The Family Place

Independent Auditor's Reports and Consolidated Financial Statements

Year Ended December 31, 2019

The Family Place
December 31, 2019

Contents

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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, 2019, 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 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, 2019, 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 2019, The Family Place and its subsidiaries adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Made*. Our opinion is not modified with respect to this matter.

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 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 June 18, 2020, 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
June 18, 2020

The Family Place
Consolidated Statement of Financial Position
December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	$ 2,311,320	$ 1,795,917	$ 4,107,237
Pledges receivable, net of allowance & discount of $60,976	13,435	845,791	859,226
Grants receivable	701,111	-	701,111
Other receivables	90,548	39,638	130,186
Prepaid expenses	242,243	-	242,243
Investments, at fair value	3,000,181	1,953,034	4,953,215
Property, fixtures, and equipment, net of depreciation of $6,363,231	18,489,356	-	18,489,356
Deposits and other assets	132,029	-	132,029
Total assets	$ 24,980,223	$ 4,634,380	$ 29,614,603
Liabilities			
Accounts payable and accrued liabilities	$ 404,235	$ 722	$ 404,957
Notes payable	4,397,100	-	4,397,100
Total liabilities	4,801,335	722	4,802,057
Net Assets			
Without donor restrictions			
Undesignated	17,097,917	-	17,097,917
Board-designated			
For quasi-endowment	2,999,283	-	2,999,283
For facilities and technology	13,419	-	13,419
For employee retention	51,191	-	51,191
For client assistance	17,078	-	17,078
With donor restrictions	-	4,633,658	4,633,658
Total net assets	20,178,888	4,633,658	24,812,546
Total liabilities and net assets	$ 24,980,223	$ 4,634,380	$ 29,614,603

The Family Place

Consolidated Statement of Activities

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Government Grants, and Other Revenue			
Public Support			
Private contributions	$ 2,802,827	$ 1,879,888	$ 4,682,715
United Way	718,659	-	718,659
Special events	2,485,266	-	2,485,266
In-kind goods and services	142,972	-	142,972
Total public support	6,149,724	1,879,888	8,029,612
Government Grants	4,537,438	-	4,537,438
Other Revenue			
Resale shop sales	1,015,326	-	1,015,326
Net investment return	531,001	365,747	896,748
Program service fees	156,459	-	156,459
Miscellaneous income	247,453	-	247,453
Total other revenue	1,950,239	365,747	2,315,986
Net Assets Released from Restrictions	3,453,152	(3,453,152)	-
Total public support, government grants and other revenue	16,090,553	(1,207,517)	14,883,036
Expenses			
Program Services			
Emergency shelters & housing	6,508,882	-	6,508,882
Counseling	2,658,001	-	2,658,001
Community collaboration	2,731,073	-	2,731,073
Total program services	11,897,956	-	11,897,956
Management and General	1,670,999	-	1,670,999
Fundraising	1,566,754	-	1,566,754
Total expenses	15,135,709	-	15,135,709
Change in Net Assets	954,844	(1,207,517)	(252,673)
Net Assets, Beginning of Year	19,224,044	5,841,175	25,065,219
Net Assets, End of Year	$ 20,178,888	$ 4,633,658	$ 24,812,546

