



Financial Statements

June 30, 2020 and 2019



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DAILY PLANET, INCORPORATED

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Daily Planet, Incorporated
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Daily Planet, Incorporated (the “Organization”), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Daily Planet, Incorporated as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. 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 October 8, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



October 8, 2020
Glen Allen, Virginia

DAILY PLANET, INCORPORATED

Statements of Financial Position June 30, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Assets:		
Cash and cash equivalents	\$ 4,118,071	\$ 1,730,144
Certificates of deposit	-	267,877
Patient accounts receivable, net	261,898	176,351
Other receivables	101,260	698,298
United Way Services funding commitment for the next fiscal year	16,250	22,000
Prepaid expenses	60,612	44,641
Property and equipment, net	<u>5,430,609</u>	<u>3,857,729</u>
Total assets	<u>\$ 9,988,700</u>	<u>\$ 6,797,040</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 77,019	\$ 106,830
Accrued annual leave	124,602	101,870
Other liabilities	4,620	-
Notes payable	1,634,730	250,601
Paycheck Protection Program loan payable	<u>1,024,700</u>	<u>-</u>
Total liabilities	<u>2,865,671</u>	<u>459,301</u>
Net assets:		
Without donor restrictions	7,106,779	6,315,739
With donor restrictions	<u>16,250</u>	<u>22,000</u>
Total net assets	<u>7,123,029</u>	<u>6,337,739</u>
Total liabilities and net assets	<u>\$ 9,988,700</u>	<u>\$ 6,797,040</u>

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Activities Year Ended June 30, 2020 with Comparative 2019 Totals

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Support and revenue:				
Patient service revenue (net of contractual allowances and discounts)	\$ 2,268,493	\$ -	\$ 2,268,493	\$ 2,050,244
Provision for bad debts	<u>(83,173)</u>	<u>-</u>	<u>(83,173)</u>	<u>(115,901)</u>
Net patient service revenue	2,185,320	-	2,185,320	1,934,343
Federal government grants	4,055,898	-	4,055,898	3,856,902
Program and contract income	1,537,982	-	1,537,982	639,945
Contributions	259,398	-	259,398	211,354
United Way allocations	20,648	16,250	36,898	53,261
In-kind contributions	105,045	-	105,045	128,640
Other grants	1,144,487	-	1,144,487	775,529
Other revenue	<u>17,387</u>	<u>-</u>	<u>17,387</u>	<u>14,119</u>
Total support and revenue	<u>9,326,165</u>	<u>16,250</u>	<u>9,342,415</u>	<u>7,614,093</u>
Net assets released from restriction	<u>22,000</u>	<u>(22,000)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program services	7,313,924	-	7,313,924	6,248,286
Support services	<u>1,243,201</u>	<u>-</u>	<u>1,243,201</u>	<u>1,195,184</u>
Total expenses	8,557,125	-	8,557,125	7,443,470
Loss on disposal of property and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,236)</u>
Change in net assets	791,040	(5,750)	785,290	168,387
Net assets, beginning of year	<u>6,315,739</u>	<u>22,000</u>	<u>6,337,739</u>	<u>6,169,352</u>
Net assets, end of year	<u>\$ 7,106,779</u>	<u>\$ 16,250</u>	<u>\$ 7,123,029</u>	<u>\$ 6,337,739</u>

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Activities
Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Patient service revenue (net of contractual allowances and discounts)	\$ 2,050,244	\$ -	\$ 2,050,244
Provision for bad debts	<u>(115,901)</u>	<u>-</u>	<u>(115,901)</u>
Net patient service revenue	1,934,343	-	1,934,343
Federal government grants	3,856,902	-	3,856,902
Program and contract income	639,945	-	639,945
Contributions	211,354	-	211,354
United Way allocations	31,261	22,000	53,261
In-kind contributions	128,640	-	128,640
Other grants	775,529	-	775,529
Other revenue	<u>14,119</u>	<u>-</u>	<u>14,119</u>
Total support and revenue	<u>7,592,093</u>	<u>22,000</u>	<u>7,614,093</u>
Net assets released from restriction	<u>24,125</u>	<u>(24,125)</u>	<u>-</u>
Expenses:			
Program services	6,248,286	-	6,248,286
Support services	<u>1,195,184</u>	<u>-</u>	<u>1,195,184</u>
Total expenses	<u>7,443,470</u>	<u>-</u>	<u>7,443,470</u>
Loss on disposal of property and equipment	<u>(2,236)</u>	<u>-</u>	<u>(2,236)</u>
Change in net assets	170,512	(2,125)	168,387
Net assets, beginning of year	<u>6,145,227</u>	<u>24,125</u>	<u>6,169,352</u>
Net assets, end of year	<u>\$ 6,315,739</u>	<u>\$ 22,000</u>	<u>\$ 6,337,739</u>

