1,500,000</u>
Total pledges receivable	5,107,393
Less present value discount	<u>652,312</u>
Pledges receivable, net	4,455,081
Less pledges receivable, current portion	<u>897,394</u>
Pledges receivable, non-current portion	<u><u>\$ 3,557,687</u></u>

**8. Mortgage Receivable**

In 2018, HomeSafe received a mortgage receivable as a result of the sale of its Sylvester Family Campus. The mortgage was due in October 2020 and had no stated interest rate. However, in order to reflect the time value of money, the receivable recorded in the financial statements of the prior year reflected future cash flows discounted at an imputed interest rate of 4.25%, which was HomeSafe's incremental borrowing rate at the time of the sale. The final payment was received in October 2020 to settle the outstanding receivable from the prior year.

**9. Property and Equipment**

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

Land	\$ 2,501,955
Buildings and leasehold improvements	9,590,011
Furniture and equipment	1,014,657
Vehicles	194,830
Donated property	98,060
Construction in progress	<u>552,732</u>
	13,952,245
Less accumulated depreciation	<u>2,713,563</u>
Property and equipment, net	<u><u>\$ 11,238,682</u></u>

Construction in progress consisted of costs related to the Libra Girls Project and the 47<sup>th</sup> Place Project. Construction in progress also includes design and permitting expenses for both projects.

HomeSafe leases land in Lake Worth from Palm Beach County for \$1 a year under a lease that expires in 2025. Buildings were constructed on this land in prior years. Upon termination of the lease, HomeSafe must remove all personal property, removable fixtures, and equipment from the premises and surrender the premises to the County. Buildings and improvements for this property total \$1,546,362. Accumulated depreciation on these buildings and improvements was \$1,050,662 as of June 30, 2021.

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
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**10. Beneficial Interest in Trusts**

HomeSafe has been named the remainder beneficiary of various charitable remainder trusts. Each of the charitable remainder trusts provides for the periodic payment of distributions of trust assets to the grantor's beneficiaries during their lifetime. Upon the death of the beneficiaries, a percentage of the remaining principal in the trusts will be distributed to HomeSafe.

HomeSafe is also the income beneficiary of a perpetual trust, whose assets are held by the Community Foundation for Palm Beach and Martin Counties (the "Foundation") as an endowed component fund ("Fund"). Under the terms of the Fund, the Foundation's Board of Directors has a variance power to modify any restriction or condition on the distribution of funds for any specific charitable purpose or to specified organizations, if in their sole judgement (without the approval of any trustee, custodian, or agent), such restriction or conditions becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or the area served by the Foundation. The Fund is subject to the Foundation's investment and spending policies. During the year ended June 30, 2021, HomeSafe did not receive any distributions from the Fund.

HomeSafe reports the fair value of the beneficial interest in charitable remainder trusts in the statement of financial position at the expected future cash flows discounted at rates ranging from 7.50% to 9%. The expected future cash flow is based on the fair market value of the trusts' principal as of June 30, 2021, along with the life expectancies of the income beneficiaries. HomeSafe reports the fair value of the beneficial interest in the Fund in the statement of financial position at the amount reported to HomeSafe by the Foundation. Changes in the value of beneficial interest in trusts have been reported in the statement of activities as increases (decreases) in net assets with donor restrictions.

**11. Line of Credit**

HomeSafe has a \$700,000 secured line of credit extended by a local bank. The line of credit is secured by a mortgage on HomeSafe's property located in Palm Beach County, Florida and is due and payable on June 17, 2024. The line of credit carried interest on the unpaid principal balance at the bank's prime rate, or 3.25% as of June 30, 2021. There was no outstanding balance on the line of credit as of June 30, 2021.

**12. Note Payable**

Note payable as of June 30, 2020, consisted of a loan received in the amount of \$348,750 under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). In June 2021, the loan was forgiven by the SBA based on qualified costs already incurred.

Note payable as of June 30, 2021 consists of a note due to an insurance premium finance company requiring monthly payments of principal and interest. The note is unsecured and requires 11 monthly installments of \$47,460, including principal and interest at a rate of 2.95%. The note matures on June 1, 2022.

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
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**For the Year Ended June 30, 2021**

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**13. Commitments and Contingencies**

**Leases:** HomeSafe conducts its operations from facilities that are leased under operating leases expiring at various dates through 2025. Additionally, HomeSafe leases office equipment under operating leases expiring in 2024.

Future minimum lease payments under operating leases are as follows:

2022	\$ 113,562
2023	62,409
2024	35,609
2025	<u>8,265</u>
Total	<u>\$ 219,845</u>

Rent expense under operating leases amounted to \$306,673, which includes \$135,193 of in-kind rent, for the year ended June 30, 2021.

**Contingencies:** HomeSafe is currently receiving, and has received in the past, grants, Medicaid, and other third-party reimbursement funds, which are subject to special compliance audits by the grantor and other agencies that provided these reimbursements. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of HomeSafe. HomeSafe believes any contingent liabilities that may exist are not material, and, therefore, are not reflected in the financial statements.