The Family Place

Consolidated Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services				Supporting Services			
	Emergency Shelters & Housing	Counseling	Community Collaboration	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	Total Expenses
Salaries	$ 3,146,204	$ 1,435,322	$ 1,597,706	**$ 6,179,232**	$ 933,008	$ 648,704	**$ 1,581,712**	**$ 7,760,944**
Employee benefits	353,622	157,621	167,639	**678,882**	84,086	52,811	**136,897**	**815,779**
Payroll taxes, etc.	261,792	111,806	127,460	**501,058**	69,520	46,345	**115,865**	**616,923**
Total salaries and related	3,761,618	1,704,749	1,892,805	**7,359,172**	1,086,614	747,860	**1,834,474**	**9,193,646**
Professional fees and contract	275,111	160,259	162,960	**598,330**	183,650	51,424	**235,074**	**833,404**
Office & telecommunications	126,498	58,074	79,388	**263,960**	94,922	24,776	**119,698**	**383,658**
Agency occupancy	723,182	294,560	290,446	**1,308,188**	55,683	21,527	**77,210**	**1,385,398**
Printing & public relations	-	1,003	7,842	**8,845**	2,519	110,908	**113,427**	**122,272**
Transportation	17,758	12,358	19,190	**49,306**	1,703	585	**2,288**	**51,594**
Conferences & meetings	9,246	10,731	25,599	**45,576**	28,514	3,271	**31,785**	**77,361**
Client assistance	895,601	142,223	159,574	**1,197,398**	140	4,916	**5,056**	**1,202,454**
Liability insurance	49,551	11,305	23,277	**84,133**	4,735	3,487	**8,222**	**92,355**
In-kind goods & services	49,023	30,989	22,432	**102,444**	29,229	11,299	**40,528**	**142,972**
Special events expense	-	-	-	**-**	-	539,531	**539,531**	**539,531**
Miscellaneous expenditures	66,315	7,209	14,839	**88,363**	49,184	74	**49,258**	**137,621**
Total before interest & depreciation	5,973,903	2,433,460	2,698,352	**11,105,715**	1,536,893	1,519,658	**3,056,551**	**14,162,266**
Interest	37,678	49,502	3,230	**90,410**	20,454	8,612	**29,066**	**119,476**
Depreciation	497,301	175,039	29,491	**701,831**	113,652	38,484	**152,136**	**853,967**
Total expenses	**$ 6,508,882**	**$ 2,658,001**	**$ 2,731,073**	**$ 11,897,956**	**$ 1,670,999**	**$ 1,566,754**	**$ 3,237,753**	**$ 15,135,709**

The Family Place
Consolidated Statement of Cash Flows
Year Ended December 31, 2019

Operating Activities		
Change in net assets	$	(252,673)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation		853,967
Loss on disposal of property, fixtures, and equipment		26,887
Net unrealized gains on investments		(754,778)
Net gains on sale of investments		(3,559)
Changes in operating assets and liabilities:		
Receivables		502,195
Prepaid expenses		(21,300)
Deposits and other assets		(113,558)
Accounts payable and accrued expenses		(5,995)
Net cash provided by operating activities		231,186
Investing Activities		
Purchases of property, fixtures, and equipment		(228,553)
Proceeds from sales of investments		231,406
Purchases of investments		(154,308)
Net cash used in investing activities		(151,455)
Financing Activities		
Payments on notes payable		(1,200,000)
Net cash used in financing activities		(1,200,000)
Net Decrease in Cash and Cash Equivalents		(1,120,269)
Cash and Cash Equivalents, Beginning of Year		5,227,506
Cash and Cash Equivalents, End of Year	$	4,107,237

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 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.

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, 2019, cash equivalents consisted primarily of a sweep account held with a financial institution.

At December 31, 2019, the Organizations' cash accounts exceeded federally insured limits by approximately $2,140,000. 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. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, 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 in net assets with donor restriction and then released from 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.

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, 2019, $55,220 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 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 Principles

Contributions Guidance

In 2019, the Organizations adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, (ASU 2018-08) using a modified prospective basis at January 1, 2019. The amendments of the standard were applied to agreements that were not completed as of January 1, 2019 or entered into after January 1, 2019.

ASU 2018-08 clarifies the guidance on determining whether a transaction with a resource provider is a contribution or an exchange transaction. The standard amends the simultaneous release accounting policy to allow a not-for-profit to elect a separate policy for donor-restricted contributions that were initially conditional contributions without also having to elect the policy for other donor-restricted contributions. The Organizations did elect a separate policy and recognize contributions that were initially conditional contributions whose donor restrictions were met in the same period as contributions without donor restriction.

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that replaces existing revenue recognition guidance. The new standard requires companies to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, Topic 606 requires disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organizations adopted this standard on January 1, 2019, using a modified retrospective approach with the cumulative effect of initially applying the new standard to be recognized in net assets at the beginning of the year of adoption. Comparative prior period information has not been adjusted and continues to be reported in accordance with previous revenue recognition guidance in ASC Topic 605 — *Revenue Recognition*. The Organizations have applied the new standard to all contracts not complete at the date of adoption.

The Organizations is applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes we collect concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

The Organizations' adoption of Topic 606 did not result in a change to the timing of revenue recognition nor an adjustment to previously reported net assets.

Performance Obligations

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, 2019.

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**
Conditional gifts, with or without restriction	
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.e.* the donor imposed barrier is met
Unconditional gifts, with or without restriction	
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 with donor restrictions and then released from restriction.

