

The Family Place

Independent Auditor's Reports and Consolidated Financial Statements
Year Ended December 31, 2020

The Family Place
December 31, 2020

Contents

Independent Auditor's Report.....	1
 Consolidated Financial Statements	
Statement of Financial Position.....	4
Statement of Activities... ..	5
Statement of Functional Expenses.....	6
Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8
 Supplementary Information	
Schedule of Consolidating Financial Position.....	28
Schedule of Consolidating Activities	29
Schedule of Expenditures of Federal Awards	30
 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor's Report... ..	
	32
 Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor's Report.....	
	34
Schedule of Findings and Questioned Costs	36
 Summary Schedule of Prior Audit Findings	 38

Independent Auditor's Report

Board of Directors
The Family Place
Dallas, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Family Place and its subsidiaries (The Family Place Dallas Real Estate, Inc. and The Family Place Foundation), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement. The financial statements of The Family Place Dallas Real Estate, Inc. and The Family Place Foundation, which are included in the entity's consolidated financial statements, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Family Place and its subsidiaries as of December 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in *Note 1* to the consolidated financial statements, in 2020, The Family Place and its subsidiaries elected to change its method of accounting for contributions with donor restrictions. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, including the consolidating schedules and the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2021, on our consideration of The Family Place's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Family Place's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Family Place's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
May 17, 2021

The Family Place
Consolidated Statement of Financial Position
December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 4,439,746	\$ 1,902,507	\$ 6,342,253
Pledges receivable, net of allowance and discount of \$30,673	10,941	333,986	344,927
Grants receivable	725,962	-	725,962
Other receivables	309,877	7,500	317,377
Prepaid expenses	246,453	-	246,453
Investments, at fair value	3,436,150	2,157,534	5,593,684
Property, fixtures, and equipment, net of depreciation of \$7,167,831	17,667,985	-	17,667,985
Deposits and other assets	106,758	-	106,758
	<u>\$ 26,943,872</u>	<u>\$ 4,401,527</u>	<u>\$ 31,345,399</u>
Total assets			
Liabilities			
Accounts payable and accrued liabilities	735,900	1,706	737,606
Notes payable	3,397,100	-	3,397,100
	<u>4,133,000</u>	<u>1,706</u>	<u>4,134,706</u>
Total liabilities			
Net Assets			
Without donor restrictions			
Undesignated	\$ 17,538,610	\$ -	\$ 17,538,610
Board-designated			
For quasi-endowment	3,436,150	-	3,436,150
For facilities and technology	113,419	-	113,419
For professional development	21,314	-	21,314
For employee retention	149,301	-	149,301
For client assistance	102,078	-	102,078
For residential facilities	850,000	-	850,000
For future operations	500,000	-	500,000
For non-residential facilities	100,000	-	100,000
With donor restrictions	-	4,399,821	4,399,821
	<u>22,810,872</u>	<u>4,399,821</u>	<u>27,210,693</u>
Total net assets			
	<u>\$ 26,943,872</u>	<u>\$ 4,401,527</u>	<u>\$ 31,345,399</u>
Total liabilities and net assets			

The Family Place
Consolidated Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public Support			
Contributions	\$ 5,540,094	\$ 911,901	\$ 6,451,995
Special events, net	1,317,527	-	1,317,527
In-kind goods and services	224,025	-	224,025
United Way	644,586	-	644,586
Total public support	7,726,232	911,901	8,638,133
Grants from Governmental Agencies	4,630,320	-	4,630,320
Other Revenue			
Resale shop sales	769,756	-	769,756
Net investment return	452,147	293,980	746,127
Program service fees	94,147	-	94,147
Payroll Protection Program loan forgiveness	1,721,800	-	1,721,800
Miscellaneous income	174,021	-	174,021
Total other revenue	3,211,871	293,980	3,505,851
Net Assets Released from Restrictions	1,439,718	(1,439,718)	-
Total public support and revenue	17,008,141	(233,837)	16,774,304
Program and Supporting Services			
Program Services			
Emergency shelters & housing	6,608,849	-	6,608,849
Counseling	2,504,384	-	2,504,384
Community collaboration	2,509,106	-	2,509,106
Total program services	11,622,339	-	11,622,339
Supporting Services			
Management and general	1,761,921	-	1,761,921
Fundraising	991,897	-	991,897
Total supporting services	2,753,818	-	2,753,818
Total program and supporting services	14,376,157	-	14,376,157
Change in Net Assets	2,631,984	(233,837)	2,398,147
Net Assets, Beginning of Year	20,178,888	4,633,658	24,812,546
Net Assets, End of Year	\$ 22,810,872	\$ 4,399,821	\$ 27,210,693