**14. Net Assets with Donor Restrictions**

Unexpended net assets with donor restrictions as of June 30, 2021 were as follows:

Subject to expenditures for a specific purpose:	
HomeSafe programs	\$ 230,714
Capital campaign	331,530
Sylvester Family Campus	<u>3,456,080</u>
Total purpose restricted	<u>4,018,324</u>
Pledges receivable for a specific time then purpose:	
Pledges receivable (HomeSafe programs)	156,699
Pledges receivable (Capital campaign)	833,038
Pledges receivable (Capital campaign)	3,454,650
Subject to the passage of time:	
Beneficial interest in trusts	<u>215,343</u>
Total time restricted	<u>4,659,730</u>

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
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**For the Year Ended June 30, 2021**

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**14. Net Assets with Donor Restrictions, continued**

Subject to endowment spending policy and appropriation:	
Sylvester Endowment (HomeSafe programs)	40,705
Sylvester Endowment (Property and plant renewal)	40,245
Expressive Arts Endowment	426,851
Jim Moran Endowment (Pond Place)	<u>252,242</u>
Total endowed restricted	<u>760,043</u>
Perpetual in nature:	
Sylvester Endowment (HomeSafe programs)	\$ 1,000,000
Sylvester Endowment (property and plant renewal)	1,000,000
Beneficial interest in trust	<u>50,000</u>
Total perpetual restricted	<u>2,050,000</u>
Total net assets with donor restrictions	<u><u>\$ 11,488,097</u></u>

In October 2017, HomeSafe sold its Sylvester Family Campus (the "Facility") for \$10,500,000. The Facility was originally developed with restricted funds that, in accordance with FASB ASU, 2016-14, *Not-for-Profit Entities*, were deemed satisfied once the Facility was completed and placed in service. However, in order to sell the Facility, the donor was required to terminate a previously recorded Declaration of Restrictions, and agree to various terms that allow HomeSafe to acquire and develop one or two replacement campuses. The proceeds from this sale are deposited in a separate account and are reported as net assets with donor restrictions in the statement of financial position. In accordance with ASU 2016-14, once the new facility is placed in service the related restrictions will be deemed satisfied, even though the new facility will still be subject to the terms of the agreement.

**15. Endowments**

HomeSafe's endowments consist of several individual funds established for a variety of purposes. The endowments are donor-restricted to be held for a specific purpose or in perpetuity and earnings on the endowments are restricted based on the donors' intent. FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which became effective July 1, 2012, and provides a) consistent investment and spending standards to all forms of charitable funds, b) strengthens the concept of prudent investing, c) abandons historic dollar value as a floor for expenditures and provides more flexibility to the organization in making decisions about whether to expend any portion of an endowment fund, and d) provides a process for the release or modification of restrictions on a gift instrument. The adoption by HomeSafe of the provisions of the new law did not have a significant change in its management and investment policies of endowments.

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
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**For the Year Ended June 30, 2021**

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**15. Endowments, continued**

As a result of this standard, HomeSafe classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

HomeSafe has adopted conservative investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments, while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, HomeSafe relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). HomeSafe utilizes the services of a financial advisor who provides input into the investment strategy policy.

HomeSafe's annual appropriations are determined at the discretion of the Board of Directors unless specific instructions are provided by the endowment donors.

The changes in endowment net assets for the year ended June 30, 2021 are as follows:

Endowment net assets, beginning	\$ 2,386,849
Investment return:	
Investment income	52,935
Investment expenses	(15,465)
Realized and change in unrealized gains	516,724
Appropriation for expenditure	<u>(181,000)</u>
Endowment net assets, ending	<u>\$ 2,760,043</u>

**16. Retirement Plan**

Eligible employees of HomeSafe may participate in an Internal Revenue Code 403(b) retirement savings plan. In addition to employee deferrals, the plan also allows for HomeSafe to make discretionary matching contributions to eligible participants. HomeSafe contributed \$170,232 to this plan during the year ended June 30, 2021.

HomeSafe offers certain executive employees selected by the Board of Directors a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan permits the Board of Directors to approve discretionary contributions for selected executives and to defer such amounts on their behalf under the plan. For the year ended June 30, 2021 the Board of Directors did not approve any discretionary contributions.

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021**

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**16. Retirement Plan, continued**

In addition, covered employees may defer additional amounts through salary reduction agreements. Both HomeSafe contributions and covered employee contributions are subject to statutory limits. All deferred compensation under the plan is not available to covered employees until: a) reach the age of 60; b) termination; c) death; or d) an unforeseeable emergency. All amounts of compensation deferred under the plan, all property, and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the covered employee or other beneficiary) solely the property and rights of the HomeSafe, subject to the claims of the HomeSafe's creditors.

**17. Related Party Transaction**

HomeSafe contracted with a construction company of which a HomeSafe Board Member is the President. Capital construction payments made by HomeSafe in connection with this arrangement totaled approximately \$5,052,000 for the year ended June 30, 2021. Additionally, approximately \$229,000 is included in accounts payable as of June 30, 2021.

This related party transaction incorporates the usual and customary terms offered by other vendors for such construction costs, is periodically analyzed for reasonableness, and is undertaken with approval and consent of HomeSafe's Board of Directors.

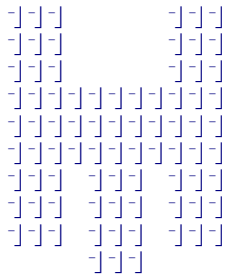
**18. Uncertainty**

During the year ended June 30, 2021 HomeSafe was named as a defendant in an Equal Employment Opportunity Commission (EEOC) claim by a past employee. HomeSafe maintains appropriate insurance to defend against and mitigate the impact of such occurrences. It is management's opinion that the ultimate liability, if any, from the final resolution of this matter will not have a material effect on the financial statements.

**19. Subsequent Events**

HomeSafe has evaluated subsequent events through November 29, 2021, which is the date the financial statements were available to be issued, and determined there were no further disclosures required to be presented in these financial statements.





# Holyfield & Thomas, LLC

## Certified Public Accountants & Advisors

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### **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 Children's Place at Home Safe, Inc.  
Lake Worth, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Children's Place at Home Safe, Inc. (d/b/a HomeSafe) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year ended, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2021.

#### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion in the effectiveness of The Children's Place at Home Safe, Inc.'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 Children's Place at Home Safe, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
November 29, 2021