Conditional Gifts

The Agency has received the following conditional promises to give at December 31, 2019 that are not recognized in the financial statements:

Conditional government grants restricted by time and purpose	$ 5,619,773

Additionally, the Agency has been notified of an intention to give from United Way that is not yet recognized in the financial statements as a firm commitment has not yet been made. The intention to give is estimated to be $1,250,000 at December 31, 2019, payable in equal monthly installments from January 1, 2020 through June 30, 2022.

In-kind Contributions of Goods and Services

In addition to receiving cash contributions, the Organizations receive in-kind contributions of donated software, 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 contribution 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. Contributions of services also include services received from personnel of an affiliate.

For the year ended December 31, 2019, in-kind contributions of goods and services consisted of the following:

Technology consulting services	$ 100,987
Clothing, personal and household items	24,707
Transportation for program services	9,105
Food	8,173
Total in-kind goods and services	$ 142,972

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.

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, 2019.

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 present 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 statements 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, 2019 have been recorded as receivables, which totaled $701,111. The Agency expects to receive the December 31, 2019 grant receivables within the next year.

Note 3: Receivables

Receivables consisted of the following:

	December 31, 2019		
	Without Donor Restriction	With Donor Restriction	Total
Pledges	$ 19,705	$ 803,939	$ 823,644
Grants	701,111	-	701,111
Other	90,548	39,638	130,186
Receivables due within one year	811,364	843,577	1,654,941
Pledge receivables due in one to five years	-	96,558	96,558
Less allowance for uncollectible pledges	(6,270)	(28,109)	(34,379)
Less unamortized discount of pledges	-	(26,597)	(26,597)
Total receivables, net	$ 805,094	$ 885,429	$ 1,690,523

The rate used for discount calculations was 1.75% in 2019.

Note 4: Investments and Net Investment Return

Investments at December 31, 2019 consisted of the following:

Mutual funds – equities	$ 3,517,421
Mutual funds – fixed income	1,435,794
Total investments	$ 4,953,215

The Organizations' net assets with donor restriction include three endowment funds established by donors. At December 31, 2019, the fair value of the assets of some of these funds was $355,772 higher than the level required by donor stipulation or law.

Total net investment return is comprised of the following for the year ended December 31, 2019:

Interest and dividend income	$ 154,369
Net realized gains on sales of investments	3,559
Net unrealized gains on investments	754,778
Investment fees	(15,958)
Total investment return	$ 896,748

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 or liabilities

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 or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements 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, 2019:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable (Level 2)	Significant Unobservable (Level 3)
Mutual funds – equities	$ 3,517,421	$ 3,517,421	-	-
Mutual funds – fixed income	1,435,794	1,435,794	-	-

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, 2019.

Note 6: Property, Fixtures and Equipment

The following schedule summarizes property, fixtures and equipment as of December 31, 2019:

Building and building improvements	$ 18,320,462
Furniture and equipment	2,368,759
Land	2,738,688
Land improvements	916,212
Leasehold improvements	188,524
Vehicles	319,942
	24,852,587
Less accumulated depreciation and amortization	(6,363,231)
Property, fixtures, and equipment, net	$ 18,489,356

Note 7: Net Assets With Donor Restriction

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2019 are restricted for the following purposes or periods:

Temporarily restricted		
Subject to expenditure for specified purpose, upon passage of time or both		
Program services	$	229,605
Ann Moody Place		2,260,066
Agency operations		150,286
Client assistance		40,667
		2,680,624
Endowments		
Accumulated earnings, subject to endowment spending policy and appropriation		
Restricted by donors for:		
Employee retention activities		116,809
Children’s program activities		233,066
		349,875
Corpus		
Restricted by donors for:		
Employee retention activities		850,859
Children’s program activities		752,300
		1,603,159
Total endowments		1,953,034
	$	4,633,658

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:

Program services	$	1,176,534
Ann Moody Place		1,761,027
Agency operations		440,839
Client assistance		55,669
		3,434,069
Time restrictions expired passage of specified time		19,083
Total net assets released from restrictions	$	3,453,152

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 composition of net assets by type of endowment fund as of December 31, 2019, is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	$ 2,999,283	$ -	$ 2,999,283
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,603,159	1,603,159
Accumulated investment gains	-	349,875	349,875
Total endowment funds	$ 2,999,283	$ 1,953,034	$ 4,952,317

Changes in endowment net assets for the year ended December 31, 2019 were as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 2,557,983	$ 1,687,930	$ 4,245,913
Contribution	-	10,000	10,000
Investment return:			
Investment Income	74,760	48,450	123,210
Net appreciation	380,198	295,554	675,752
Distributions	(13,658)	(88,900)	(102,558)
Endowment net assets, end of year	$ 2,999,283	$ 1,953,034	$ 4,952,317

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.