The Family Place
Consolidated Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services				Supporting Services			
	Emergency Shelters & Housing	Counseling	Community Collaboration	Total	Management and General	Fund-Raising	Total	Total
Salaries	\$ 3,494,837	\$ 1,422,094	\$ 1,581,694	\$ 6,498,625	\$ 1,072,050	\$ 673,691	\$ 1,745,741	\$ 8,244,366
Employee benefits	312,956	127,293	131,377	571,626	85,350	52,574	137,924	709,550
Payroll taxes, etc.	307,486	111,003	132,521	551,010	56,811	47,528	104,339	655,349
Total salaries and related	4,115,279	1,660,390	1,845,592	7,621,261	1,214,211	773,793	1,988,004	9,609,265
Professional fees and contract	251,469	69,761	116,822	438,052	222,143	35,202	257,345	695,397
Office and telecommunications	115,605	62,411	69,405	247,421	73,783	26,185	99,968	347,389
Agency occupancy	785,932	347,998	295,872	1,429,802	46,074	23,555	69,629	1,499,431
Printing & public relations	430	52	7,221	7,703	1,994	72,628	74,622	82,325
Transportation	11,719	5,594	7,184	24,497	1,121	744	1,865	26,362
Conferences and meetings	7,108	8,055	12,946	28,109	22,619	2,763	25,382	53,491
Client assistance	650,357	94,621	53,882	798,860	1,154	13	1,167	800,027
Liability insurance	58,188	12,308	26,963	97,459	14,199	4,157	18,356	115,815
In-kind goods & services	103,503	40,455	35,305	179,263	35,366	9,396	44,762	224,025
Special events expense	-	-	-	-	-	153,109	153,109	153,109
Miscellaneous expenditures	-	-	3,024	3,024	-	-	-	3,024
Total before interest & depreciation	6,099,590	2,301,645	2,474,216	10,875,451	1,632,664	1,101,545	2,734,209	13,609,660
Interest	21,772	23,901	1,866	47,539	11,819	4,977	16,796	64,335
Depreciation	487,487	178,838	33,024	699,349	117,438	38,484	155,922	855,271
Total expenses	6,608,849	2,504,384	2,509,106	11,622,339	1,761,921	1,145,006	2,906,927	14,529,266
Less expenses deducted directly from revenues on the statement of activities as cost of direct benefit to donors	-	-	-	-	-	(153,109)	(153,109)	(153,109)
Total expenses included in the expense section on the statement of activities	\$ 6,608,849	\$ 2,504,384	\$ 2,509,106	\$ 11,622,339	\$ 1,761,921	\$ 991,897	\$ 2,753,818	\$ 14,376,157

See Notes to Consolidated Financial Statements

The Family Place
Consolidated Statement of Cash Flows
Year Ended December 31, 2020

Operating Activities

Change in net assets	\$ 2,398,147
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:	
Depreciation	855,271
Loss on disposal of property, fixtures, and equipment	37,530
Net gains on investments	(602,426)
Net realized gains on sale of investments	(45,320)
Contributions restricted for long-term investment	(10,000)
Changes in operating assets and liabilities:	
Receivables	302,257
Prepaid expenses	(4,210)
Deposits and other assets	25,271
Accounts payable and accrued expenses	<u>332,649</u>
Net cash provided by operating activities	<u>3,289,169</u>

Investing Activities

Purchases of property, fixtures, and equipment	(71,430)
Proceeds from sales of investments	564,888
Purchases of investments	<u>(557,611)</u>
Net cash used in investing activities	<u>(64,153)</u>

Financing Activities

Contributions restricted for long-term investment	10,000
Payments on notes payable	<u>(1,000,000)</u>
Net cash used in financing activities	<u>(990,000)</u>

Net Increase in Cash and Cash Equivalents

2,235,016

Cash and Cash Equivalents, Beginning of Year

4,107,237

Cash and Cash Equivalents, End of Year

\$ 6,342,253

Supplemental Cash Flows Information

Cash paid for interest	\$ 61,292
------------------------	-----------

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Family Place (Agency), The Family Place Dallas Real Estate, Inc. (DRE) and The Family Place Foundation (Foundation) are collectively known as the Organizations. The Agency is a voluntary health and welfare organization with the stated mission of stopping family violence. The programs operated by the Agency educate the public about family violence, provide counseling for victims of family violence, deliver continuous telephone assistance, present prevention programs for youth and provide counseling for batterers. The Agency maintains a safe campus for victims and their families, which provides emergency shelter, extended-stay transitional housing, a licensed child development center, K-2nd grade school for children, and employment and life-skills training for adults.

In 2016, DRE was formed as a supporting organization within the meaning of Section 509(a)(3) of the Code to benefit the Agency. The Agency is a public charity under Sections 509(a)(1) and 170(b)(1)(A)(iv) of the Code. DRE borrowed funds through a new markets tax credit (NMTC) structure, owns certain real property contributed to it by the Agency, developed said property by constructing a 56,000 square foot facility (Ann Moody Place) that includes space for administrative offices, an emergency shelter, client counseling, youth education, job training, childcare and other social services, and will lease the property and improvements to the Agency.

Chase Community Equity, LLC (Chase) made an equity contribution of \$3,857,100 in the Chase NMTC Family Place Investment Fund, LLC (Fund) and the Fund obtained a loan in the principal amount of \$7,872,900 from the Agency. Collectively, the Fund used the proceeds of the Fund Investment to make an equity contribution of \$11,500,000 in the DRE, which is intended to be a “qualified equity investment” (QEI) as defined in Section 45D(b) of the Code.

The DRE has two loans to the Fund in the aggregate principal amount of \$11,270,000 to finance the Project (Ann Moody Place). The loans, in the principal amounts of \$7,872,900 (Loan A) and \$3,397,100 (Loan B), bear interest at 1.164% per annum and require payments of interest only on December 1 of each year to and including December 1, 2023. Loan A and Loan B will require payments of principal and interest commencing on December 1, 2024, until maturity on December 1, 2050. After December 31, 2023, the Loan A and Loan B will be forgiven, contingent on DRE maintaining compliance with all relevant requirements of the loans. Loan A, including the related interest, is eliminated in the accompanying schedules of consolidating financial position and activities. The loans are secured by the property and rights and accounts relating thereto. DRE will lease the property to the Agency, pursuant to a lease agreement dated as of June 15, 2016. DRE is intended to be treated as a qualified active low income community business as defined in Section 45D(d)(2) of the Code and the Treasury Regulations thereunder (QALICB) and each of the loans is intended to constitute a qualified low-income community investment under Section 45D(d)(2) of the Code (QLICI).