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Functional Expenses Year Ended June 30, 2020 with Comparative 2019 Totals

	Program Services				Support Services			Total Expenses	2019 Total Expenses
	Public Health	Safe Haven	Respite	Total Program Services	Administrative	Fundraising	Total Support Services		
Salaries	\$ 4,118,335	\$ 213,101	\$ 360,141	\$ 4,691,577	\$ 707,107	\$ 73,295	\$ 780,402	\$ 5,471,979	\$ 4,822,668
Employee health and retirement benefits	394,776	26,113	30,768	451,657	72,128	5,137	77,265	528,922	511,342
Payroll taxes and workers compensation insurance	302,306	17,501	28,095	347,902	45,710	5,303	51,013	398,915	358,926
Total staff compensation	4,815,417	256,715	419,004	5,491,136	824,945	83,735	908,680	6,399,816	5,692,936
Education and training	17,131	499	821	18,451	5,017	381	5,398	23,849	26,327
General and program supplies	265,895	14,064	15,869	295,828	11,227	7,803	19,030	314,858	212,130
In-kind expenses	69,716	-	-	69,716	35,329	-	35,329	105,045	128,640
Insurance	60,285	12,214	6,953	79,452	13,114	4,345	17,459	96,911	79,310
Interest	17,686	7,363	17	25,066	1,561	5	1,566	26,632	7,845
Janitorial services	29,676	814	3,474	33,964	60	1,364	1,424	35,388	13,600
Miscellaneous	59,206	1,888	1,890	62,984	3,838	2,387	6,225	69,209	14,714
Postage	3,915	436	420	4,771	616	283	899	5,670	3,578
Professional fees and contract services	545,442	34,188	31,473	611,103	120,637	21,145	141,782	752,885	619,532
Promotional and advertising	15,137	1,514	1,315	17,966	2,186	854	3,040	21,006	4,974
Rental expense	15,120	6,384	161	21,665	216	760	976	22,641	15,647
Repairs and maintenance	74,253	16,900	15,804	106,957	2,205	3,300	5,505	112,462	104,851
Specific assistance to individuals	144,675	17,006	6,233	167,914	17,943	1,593	19,536	187,450	175,424
Telephone expense	65,437	8,537	8,748	82,722	4,871	4,975	9,846	92,568	76,800
Travel and transportation	8,195	689	572	9,456	2,586	459	3,045	12,501	23,994
Utilities	45,659	22,529	13,080	81,268	314	1,716	2,030	83,298	84,110
Total expenses before depreciation	6,252,845	401,740	525,834	7,180,419	1,046,665	135,105	1,181,770	8,362,189	7,284,412
Depreciation	101,000	32,119	386	133,505	61,431	-	61,431	194,936	159,058
Total expenses	\$ 6,353,845	\$ 433,859	\$ 526,220	\$ 7,313,924	\$ 1,108,096	\$ 135,105	\$ 1,243,201	\$ 8,557,125	\$ 7,443,470

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Functional Expenses Year Ended June 30, 2019