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 $26,599 during the year ended December 31, 2019.

Note 10: Leases

The Agency leases its facilities under variable noncancellable operating lease agreements expiring through March 2025. Future minimum annual lease payments at December 31, 2019, are:

2020	$ 258,224
2021	248,374
2022	249,290
2023	200,902
2024	159,204
Later years	11,593
Total minimum annual lease payments	$ 1,127,587

Rent expense under these operating leases for the year ended December 31, 2019, was approximately $353,000. 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 statements 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 sublease agreement also includes a tenant improvement allowance of approximately $129,000, 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, 2019. The tenant improvement allowance is amortized over the term of the sublease agreement, with an unamortized value of approximately $120,000 at December 31, 2019.

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, 2019, are:

2020	$	185,501
2021		190,128
2022		194,919
2023		218,331
2024		223,785
Later years		931,583
Total minimum annual lease receipts	$	1,944,247

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, 2019, comprise the following:

Total financials assets	$	10,750,975
Donor imposed restrictions		
Restricted purpose funds		2,680,624
Endowments - restricted funds for specified event		349,875
Endowments - corpus		1,603,159
Net financial assets after donor imposed restrictions		6,117,317
Board designations		
Board-advised funds		81,688
Quasi-endowments		2,999,283
Financial assets available to meet cash needs for general expenditures within one year	$	3,036,346

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 board-designated endowment of $2,999,283 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, 2019, the level of liquidity and reserves was managed within the policy requirements.

Note 12: Related Party Transactions

During the year ended December 31, 2019, Agency, DRE and Foundation Board members and/or their affiliates contributed $132,585 to the Organizations. At December 31, 2019, $106,093 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.

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 is secured by capital campaign pledges for a term of five years, with an interest rate of 3.50% for the year ended December 31, 2019. Amount outstanding was $1,000,000 December 31, 2019.

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, 2019.

Aggregate annual maturities of long-term debt at December 31, 2019, are:

2020	$ 1,000,000
2021	-
2022	-
2023	-
2024	107,806
Later years	3,289,294
Total principal payments	$ 4,397,100

Note 15: Line of Credit

The Agency has a $750,000 revolving line of credit which expired May 2020. At December 31, 2019, 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 3.51 percent at December 31, 2019 and is payable monthly. The Agency intends to renew the line of credit in June 2020.

Note 16: Grants from Governmental Agencies

Grants from governmental agencies consist of the following for the years ended December 31, 2019:

U. S. Department of Housing and Urban Development	
Supportive Housing Program	$ 757,290
Emergency Shelter Grant Program-ESGP	166,245
(Passed through the Texas Department of Housing and Community Affairs)	
Emergency Shelter Grant Program-ESG	171,827
(Passed through the City of Dallas Department of Environmental and Health Services)	
Emergency Shelter Grant Program-ESG	21,500
(Passed through Dallas County)	
U. S. Department of Health and Human Services	
Family Violence Prevention and Services/Grants for Battered Women's Shelters	703,835
(Passed through the Texas Health and Human Services Commission)	
U. S. Department of Justice-Office of Justice Programs	
Victims of Crime Act Fund -VOCA	1,667,035
(Passed through State of Texas, Office of the Governor-Criminal Justice Division)	
Transitional Housing Initiative	158,130
(Passed through State of Texas, Office of the Governor-Criminal Justice Division)	
Justice Systems Response to Families	151,744
U. S. Department of Homeland Security	
Emergency Food and Shelter National Board Program	29,764
(Passed through the Community Council of Greater Dallas)	
U. S. Department of Agriculture Office	
Child and Adult Care Food Program	21,331
(Passed through Red River CCFP, Inc.)	
State of Texas, Health and Human Services Commission	350,761
State of Texas, Office of the Attorney General, Crime Victim Services Division	
Other Victim Assistance Grant	31,763
Texas Department of Criminal Justice Community Justice Assistance Division-Diversion Target Program Grant (CJAD-BIPP)	105,005
Dallas County Family Protection Fee	75,500
Dallas County Restitution Fee	25
System Enhancement	20,637
Maximizing Our Reach	5,000
Dallas County Juvenile Department	1,339
Dallas County High Risk Offender	
(Passed through Texas Council on Family Violence)	49,196
Town of Addison	1,705
City of Frisco	10,133
City of Farmers Branch	10,000
City of Coppell	5,000
City of McKinney	22,673
	$ 4,537,438

Note 17: Subsequent Events

Subsequent events have been evaluated through June 18, 2020, which is the date the consolidated financial statements were available to be issued.