The Family Place

Notes to Consolidated Financial Statements

December 31, 2020

The parties understand and acknowledge that the Borrower's operations will be located in an economically distressed and underserved community within Census Tract 48113000401. The tract qualifies as an "Area of Greater Economic Distress" as defined by the CDFI Fund based on a Median Family Income of 46.01% of the metropolitan area median family income per 2006-2010 American Community Survey.

The availability of NMTCs has enabled the Lender to provide the Loan on terms and conditions that are flexible and non-conventional, including interest rates that are at least 50% lower than the prevailing market rates for equivalent products, longer than standard amortization, longer than standard interest-only period, higher than standard loan-to-value ratio, lower than standard origination fees, lower than standard loan loss reserve, and lower than standard debt coverage ratio.

The NMTC Beneficiary acknowledges that the Lender's agreement to execute the Loan Agreement and make the Loan is expressly predicated upon (1) the NMTC Beneficiary's agreement to sign, deliver and perform under the requirements set forth in this Agreement, (2) the Project's location in a community lacking adequate access to capital, (3) the significant community development benefits that will be delivered to Low-Income Communities and Low-Income Persons as a result of the Project, (4) the significant benefits that will be delivered to Low-Income Persons within Low-Income Communities by the Project.

In 2007, the Foundation was formed as a public charity within the meaning of Sections 501(a) and 170(b)(1)(A)(vi) of the Internal Revenue Code (IRC) to operate exclusively for charitable purposes by engaging directly in support of or by making distributions to the Agency.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Agency, DRE and the Foundation. All significant accounts and transactions between the Agency, DRE and the Foundation have been eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements of the Organizations have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly, reflect all significant receivables, payables and other liabilities.

Use of 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 recorded amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from these estimates.

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Cash and Cash Equivalents

The Organizations consider all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2020, cash equivalents consisted primarily of a sweep account held with a financial institution.

At December 31, 2020, the Organizations' cash accounts exceeded federally insured limits by approximately \$4,770,000. The Organizations have not experienced any losses in such accounts. Management monitors the ongoing business of such financial institutions and does not believe undue investment risk exists.

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses on investments carried at fair value, less investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded without donor restriction. Other investment return is reflected in the accompanying consolidated statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Investments are comprised of mutual funds. The fair values of mutual funds are determined primarily by reference to quoted market prices. Changes in market conditions may affect future designations and/or market valuations, which will be monitored, as necessary, by management.

Grants Receivable and Other Receivables

Grants receivable and other receivables are stated at the amount billed plus any accrued and unpaid interest. The Organizations provide an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Account balances past due more than 180 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the donor.

Property, Fixtures and Equipment

Property, fixtures and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Depreciation is computed using the straight-line method over periods of 3 to 30 years. Generally, the Organizations capitalize assets in excess of \$3,500.

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Deferred Revenue

Revenue from special events and grants is deferred and recognized over the periods to which the events and grants relate. For the year ended December 31, 2020, \$154,172 was considered deferred revenues and included in accounts payable and accrued liabilities in the accompanying consolidated statement of financial position.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for an operating reserve and certain purposes, as well as a board-designated endowment.

Net assets with donor restrictions are subject to donor or certain grantor 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. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Change in Accounting Principle

On January 1, 2020, the Organizations changed their method for accounting for public support containing donor restrictions. Previously, the Organizations had not elected a simultaneous release policy and recognized public support gifts that are originally restricted by the donor and for which the restriction is met in the same time period as revenue with donor restrictions and then released from restriction. On January 1, 2020, the Organizations elected a simultaneous release policy and records public support gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period as revenue without donor restrictions and applied the change retrospectively. The new policy better reflects the Organizations' change in net assets by classification. The change had no effect on previously reported change in net assets or net assets with and without donor restrictions.

Revenue Recognition

Revenue is measured as the amount of consideration the Organizations expect to receive in exchange for transferring distinct goods or providing benefit to event attendees. The Organizations' revenue consists substantially of product sales from the resale shop and benefits provided in exchange to event attendees. The Organizations recognize revenue when performance obligations under the terms of contracts with its customers or event attendees are satisfied, which occurs when control passes to a customer to enable them to direct the use of and obtain benefit from a product or when the event occurs. This typically occurs when a customer obtains legal title at the point of sale or when the event occurs.

All revenues were recognized at a point in time for the year ended December 31, 2020.

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Contributions

Contributions are provided to the Organizations either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organizations overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Conditional Gifts

The Agency has received the following conditional promises to give at December 31, 2020 that are not recognized in the financial statements:

Conditional government grants restricted by time and purpose	\$ 6,727,796
--	--------------

Additionally, the Agency was notified by United Way of an intention to give \$1,250,000 which is payable in equal monthly amounts from January 1, 2020 through June 30, 2022. The amount remaining is estimated to be \$750,000 at December 31, 2020.