	Program Services				Support Services			Total Expenses
	Public Health	Safe Haven	Respite	Total Program Services	Administrative	Fundraising	Total Support Services	
Salaries	\$ 3,548,143	\$ 211,934	\$ 264,358	\$ 4,024,435	\$ 608,846	\$ 189,387	\$ 798,233	\$ 4,822,668
Employee health and retirement benefits	376,591	18,033	22,251	416,875	86,283	8,184	94,467	511,342
Payroll taxes and workers compensation insurance	259,567	16,205	20,672	296,444	48,965	13,517	62,482	358,926
Total staff compensation	4,184,301	246,172	307,281	4,737,754	744,094	211,088	955,182	5,692,936
Education and training	23,181	143	884	24,208	1,805	314	2,119	26,327
General and program supplies	160,389	15,742	12,015	188,146	18,154	5,830	23,984	212,130
In-kind expenses	80,559	-	-	80,559	48,081	-	48,081	128,640
Insurance	48,464	11,859	6,082	66,405	9,067	3,838	12,905	79,310
Interest	-	7,845	-	7,845	-	-	-	7,845
Janitorial services	11,225	-	1,818	13,043	166	391	557	13,600
Miscellaneous	13,085	59	442	13,586	1,099	29	1,128	14,714
Postage	2,195	281	210	2,686	761	131	892	3,578
Professional fees and contract services	487,177	21,348	17,008	525,533	82,831	11,168	93,999	619,532
Promotional and advertising	3,306	219	362	3,887	593	494	1,087	4,974
Rental expense	9,476	5,215	394	15,085	74	488	562	15,647
Repairs and maintenance	74,753	12,079	14,610	101,442	1,480	1,929	3,409	104,851
Specific assistance to individuals	133,419	4,128	33,694	171,241	4,097	86	4,183	175,424
Telephone expense	53,971	7,324	8,984	70,279	2,542	3,979	6,521	76,800
Travel and transportation	17,588	898	471	18,957	4,079	958	5,037	23,994
Utilities	47,086	22,664	11,543	81,293	-	2,817	2,817	84,110
Total expenses before depreciation	5,350,175	355,976	415,798	6,121,949	918,923	243,540	1,162,463	7,284,412
Depreciation	90,691	33,919	1,727	126,337	31,048	1,673	32,721	159,058
Total expenses	<u>\$ 5,440,866</u>	<u>\$ 389,895</u>	<u>\$ 417,525</u>	<u>\$ 6,248,286</u>	<u>\$ 949,971</u>	<u>\$ 245,213</u>	<u>\$ 1,195,184</u>	<u>\$ 7,443,470</u>

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 785,290	\$ 168,387
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	194,936	159,058
Amortization of deferred financing costs	848	-
Loss on disposal of property and equipment	-	2,236
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(85,547)	(12,848)
Other receivables	602,788	(554,497)
Prepaid expenses	(15,971)	1,341
Accounts payable and accrued expenses	(7,079)	25,911
Other liabilities	4,620	(101,450)
	<u>1,479,885</u>	<u>(311,862)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(314,316)	(79,590)
Redemption of certificates of deposit	267,877	265,140
	<u>(46,439)</u>	<u>185,550</u>
Net cash (used in) provided by investing activities		
Cash flows from financing activities:		
Payments of deferred financing costs	(38,177)	-
Proceeds Paycheck Protection Program loan payable	1,024,700	-
Payments on notes payable	(32,042)	(12,514)
	<u>954,481</u>	<u>(12,514)</u>
Net cash provided by (used in) financing activities		
Change in cash and cash equivalents	2,387,927	(138,826)
Cash and cash equivalents, beginning of year	<u>1,730,144</u>	<u>1,868,970</u>
Cash and cash equivalents, end of year	<u>\$ 4,118,071</u>	<u>\$ 1,730,144</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 26,632</u>	<u>\$ 7,845</u>
Noncash investing and financing transactions:		
Purchase of property and equipment through note payable	<u>\$ 1,453,500</u>	<u>\$ -</u>
See accompanying notes to financial statements.		

DAILY PLANET, INCORPORATED

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Description of Organization: The Daily Planet, Incorporated (the "Organization") is a nonprofit corporation exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. It was organized as a rehabilitative service agency to provide services and treatment which will strengthen and enrich the lives of people, primarily those that are homeless, with mental health-related disabilities to function meaningfully in society. The Organization is supported primarily through contributions and governmental grants.

In March 2020, COVID-19 was declared a worldwide health pandemic and has had a significant impact on the national and global economy. As a result, the Organization has been treating additional patients with COVID-19 related illnesses. Additionally, management obtained a Paycheck Program Protection Loan (see Note 5). The ultimate impact of COVID-19 on the Organization's future financial state is unknown at this time.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). GAAP requires the Organization to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Net assets without donor restrictions include unrestricted and board designated funds. The unrestricted and board designated funds include revenue and expenses used currently for general operations and programs of the Organization. There were no board designated net assets at June 30, 2020 and 2019.

Net assets with donor restrictions include contributions and grants restricted by donor designation and interest earned on restricted net assets and is reported as increases in net assets with donor restrictions. When a restriction expires, either with the passage of time or by actions of the Organization, net assets with donor restrictions are released and reclassified to net assets without donor restrictions. If the contribution and activity occur in the same year, the revenue is recorded as net assets without donor restrictions. Net assets with donor restrictions at June 30, 2020, consist of a United Way Services' funding commitment of \$16,250 received for the 2021 fiscal year. Net assets with donor restrictions at June 30, 2019, consisted of a United Way Services' funding commitment of \$22,000 received for the 2020 fiscal year.