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. On April 10, 2020, the Agency received a loan in the amount of $1,721,800 pursuant to the Paycheck Protection Program. The Agency anticipates using all of the proceeds to make eligible payments, and therefore, expect substantially all of the loan will be forgiven.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Organizations. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Supplementary Information

The Family Place

Schedule of Consolidating Financial Position

Year Ended December 31, 2019

	The Family Place		The Family Place Foundation		The Family Place Dallas Real Estate, Inc.			
	Without Donor Restriction	**With Donor Restriction**	**Without Donor Restriction**	**With Donor Restriction**	**Without Donor Restriction**	**With Donor Restriction**	**Eliminations**	**Total**
Assets								
Cash and cash equivalents	$ 2,037,664	$ 1,795,917	$ 70,256	$ -	$ 203,400	$ -	$ -	$ 4,107,237
Pledge receivable, net of allowance & discount	13,313	845,791	122	-	-	-	-	859,226
Grants receivable	701,111	-	-	-	-	-	-	701,111
Other receivables	110,494	39,638	13,189	-	7,916	-	(41,051)	130,186
Prepaid expenses	242,243	-	-	-	-	-	-	242,243
Investments, at fair value	2,710,894	967,668	289,287	985,366	-	-	-	4,953,215
Property, fixtures, and equipment, net of depreciation	4,077,061	-	-	-	14,445,755	-	(33,460)	18,489,356
Deposits and other assets	8,004,929	-	-	-	-	-	(7,872,900)	132,029
Total assets	$ 17,897,709	$ 3,649,014	$ 372,854	$ 985,366	$ 14,657,071	$ -	$ (7,947,411)	$ 29,614,603
Liabilities								
Accounts payable and accrued liabilities	$ 419,466	$ 722	$ 14,524	$ -	$ 11,296	$ -	$ (41,051)	$ 404,957
Notes payable	1,000,000	-	-	-	11,270,000	-	(7,872,900)	4,397,100
Total liabilities	1,419,466	722	14,524	-	11,281,296	-	(7,913,951)	4,802,057
Net Assets								
Without donor restrictions								
Undesignated	13,685,661	-	69,941	-	3,375,775	-	(33,460)	17,097,917
Board-designated								
For quasi-endowment	2,710,894	-	288,389	-	-	-	-	2,999,283
For facilities and technology	13,419	-	-	-	-	-	-	13,419
For employee retention	51,191	-	-	-	-	-	-	51,191
For client assistance	17,078	-	-	-	-	-	-	17,078
With donor restrictions	-	3,648,292	-	985,366	-	-	-	4,633,658
Total net assets	16,478,243	3,648,292	358,330	985,366	3,375,775	-	(33,460)	24,812,546
Total liabilities and net assets	$ 17,897,709	$ 3,649,014	$ 372,854	$ 985,366	$ 14,657,071	$ -	$ (7,947,411)	$ 29,614,603

The Family Place
Schedule of Consolidating Activities
Year Ended December 31, 2019