In-kind Contributions of Goods and Services

In addition to receiving cash contributions, the Organizations receive in-kind contributions of a donated vehicle, goods, services and food from various donors. It is the policy of the Organizations to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase public support revenue by the same amount. Generally, the Organizations recognize donated property if the estimated fair value exceeds \$1,000.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

For the year ended December 31, 2020, in-kind contributions of goods and services consisted of the following:

Technology consulting services	\$ 102,694
Clothing, personal, household, computers items	86,456
Transportation for program services	26,438
Food	7,237
Janitorial	<u>1,200</u>
Total contributed services	<u><u>\$ 224,025</u></u>

Government Grants

Support funded by grants is recognized as the Agency meet the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Income Taxes

The Organizations are exempt from income taxes under Section 501 of the IRC and a similar provision of state law. However, the Organizations are subject to federal income tax on any unrelated business taxable income. The Organizations had no unrelated business income during the year ended December 31, 2020.

The Organizations file tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on actual usage or management's estimate of usage applicable to the various programs and supporting services benefited.

Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes collected from customers and remitted to governmental authorities are presented in the accompanying consolidated statement of activities on a net basis.

Note 2: Grant Receivables

The Agency receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the accompanying consolidated financial statements of the Organizations are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2020 have been recorded as receivables, which totaled \$725,962. The Agency expects to receive the December 31, 2020 grant receivables within the next year.

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Note 3: Receivables

At December 31, 2020, receivables consisted of the following:

	Without Donor Restriction	With Donor Restriction	Total
Pledges	\$ 20,517	\$ 289,175	\$ 309,692
Grants	725,962	-	725,962
Other	309,877	7,500	317,377
	<hr/>	<hr/>	<hr/>
Receivables due within one year	1,056,356	296,675	1,353,031
Pledge receivables due in one to five years	-	65,908	65,908
Less allowance for uncollectible pledges	(9,576)	(20,165)	(29,741)
Less unamortized discount of pledges	-	(932)	(932)
	<hr/>	<hr/>	<hr/>
Total receivables, net	<u>\$ 1,046,780</u>	<u>\$ 341,486</u>	<u>\$ 1,388,266</u>

The rate used for discount calculations was 0.16% in 2020.

Note 4: Investments and Net Investment Return

Investments at December 31, 2020 consisted of the following:

Mutual funds – equities	\$ 4,082,283
Mutual funds – fixed income	1,511,401
	<hr/>
Total investments	<u>\$ 5,593,684</u>

The Organizations' net assets with donor restriction include three endowment funds established by donors.

Total net investment return is comprised of the following for the year ended December 31, 2020:

Interest and dividend income	\$ 114,758
Net realized gains on sales of investments	45,320
Net unrealized gains on investments	602,426
Investment fees	(16,377)
	<hr/>
Total investment return	<u>\$ 746,127</u>

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Note 5: Disclosures About Fair Value of Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2020:

		Fair Value Measurements Using		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Mutual funds – equities	\$ 4,082,283	\$ 4,082,283	-	-
Mutual funds – fixed income	1,511,401	1,511,401	-	-

The following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques or transfers between levels during the year ended December 31, 2020.

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Organizations did not hold Level 2 or Level 3 securities at December 31, 2020.

Note 6: Property, Fixtures and Equipment

The following schedule summarizes property, fixtures and equipment as of December 31, 2020:

Building and building improvements	\$ 18,278,684
Furniture and equipment	2,401,516
Land	2,738,688
Land improvements	916,212
Leasehold improvements	195,324
Vehicles	305,392
	<hr/> 24,835,816
Less accumulated depreciation and amortization	<hr/> (7,167,831)
Property, fixtures, and equipment, net	<hr/> <u>\$ 17,667,985</u>

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Note 7: Net Assets With Donor Restriction

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2020 are restricted for the following purposes or periods:

Subject to expenditure for specified purpose,
upon passage of time or both

Program services	\$ 322,986
Ann Moody Place	1,496,335
Agency operations	313,642
Client assistance	110,351
	<u>2,243,314</u>

Endowments

Subject to appropriation and expenditure when a
specified event occurs

Restricted by donors for	
Employee retention activities	207,560
Children's program activities	335,788
	<u>543,348</u>

Subject to endowment spending policy and
appropriation

Employee retention activities	860,859
Children's program activities	752,300
	<u>1,613,159</u>

Total endowments

<u>2,156,507</u>
<u><u>\$ 4,399,821</u></u>

Net Assets Released from Restrictions

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

Purpose restrictions accomplished

Program services	\$ 282,338
Ann Moody Place	1,015,144
Agency operations	120,259
Client assistance	14,627
	<u>1,432,368</u>

Time restrictions expired passage of specified time

<u>7,350</u>

Total net assets released from restrictions

<u><u>\$ 1,439,718</u></u>

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Note 8: Endowment

The Organizations' endowment consists of approximately five individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Agency's endowment consists of an individual donor-restricted fund established to retain employees in support of Agency programming. The Foundation's endowment consists of three donor-restricted funds established for children's programming.