Cash and Cash Equivalents: For the purpose of reporting the statements of cash flows, the Organization includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statements of financial position. The Organization had cash balances in a financial institution that exceeded federal depository insurance limits.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Property and Equipment: Acquisitions of property and equipment are recorded at cost. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are 5 to 10 years for furniture and equipment, 3 to 10 years for software, 10 years for vehicles and 5 to 40 years for buildings and improvements. The costs of major improvements are capitalized, while the costs of maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed currently.

Deferred Financing Costs: Deferred financing costs totaling \$38,177 incurred in connection with securing a note payable were capitalized and are being amortized over the fifteen year term of the note (see Note 4). Accumulated amortization totaled \$848 at June 30, 2020. Amortization recorded as interest expense totaled \$848 for 2020. Estimated future amortization recorded for 2021 through 2025 is expected to be \$2,545 per year, and \$24,604 thereafter.

The Organization accounts for deferred financing costs in accordance with Accounting Standards Update 2015-03, which requires the Organization to present deferred financing costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. As a result, unamortized deferred financing costs of \$37,329 as of June 30, 2020, have been included as a deduction of the notes payable in the statements of financial position.

Deferred Revenue: All revenue received in advance for services to be provided subsequent to year-end is deferred revenue and recognized in the year the service is provided.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Organization is subject to tax on any unrelated business income that it may generate. The Organization did not have any activities resulting in unrelated business income during 2020 and 2019.

Income Tax Uncertainties: The Organization follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization is not currently under audit by any tax jurisdiction.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Gifts and Grants: The Organization reports gifts of cash and other assets as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the donor restrictions expire or are met in the fiscal year in which the contributions are recognized.

Net Patient Service Revenue: The Organization reports net patient service revenue at the estimated net realizable amounts from patients, third-party payors and others for services rendered. Patient service revenue, net of contractual allowances and discounts, is reduced by the provision for bad debts, and net patient accounts receivable are reduced by an allowance for contractual adjustments and uncollectible accounts. These amounts are based primarily on management's assessment of historical and expected write-offs and net collections, along with the aging status for each major payor source. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. The estimated allowance was \$192,551 at June 30, 2020, and \$176,351 at June 30, 2019. After reasonable collections efforts have been exhausted in accordance with the Organization's policies, patient accounts receivable are written off.

The Organization provides care to patients regardless of their ability to pay. The Organization established a sliding fee schedule for discounted services, up to 100%, based on the patient income and Federal Poverty Level guidelines. The associated discounts based on the sliding fee are not reported as net patient service revenues.

Grants and Contributions Receivable: Under FASB guidance for accounting for contributions received, contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. If the unconditional promise to give is to occur over several fiscal periods, the assets will be measured at their present value. At June 30, 2020 and 2019, there were no unconditional promises to give.

In addition, the Organization has recorded receivables from United Way in the amount of \$16,250 in 2020 and \$22,000 in 2019.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

In-kind Contributions: Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and of a type that would typically be purchased if not provided by donation, are recorded at their fair values in the period received. A number of unpaid volunteers who serve in various capacities have made significant contributions of their time in the furtherance of the Organization's programs. The value of this contributed time is not reflected in these statements because the criteria for the recognition under ASC 958 have not been satisfied. Contributions of donated noncash assets are recorded at their fair market values in the period received. The amount recorded as in-kind contributions for medical lab testing, clothing, toiletries, and other disposable items equaled \$105,045 for 2020 and \$128,640 for 2019.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses: The costs of providing various program and supporting services have been summarized on the functional basis in the statements of activities. Expenses have been summarized based on function and natural classification in the statements of functional expenses. Accordingly, salaries and related costs have been allocated based on time spent in the various functions. Certain attributable costs that are not readily identified as benefiting a functional area are charged to administrative services. Program costs are allocated to the appropriate programs in which the costs are derived.

Subsequent Events: Management has evaluated subsequent events through October 8, 2020, the date the financial statements were available for issuance, and has determined there are no subsequent events to be reported in the accompanying financial statements.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

2. Property and Equipment:

Property and equipment consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,323,108	\$ 218,108
Buildings and improvements	6,233,790	5,102,386
Furniture and equipment	242,290	242,291
Software	124,710	112,821
Vehicle	6,606	6,606
Construction in process	-	479,904
	<u>7,930,504</u>	<u>6,162,116</u>
Less accumulated depreciation	<u>2,499,895</u>	<u>2,304,387</u>
Net property and equipment	<u>\$ 5,430,609</u>	<u>\$ 3,857,729</u>

Depreciation expense amounted to \$194,936 for 2020 and \$159,058 for 2019.