	The Family Place		The Family Place Foundation		The Family Place Dallas Real Estate, Inc.			
	Without Donor Restriction	With Donor Restriction	Without Donor Restriction	With Donor Restriction	Without Donor Restriction	With Donor Restriction	Eliminations	Total
Public Support, Government Grants and Other Revenue								
Public Support								
Private contributions	$ 2,771,934	$ 1,879,888	$ 30,893	$ -	$ -	$ -	$ -	$ 4,682,715
United Way	716,726	-	1,933	-	-	-	-	718,659
Special events	2,485,266	-	-	-	-	-	-	2,485,266
In-kind goods and services	142,972	-	-	-	-	-	-	142,972
Total public support	6,116,898	1,879,888	32,826	-	-	-	-	8,029,612
Government Grants	4,537,438	-	-	-	-	-	-	4,537,438
Other Revenue								
Resale shop sales	1,015,326	-	-	-	-	-	-	1,015,326
Net investment return	478,904	191,499	50,777	174,248	1,320	-	-	896,748
Program service fees	156,459	-	-	-	-	-	-	156,459
Miscellaneous income	325,964	-	-	-	94,999	-	(173,510)	247,453
Total other revenue	1,976,653	191,499	50,777	174,248	96,319	-	(173,510)	2,315,986
Net Assets Released from Restrictions	3,410,394	(3,410,394)	42,758	(42,758)	-	-	-	-
Total public support, government grants and other revenue	16,041,383	(1,339,007)	126,361	131,490	96,319	-	(173,510)	14,883,036
Expenses								
Program Services								
Emergency shelters & housing	6,330,579	-	37,316	-	199,191	-	(58,204)	6,508,882
Counseling	2,514,239	-	7,211	-	199,191	-	(62,640)	2,658,001
Community collaboration	2,710,850	-	11,889	-	17,073	-	(8,739)	2,731,073
Total program services	11,555,668	-	56,416	-	415,455	-	(129,583)	11,897,956
Management and General	1,585,132	-	10,018	-	108,132	-	(32,283)	1,670,999
Fundraising	1,519,068	-	13,801	-	45,529	-	(11,644)	1,566,754
Total expenses	14,659,868	-	80,235	-	569,116	-	(173,510)	15,135,709
Change in Net Assets	1,381,515	(1,339,007)	46,126	131,490	(472,797)	-	-	(252,673)
Net Assets, Beginning of Year	15,096,728	4,987,299	312,204	853,876	3,848,572	-	(33,460)	25,065,219
Net Assets, End of Year	$ 16,478,243	$ 3,648,292	$ 358,330	$ 985,366	$ 3,375,775	$ -	$ (33,460)	$ 24,812,546

The Family Place
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

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					
Supportive Housing Program	n/a	14.235	n/a	$ -	$ 757,290
Emergency Solutions Grants Program	Texas Department of Housing & Community Affairs	14.231	42196000015	-	166,245
Emergency Solutions Grants Program	City of Dallas	14.231	00005816	-	72,827
Emergency Solutions Grants Program	City of Dallas	14.231	OHS-2019-00010378	-	99,000
Emergency Solutions Grants Program	Dallas County	14.231	2018-0437	-	21,500
Total U.S. Department of Housing and Urban Development				-	1,116,862
U.S. DEPARTMENT OF JUSTICE					
Victim of Crime Act					
Family Violence Intervention Services	Texas Office of the Governor-Criminal Justice Division	16.575	2798304	-	1,667,035
Transitional Housing	Texas Office of the Governor-Criminal Justice Division	16.575	3422101	-	158,130
				-	1,825,165
Violence Against Women Act					
Justice Systems Response to Families	n/a	16.021	n/a	35,517	151,744
Total U.S. Department of Justice				35,517	1,976,909
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Federal Temporary Assistance for Needy Families	Texas Health and Human Services Commission	93.558	HHS000380000043	-	355,477
Federal Family Violence Prevention Act & Federal Title Block Grant (FVPSA Award)	Texas Health and Human Services Commission	93.671	HHS000380000043	-	243,083
Federal Social Security Block Grant	Texas Health and Human Services Commission	93.667	HHS000380000043	-	36,724
Federal Family Violence Prevention Act & Federal Title Block (Special Nonresidential Project)	Texas Health and Human Services Commission	93.671	HHS000365700012	-	68,551
Total U.S. Department of Health and Human Services				-	703,835
U.S. DEPARTMENT OF HOMELAND SECURITY					
Emergency Food and Shelter National Board	Community Council of Greater Dallas	97.024	782600-0011	-	29,764
U.S. DEPARTMENT OF AGRICULTURE OFFICE					
Child & Adult Care Food Program	Red River CCFP, Inc.	10.558	TX-049-0005 CE03114	-	21,331
				$ 35,517	$ 3,848,701

The Family Place
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2019

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, 2019. 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.

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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, 2019, 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 June 18, 2020 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) 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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
June 18, 2020

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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 (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, 2019. 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, 2019.

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
June 18, 2020

The Family Place
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

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 ☐ Modified ☐ Adverse ☐ Disclaimed

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 program was:

   ☒ Unmodified ☐ Modified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by 2 CFR 200.51

   ☐ 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, 2019

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, 2019

Reference Number	Summary of Finding	Status
	No matters are reportable.	