The Organizations' governing body has interpreted the *State of Texas Prudent Management of Institutional Funds Act* (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organizations classify as net assets with donor restriction (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. The remaining portion of donor-restricted endowment funds are classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Organizations in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organizations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the funds
2. Purposes of the Organizations and the funds
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organizations
7. Investment policies of the Organizations

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

The composition of net assets by type of endowment fund as of December 31, 2020, is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 3,436,150	\$ -	\$ 3,436,150
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,613,159	1,613,159
Accumulated investment gains	-	543,348	543,348
	<u> </u>	<u> </u>	<u> </u>
Total endowment funds	<u>\$ 3,436,150</u>	<u>\$ 2,156,507</u>	<u>\$ 5,592,657</u>

Changes in endowment net assets for the year ended December 31, 2020 were as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 2,999,283	\$ 1,953,034	\$ 4,952,317
Contribution	50,000	10,000	60,000
Investment return:			
Investment income, net	57,576	37,216	94,792
Net appreciation	340,287	253,419	593,706
Distributions	(10,996)	(97,162)	(108,158)
	<u> </u>	<u> </u>	<u> </u>
Endowment net assets, end of year	<u>\$ 3,436,150</u>	<u>\$ 2,156,507</u>	<u>\$ 5,592,657</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Organizations are required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, any deficiencies of this nature would be aggregately reported in net assets with donor restriction.

The Organizations have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Organizations must hold in perpetuity or for donor-specified periods. Under the Organizations' policies, endowment assets are invested in a manner that is intended to produce results that exceed inflation while assuming a prudent level of investment risk. Actual returns in any given year may vary from this amount.

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

To satisfy its long-term rate of return objectives, the Organizations rely on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Organizations target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organizations, in compliance with donors' restrictions, appropriates for expenditure each year a range of 2% to 5% of its endowment fund's average fair value over the prior 12 quarters through the year-end preceding the year in which the expenditure is planned.

In determining this expenditure, the Organizations consider the long-term expected return on its endowments. Accordingly, over the long term, the Organizations' objective is to maintain the purchasing power of endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Note 9: Retirement Benefits

The Agency has a contributory defined contribution retirement plan (the Plan) under Section 403(b) of the IRC. The Plan is open to all employees meeting minimum age and service requirements. Contributions to the Plan by the Agency are made at the discretion of the Agency's Board of Directors. The Agency made match contributions of \$54,202 during the year ended December 31, 2020.

Note 10: Leases

The Agency leases its facilities under variable noncancelable operating lease agreements expiring through March 2025. Future minimum annual lease payments at December 31, 2020, are:

2021	\$	248,374
2022		249,290
2023		200,902
2024		159,204
2025		11,593
Total minimum annual lease payments	\$	<u>869,363</u>

Rent expense under these operating leases for the year ended December 31, 2020, was \$362,167. The Agency's leased office space is accounted for using the straight-line method. The difference between the net cash requirement of the lease and the straight-line method is accrued within accounts payable and accrued liabilities in the accompanying consolidated statement of financial position.

In 2018 the Agency entered into a sublease agreement, which began in October 2018, with a local hospital district (the lessee) to provide geriatric care. The term of the lease is ten years and six months, and includes two five year renewal options. The Agency and the lessee intend to collaborate through a referral system to provide services to clients who need the specialized services provided by both organizations.

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

The sublease agreement also includes a tenant improvement allowance of approximately \$147,400, which has been recorded in deposits and other assets and accounts payable and accrued liabilities in the accompanying consolidated statement of financial position at December 31, 2020. The tenant improvement allowance is amortized over the term of the sublease agreement, with an unamortized value of approximately \$88,100 at December 31, 2020.

The Agency's estimated future sublease receipts, excluding additional rent to cover operating electrical costs calculated as 17.7% of the total monthly use, at December 31, 2020, are:

2021	\$ 190,128
2022	194,919
2023	218,331
2024	223,785
2025	229,411
Thereafter	<u>702,172</u>
Total minimum annual lease receipts	<u><u>\$ 1,758,746</u></u>

Note 11: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020, comprise the following:

Total financials assets	\$ 13,324,203
Donor imposed restrictions	
Restricted purpose funds	2,243,314
Endowments - restricted funds for specified event	543,348
Endowments - corpus	<u>1,613,159</u>
Net financial assets after donor imposed restrictions	<u>8,924,382</u>
Internal designations	
Board-designated funds	1,836,112
Quasi-endowments	<u>3,436,150</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,652,120</u></u>

The Organizations receive significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

The Organizations' endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Family Place

Notes to Consolidated Financial Statements

December 31, 2020

The board-designated endowment of \$3,436,150 is subject to an annual spending rate of two to five percent as the Board of Directors deems appropriate to fulfill endowment purposes, as described in *Note 8*. Although the Organizations do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. To help manage unanticipated liquidity needs, the Agency has a revolving line of credit in the amount of \$750,000, which it could draw upon.

The Organizations manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organizations have a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses. The Organizations have a policy to target a year-end balance of reserves without donor restriction and which are undesignated by the board to meet 30 to 45 days of expected expenditures. To achieve these targets, the Organizations forecast its future cash flows and monitors their liquidity quarterly, and monitors their reserves annually.

During the year ended December 31, 2020, the level of liquidity and reserves was managed within the policy requirements.

Note 12: Related Party Transactions

During the year ended December 31, 2020, Agency, DRE and Foundation Board members and/or their affiliates contributed \$414,329 to the Organizations. At December 31, 2020, \$7,500 in pledges receivable are outstanding from Board members of the Organizations.

Note 13: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Grants and Other Revenue Sources

The Agency receives most of its revenue from government grants, the United Way, special events and charitable contributions. Government grants must be approved each year and the amount of charitable contributions, special events and in-kind goods and services received may be sensitive to economic conditions. The Agency is subject to the risk that these sources of revenue can vary from year-to-year. Management, with oversight from the Board of Directors, closely monitors the cash flows of the Agency and adjusts the operating budget to maintain expenditures at levels supported by cash flows.

Federal and other grants are subject to periodic review and assessment by the related federal and other agencies. The Agency believes matters related to these reviews will not have a material adverse effect on the consolidated financial position or activities of the Agency.