At June 30, 2019, construction in process was composed of building renovations at the Organization's headquarters located at 517 West Grace Street in Richmond, Virginia. During 2020, the building renovations were completed.

3. Contingent Liabilities:

Grant funds are subject to audit by the funding agencies to determine compliance with various grant requirements. Should any expenditure be disallowed, they must be refunded to the granting agency. Under the terms of the grant awards, grantors retain the right to require unexpended funds to be returned to the granting agency, unless prior approval is obtained for subsequent expending by the Organization.

4. Notes Payable:

The Organization has a note with the Virginia Housing Development Authority, secured by property located at 2856-2864 Hull Street. The note is payable in monthly installments of \$1,686, including interest at a rate of 3%, and matures in December 2034. The note payable balance as of June 30, 2020 and 2019, was \$237,706 and \$250,601, respectively.

During 2020, the Organization entered into a new note payable agreement with Atlantic Union for \$1,453,500 for purposes of financing its acquisition of property at 551 W. Grace St. The note agreement requires monthly installments of \$7,453, including interest at a rate of 3.67%, and matures in February 2035. The note is secured by a deed of trust. The note payable balance as of June 30, 2020, was \$1,397,024 and is presented net of unamortized deferred financing costs of \$37,329.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

4. Notes Payable, Continued:

Aggregate principal maturities required on the notes payable at June 30, 2020, are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2021	\$ 49,688
2022	51,470
2023	53,316
2024	55,095
2025	57,207
Thereafter	<u>1,405,283</u>
	1,672,059
Unamortized deferred financing costs	<u>(37,329)</u>
	<u>\$ 1,634,730</u>

5. Paycheck Protection Program Loan:

In response to the economic instability caused by COVID-19, the “CARES Act” was passed by Congress and signed into law by the President on March 27, 2020. The Paycheck Protection Program was a component of the CARES Act and provided for a loan (“PPP Loan”) to provide a direct incentive for employers to keep their employees on the payroll. A PPP Loan is eligible for full or partial forgiveness if the funds are used for qualifying costs including payroll, rent, mortgage interest, or utilities, as further defined in the CARES Act.

The Organization applied for and was approved for a PPP Loan in the amount of \$1,024,700. The loan was funded on April 20, 2020. The loan accrued interest at 1.0%, but payments are not required to begin for six months after the funding of the PPP Loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP Loan is uncollateralized and is fully guaranteed by the federal government.

As of June 30, 2020, the Organization had used all of the loan proceeds for qualifying costs and as a result, management believes the PPP Loan will be fully forgiven. Based on its facts and circumstances, the Organization elected not to recognize the loan forgiveness as of June 30, 2020, as it had not been forgiven as of the date the financial statements were available for issuance. The PPP Loan is reflected as a loan payable in the accompanying 2020 statements of financial position.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

6. Net Patient Service Revenue:

For the years ended June 30, 2020 and 2019, patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), by primary payor source was as follows:

	<u>2020</u>	<u>2019</u>
Third-Party Payors	\$ 1,970,276	\$ 1,688,410
Self-Pay	<u>298,217</u>	<u>361,834</u>
	<u>\$ 2,268,493</u>	<u>\$ 2,050,244</u>

7. Commitments:

Leases:

The Organization has several lease agreements for the use of copiers and printers. Monthly payments range from \$44 to \$753, with the leases expiring between November 2021 and May 2023. Future minimum lease payments are expected to be \$17,135 in 2021, \$10,745 in 2022, and \$5,231 in 2023.

Rent expense for these copier leases was \$22,641 for 2020 and \$15,647 for 2019.

Bon Secours Service Agreement:

The Organization has entered into an agreement with Bon Secours Richmond Health Care Foundation (“BSRHCF”) for BSRHCF to provide certain services under a grant funded by the United States Health Resources and Services Administration. The Organization incurred expenses of \$107,684 in 2019 to BSRHCF for these services. This agreement expired on February 28, 2019 and was not renewed.