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Investments

The Organizations invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur and that such changes could materially affect the amounts reported in the accompanying statement of financial position.

Note 14: Financing

Ann Moody Place is located in an underserved community in Dallas and qualified for New Market Tax Credits. Construction was completed and the building became occupied in May 2017. The improvements and operating costs were funded through a capital campaign, interim bank financing and new market tax credits. On September 14, 2015, the Agency obtained a \$6,000,000 pledge loan to remodel and expand Ann Moody Place to meet the demand for services. This loan was secured by capital campaign pledges for a term of five years, with an interest rate of 1.95% for the year ended December 31, 2020. Amount was fully repaid during the year ended December 31, 2020.

On July 28, 2016, the Agency also obtained a \$3,397,100 loan (Loan B) to finance the construction and improvements at Ann Moody Place. This loan is secured by the property and rights and accounts relating thereto, with an interest rate of 1.16%. This loan requires annual interest payments which commenced on December 1, 2016. The loan will require payments of principal and interest commencing on December 1, 2024, until maturity on December 1, 2050. Amount outstanding was \$3,397,100 at December 31, 2020.

Aggregate annual maturities of long-term debt at December 31, 2020, are:

2021	\$ -
2022	-
2023	-
2024	107,806
2025	109,061
Later years	<u>3,180,233</u>
Total principal payments	<u>\$ 3,397,100</u>

Note 15: Line of Credit

The Agency has a \$750,000 revolving line of credit which was renewed in June 2020 with a maturity date of May 7, 2021. At December 31, 2020, there was no outstanding borrowing against this line. The line is collateralized by substantially all of the Agency's assets. Interest varies with the bank's prime rate, which was 1.95% at December 31, 2020 and is payable monthly. In May 2021, the line of credit was renewed for an additional year, with an interest rate that varies with the bank's prime rate, which was 1.91% at the time of renewal.

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Note 16: Grants from Governmental Agencies

Grants from governmental agencies consist of the following for the years ended December 31, 2020:

U. S. Department of Housing and Urban Development	
Supportive Housing Program	\$ 350,091
Emergency Shelter Grant -ESG	267,128
(Passed through the Texas Department of Housing and Community Affairs)	
Emergency Shelter Grant -ESG	137,025
(Passed through the City of Dallas)	
Emergency Shelter Grant -ESG	14,724
(Passed through Dallas County)	
Emergency Shelter Grant -ESG	8,281
(Passed through City of Mesquite)	
U. S. Department of Health and Human Services	
Project Safe Connect	157,078
(Passed through UT Southwestern)	
Federal TANF/Family Violence Prevention Act/Federal Social Security Act	784,150
(Passed through the Texas Health and Human Services Commission)	
U. S. Department of Justice-Office of Justice Programs	
Amplifying our Reach	31,967
Victims of Crime Act Fund -VOCA	1,893,556
(Passed through State of Texas, Office of the Governor-Criminal Justice Division)	
Justice Systems Response to Families	151,841
U. S. Department of Homeland Security	
Emergency Food and Shelter National Board Program	8,918
(Passed through the Community Council of Greater Dallas)	
U. S. Department of Agriculture Office	
Child and Adult Care Food Program	25,443
(Passed through Red River CCFP, Inc.)	
State of Texas, Health and Human Services Commission	473,949
Texas Department of Criminal Justice Community Justice Assistance	
Division-Diversion Target Program Grant (CJAD-BIPP)	97,763
Dallas County Family Protection Fee	95,000
Dallas County BIPP	395
Dallas County Restitution Fee	9,064
Dallas County Juvenile Department	90
Town of Addison	2,670
City of Allen	1,781
City of Coppell	5,000
City of Dallas	19,674
City of Farmers Branch	10,000
City of Frisco	21,917
City of McKinney	13,545
High Risk Offender	7,407
System Enhancement	41,863
	<hr/>
	\$ 4,630,320
	<hr/>

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Note 17: CARES Act

The Agency received a Payroll Protection Program (PPP) loan established by the CARES Act in April 2020 totaling \$1,721,800, which was subject to forgiveness if certain conditions were satisfied. The Organization has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting full-time equivalent employee and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration (SBA), or lender; as a result of such audit, adjustments could be required to the recognition of revenue.

The Agency received formal notification of forgiveness for the full amount of the loan by the SBA in November 2020, and the loan is recognized in the accompanying consolidated statement of activities.

Note 18: Future Change in Accounting Principle

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating, or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The Organizations are evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.

The Family Place
Notes to Consolidated Financial Statements
December 31, 2020

Note 19: Subsequent Events

Subsequent events have been evaluated through May 17, 2021, which is the date the consolidated financial statements were available to be issued.

In February 2021, one of the Agency's campuses was flooded causing significant damage. The remediation, reconstruction and extra business expense to house the clients is subject to insurance. Additionally, since December 31, 2020, the Agency has received over \$1,000,000 in public support to assist in the cost. The campus reconstruction is expected to be completed by July 2021.

In May 2021, the line of credit was renewed for an additional year, with an interest rate that varies with the bank's prime rate, which was 1.91% at the time of renewal.

Supplementary Information

The Family Place

Schedule of Consolidating Financial Position

Year Ended December 31, 2020

	The Family Place		The Family Place Foundation		The Family Place Dallas Real Estate, Inc.			
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Eliminations	Total
Assets								
Cash and cash equivalents	\$ 4,115,531	\$ 1,902,507	\$ 164,946	\$ -	\$ 159,269	\$ -	\$ -	\$ 6,342,253
Pledges receivable, net of allowance and discount	10,941	333,986	-	-	-	-	-	344,927
Grants receivable	725,962	-	-	-	-	-	-	725,962
Other receivables	318,506	7,500	60	-	7,917	-	(16,606)	317,377
Prepaid expenses	246,453	-	-	-	-	-	-	246,453
Investments, at fair value	3,056,384	1,068,419	379,766	1,089,115	-	-	-	5,593,684
Property, fixtures, and equipment, net of depreciation	3,682,406	-	-	-	14,019,039	-	(33,460)	17,667,985
Deposits and other assets	7,979,658	-	-	-	-	-	(7,872,900)	106,758
Total assets	<u>\$ 20,135,841</u>	<u>\$ 3,312,412</u>	<u>\$ 544,772</u>	<u>\$ 1,089,115</u>	<u>\$ 14,186,225</u>	<u>\$ -</u>	<u>\$ (7,922,966)</u>	<u>\$ 31,345,399</u>
Liabilities								
Accounts payable and accrued liabilities	\$ 739,000	\$ 845	\$ 2,210	\$ 861	\$ 11,296	\$ -	\$ (16,606)	\$ 737,606
Notes payable	-	-	-	-	11,270,000	-	(7,872,900)	3,397,100
Total liabilities	<u>739,000</u>	<u>845</u>	<u>2,210</u>	<u>861</u>	<u>11,281,296</u>	<u>-</u>	<u>(7,889,506)</u>	<u>4,134,706</u>
Net Assets								
Without donor restrictions								
Undesignated	14,504,345	-	162,796	-	2,904,929	-	(33,460)	17,538,610
Designated by the board								
For quasi-endowment	3,056,384	-	379,766	-	-	-	-	3,436,150
For technology	113,419	-	-	-	-	-	-	113,419
For professional development	21,314	-	-	-	-	-	-	21,314
For employee retention	149,301	-	-	-	-	-	-	149,301
For client assistance	102,078	-	-	-	-	-	-	102,078
For residential facilities	850,000	-	-	-	-	-	-	850,000
For future operations	500,000	-	-	-	-	-	-	500,000
For non-residential facilities	100,000	-	-	-	-	-	-	100,000
With donor restrictions	<u>-</u>	<u>3,311,567</u>	<u>-</u>	<u>1,088,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,399,821</u>
Total net assets	<u>19,396,841</u>	<u>3,311,567</u>	<u>542,562</u>	<u>1,088,254</u>	<u>2,904,929</u>	<u>-</u>	<u>(33,460)</u>	<u>27,210,693</u>
Total liabilities and net assets	<u>20,135,841</u>	<u>3,312,412</u>	<u>544,772</u>	<u>1,089,115</u>	<u>14,186,225</u>	<u>-</u>	<u>(7,922,966)</u>	<u>31,345,399</u>

The Family Place

Schedule of Consolidating Activities

Year Ended December 31, 2020

	The Family Place		The Family Place Foundation		The Family Place Dallas Real Estate, Inc			
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Eliminations	Total
Public Support and Revenue								
Public Support								
Contributions	\$ 5,425,253	\$ 911,901	\$ 169,240	\$ -	\$ -	\$ -	\$ (54,399)	\$ 6,451,995
Special events, net	1,317,527	-	-	-	-	-	-	1,317,527
In-kind goods and services	224,025	-	-	-	-	-	-	224,025
United Way	644,266	-	320	-	-	-	-	644,586
Total contributions	7,611,071	911,901	169,560	-	-	-	(54,399)	8,638,133
Grants from Governmental Agencies	4,630,320	-	-	-	-	-	-	4,630,320
Other Revenue								
Resale shop sales	769,756	-	-	-	-	-	-	769,756
Net investment return	399,418	147,691	52,550	146,289	179	-	-	746,127
Program service fees	94,147	-	-	-	-	-	-	94,147
Payroll Protection Program loan forgiveness	1,721,800	-	-	-	-	-	-	1,721,800
Miscellaneous income	252,968	-	-	-	95,001	-	(173,948)	174,021
Total other revenue	3,238,089	147,691	52,550	146,289	95,180	-	(173,948)	3,505,851
Net Assets Released from Restrictions	1,396,317	(1,396,317)	43,401	(43,401)	-	-	-	-
Total public support and revenue	16,875,797	(336,725)	265,511	102,888	95,180	-	(228,347)	16,774,304
Program and Supporting Services								
Program Services								
Emergency shelters & housing	6,467,996	-	43,401	-	198,109	-	(100,657)	6,608,849
Counseling	2,370,681	-	-	-	198,109	-	(64,406)	2,504,384
Community collaboration	2,500,367	-	-	-	16,981	-	(8,242)	2,509,106
Total program services	11,339,044	-	43,401	-	413,199	-	(173,305)	11,622,339
Supporting Services								
Management and general	1,676,421	-	10,321	-	107,545	-	(32,366)	1,761,921
Fundraising	941,734	-	27,557	-	45,282	-	(22,676)	991,897
Total supporting services	2,618,155	-	37,878	-	152,827	-	(55,042)	2,753,818
Total program and supporting services	13,957,199	-	81,279	-	566,026	-	(228,347)	14,376,157
Change in Net Assets	2,918,598	(336,725)	184,232	102,888	(470,846)	-	-	2,398,147
Net Assets, Beginning of Year	16,478,243	3,648,292	358,330	985,366	3,375,775	-	(33,460)	24,812,546
Net Assets, End of Year	\$ 19,396,841	\$ 3,311,567	\$ 542,562	\$ 1,088,254	\$ 2,904,929	\$ -	\$ (33,460)	\$ 27,210,693