8. Pension Plan:

The Organization offers a defined benefit plan through United Way of Greater Richmond & Petersburg for employees meeting the eligibility requirements of age 21 and completing one year of service with a minimum of 1,000 hours worked. The plan pays retirees a fixed amount that is based on the number of years of service and compensation history. Benefits are fully vested after the employee has reached three years of service. Effective December 31, 2008, the plan sponsor, United Way of Greater Richmond & Petersburg, decided to freeze all future benefit accruals for those who are active participants. The pension plan was also frozen to new participants as of that date. Based on actuarial assumptions, current interest rates, market conditions, requirements of the Pension Protection Act, and other factors, the Organization is likely to be required to make future contributions to the plan. Retirement expense recorded for the defined benefit plan was \$61,020 for 2020 and \$63,422 for 2019.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

8. Pension Plan, Continued:

The Organization also maintains a 403(b) retirement plan that covers substantially all full-time employees. The Organization will match up to 3% of employees' contributions to the 403(b) retirement plan. Retirement expense recorded for the 403(b) plan was \$92,617 for 2020 and \$65,653 for 2019.

9. Liquidity and Availability of Financial Assets:

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

	2020	2019
Financial assets available within one year:		
Cash and cash equivalents	\$ 4,118,071	\$ 1,730,144
Certificates of deposits	-	267,877
Patient accounts receivable, net	261,898	176,351
Other receivables	101,260	698,298
United Way Services funding commitment for the next fiscal year	16,250	22,000
Total	4,497,479	2,894,670
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	16,250	22,000
Total	16,250	22,000
Financial assets available for general expenditure within one year	\$ 4,481,229	\$ 2,872,670

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Included in cash and cash equivalents is the \$1,024,700 PPP Loan described in Note 5. The Organization believes the loan will be forgiven in full but has not received formal notification of the forgiveness.

DAILY PLANET, INCORPORATED

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Disbursements /Expenditures</u>
U.S. Department of Health and Human Services:		
Health Care for the Homeless	93.224	\$ 3,125,210
Health Infrastructure Investment Program	93.526	30,902
Ryan White Care Act Part B	93.917	<u>541,748</u>
Total U.S. Department of Health and Human Services		<u>3,697,860</u>
U.S. Department of Housing and Urban Development:		
Supportive Housing Program - Safe Haven - No. VA36B94-0066	14.235	<u>295,080</u>
Passed Through City of Richmond Passed Through Department of Justice Services Continuum of Care Program	14.267	<u>62,958</u>
Total U.S. Department of Housing and Urban Development		<u>358,038</u>
Total		<u>\$ 4,055,898</u>

Note A – Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Daily Planet, Incorporated and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The amounts shown as current year expenditures represent only the federal portion of the actual program costs. Actual program costs, including the Organization's portion, may be more than shown.

Daily Planet, Incorporated has elected to not use the 10% de minimis indirect cost rate.

See report of independent accountants.

**REPORT OF INDEPENDENT ACCOUNTANTS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Daily Planet, Incorporated
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Daily Planet, Incorporated (the "Organization"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2020.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Keita", with a long, sweeping horizontal stroke extending to the right.

October 8, 2020
Glen Allen, Virginia

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Daily Planet, Incorporated
Richmond, Virginia

Report on Compliance for Each Major Federal Program

We have audited Daily Planet, Incorporated's (the "Organization") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. The Organization's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of federal awards applicable to each major federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs 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; 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* (CFR) Part 200, *Uniform Administrative Requirements, Costs 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 Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each 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 Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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.



October 8, 2020
Glen Allen, Virginia

DAILY PLANET, INCORPORATED

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

Not Applicable

DAILY PLANET, INCORPORATED

Schedule of Findings and Questioned Costs Year Ended June 30, 2020

A. SUMMARY OF AUDIT RESULTS

- (1) The auditors' report expresses an unmodified opinion on the financial statements of Daily Planet, Incorporated.
- (2) No material weaknesses or significant deficiencies in internal control were disclosed during the audit of the financial statements
- (3) No instances of noncompliance, material to the financial statements of Daily Planet, Incorporated, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- (4) No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
- (5) The auditors' report on compliance for the major federal award programs for Daily Planet, Incorporated expresses an unmodified opinion.
- (6) There were no audit findings relative to the major federal award programs for Daily Planet, Incorporated.
- (7) The programs tested as major programs included:

U.S. Department of Health and Human Services:
Health Care for the Homeless, CFDA No. 93.224
- (8) The threshold used for distinguishing between Type A and B programs was \$750,000.
- (9) Daily Planet, Incorporated was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

DAILY PLANET, INCORPORATED

Corrective Action Plan
Year Ended June 30, 2020

Not Applicable