The Family Place

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

FEDERAL AGENCY / Cluster / Program	Pass-Through Entity	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
<i>Supportive Housing Program</i>		14.235	TX0080L6T001811	\$ -	\$ 350,091
<i>Emergency Solutions Program</i>					
Emergency Solutions Grants Program	Texas Department of Housing & Community Affairs	14.231	42206000014	-	84,381
Emergency Solutions Grants Program	Texas Department of Housing & Community Affairs	14.231	42206000014	-	25,453
Emergency Solutions Grant Program	Texas Department of Housing & Community Affairs	14.231	4218000066	-	18,301
COVID-19 Emergency Solutions Grants Program and Coronavirus Aid, Relief, and Economic Security Act	Texas Department of Housing & Community Affairs	14.231	43206000015	-	138,993
Emergency Solutions Grants Program	City of Dallas	14.231	OHS-2020-00012539	-	99,889
COVID-19 Emergency Solutions Grants Program COVID Rapid Rehousing Program	City of Dallas	14.231	OHS-2020-00013839	-	37,136
Emergency Solutions Grants Program	Dallas County	14.231	2020-0909	-	14,724
COVID-19 Community Development Block Grant	City of Mesquite	14.231	B-20-MW-48-0014	-	8,281
Total Emergency Solutions Program				-	427,158
Total U.S. Department of Housing and Urban Development				-	777,249
U.S. DEPARTMENT OF JUSTICE					
<i>Crime Victim Assistance</i>					
Amplifying our Reach	Texas Council on Family Violence	16.575	4129501	-	31,967
Family Violence Intervention Services	Texas Office of the Governor-Criminal Justice Division	16.575	2798304	-	1,893,556
Total Victim of Crime Act				-	1,925,523
<i>Justice Systems Response to Families</i>					
Justice for Families		16.021	2016-FJ-AX-0003	(355)	151,841
Total U.S. Department of Justice				(355)	2,077,364
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
<i>Advancing System Improvements for Key Issues in Women's Health</i>					
Project Safe Connect	UT Southwestern	93.088	GMO200101	-	157,078
<i>477 Cluster</i>					
Federal Temporary Assistance for Needy Families	Texas Health and Human Services Commission	93.558	HHS000380000043	-	329,420
<i>Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services</i>					
Federal Family Violence Prevention Act & Federal Title Block Grant (FVPSA Award)	Texas Health and Human Services Commission	93.671	HHS000380000043	-	207,500
COVID-19 Federal Family Violence Prevention Act & Federal Title Block Grant (FVPSA Award), CARES Act	Texas Health and Human Services Commission	93.671	HHS000380000043	-	53,688
Federal Family Violence Prevention Act & Federal Title Block (Special Nonresidential Project)	Texas Health and Human Services Commission	93.671	HHS000365700012	-	115,362
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services				-	376,550
<i>Social Services Block Grant</i>	Texas Health and Human Services Commission	93.667	HHS000380000043	-	78,180
Total U.S. Department of Health and Human Services				-	941,228
U.S. DEPARTMENT OF HOMELAND SECURITY					
<i>Emergency Food and Shelter National Board</i>	Community Council of Greater Dallas	97.024	782600-0011	-	8,918
U.S. DEPARTMENT OF AGRICULTURE OFFICE					
<i>Child and Adult Care Food Program</i>	Red River CCFP, Inc.	10.558	TX-049-0005 CE03114	-	25,443
				\$ (355)	\$ 3,830,202

The accompanying notes are an integral part of this Schedule.

The Family Place
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2020

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Agency under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Agency.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Agency has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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***

Independent Auditor's Report

Board of Directors
The Family Place
Dallas, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of The Family Place (Agency) and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 17, 2021 which contained an emphasis of matter paragraph regarding a change in accounting principle. The financial statements of The Family Place Dallas Real Estate, Inc. and The Family Place Foundation, which are included in the Agency's financial statements, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
May 17, 2021

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
The Family Place
Dallas, Texas

Report on Compliance for the Major Federal Program

We have audited The Family Place's (Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended December 31, 2020. The Agency's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Agency's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on the Major Federal Program

In our opinion, The Family Place complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of The Family Place is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

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

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

BKD, LLP

Dallas, Texas
May 17, 2021

The Family Place

Schedule of Findings and Questioned Costs

Year Ended December 31, 2020

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
2. The independent auditor's report on internal control over financial reporting disclosed:
 Significant deficiency(ies)? ☐ Yes ☒ None Reported
 Material weakness(es)? ☐ Yes ☒ No
3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for the major federal award program disclosed:
 Significant deficiency(ies)? ☐ Yes ☒ None Reported
 Material weakness(es)? ☐ Yes ☒ No
5. The opinion expressed in the independent auditor's report on compliance for the major federal award was:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No
7. The Agency's major program was:

Cluster/Program	CFDA Number
Crime Victim Assistance	16.575

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The Agency qualified as a low-risk auditee? ☒ Yes ☐ No

The Family Place
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2020

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
No matters are reportable.	

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
No matters are reportable.	

The Family Place
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

Reference Number	Summary of Finding	Status
No matters are reportable.		