



Financial Statements

June 30, 2021 and 2020



4401 Dominion Boulevard
Glen Allen, Virginia 23060
Tel: 804.747.0000
www.keitercpa.com

DAILY PLANET, INCORPORATED

Table of Contents

	<u>Page</u>
Report of Independent Accountants	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplemental Information:	
Schedule of Expenditures of Federal Awards	19
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 <i>Government Auditing Standards</i>	21
Report of Independent Accountants on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	23
Summary Schedule of Prior Audit Findings	25
Schedule of Findings and Questioned Costs	26
Corrective Action Plan	28

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, 2021 and 2020, 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, 2021 and 2020, 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 November 22, 2021, 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.



November 22, 2021
Glen Allen, Virginia

DAILY PLANET, INCORPORATED

Statements of Financial Position June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Assets:		
Cash and cash equivalents	\$ 5,857,305	\$ 4,118,071
Patient accounts receivable, net	417,628	261,898
Other receivables	98,329	101,260
United Way Services funding commitment for the next fiscal year	16,250	16,250
Prepaid expenses	74,668	60,612
Property and equipment, net	<u>5,720,559</u>	<u>5,430,609</u>
Total assets	<u>\$ 12,184,739</u>	<u>\$ 9,988,700</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 216,870	\$ 77,019
Accrued annual leave	136,297	124,602
Unearned income	13,875	-
Other liabilities	19,911	4,620
Notes payable	1,592,242	1,634,730
Paycheck Protection Program loan payable	<u>-</u>	<u>1,024,700</u>
Total liabilities	<u>1,979,195</u>	<u>2,865,671</u>
Net assets:		
Without donor restrictions	10,189,294	7,106,779
With donor restrictions	<u>16,250</u>	<u>16,250</u>
Total net assets	<u>10,205,544</u>	<u>7,123,029</u>
Total liabilities and net assets	<u>\$ 12,184,739</u>	<u>\$ 9,988,700</u>

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Activities Year Ended June 30, 2021 with Comparative 2020 Totals

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Support and revenue:				
Patient service revenue (net of contractual allowances and discounts)	\$ 2,967,026	\$ -	\$ 2,967,026	\$ 2,268,493
Provision for bad debts	<u>(138,352)</u>	<u>-</u>	<u>(138,352)</u>	<u>(83,173)</u>
Net patient service revenue	2,828,674	-	2,828,674	2,185,320
Federal government grants	5,570,620	-	5,570,620	4,055,898
Program and contract income	1,916,461	-	1,916,461	1,537,982
Contributions	553,186	-	553,186	259,398
United Way allocations	30,135	16,250	46,385	36,898
In-kind contributions	30,609	-	30,609	105,045
Other grants	1,122,841	-	1,122,841	1,144,487
Gain on PPP loan forgiveness	1,024,700	-	1,024,700	-
Other revenue	<u>3,637</u>	<u>-</u>	<u>3,637</u>	<u>17,387</u>
Total support and revenue	<u>13,080,863</u>	<u>16,250</u>	<u>13,097,113</u>	<u>9,342,415</u>
Net assets released from restriction	<u>16,250</u>	<u>(16,250)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program services	8,543,885	-	8,543,885	7,313,924
Support services	<u>1,470,713</u>	<u>-</u>	<u>1,470,713</u>	<u>1,243,201</u>
Total expenses	<u>10,014,598</u>	<u>-</u>	<u>10,014,598</u>	<u>8,557,125</u>
Change in net assets	3,082,515	-	3,082,515	785,290
Net assets, beginning of year	<u>7,106,779</u>	<u>16,250</u>	<u>7,123,029</u>	<u>6,337,739</u>
Net assets, end of year	<u>\$ 10,189,294</u>	<u>\$ 16,250</u>	<u>\$ 10,205,544</u>	<u>\$ 7,123,029</u>

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Activities
Year Ended June 30, 2020

	<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)	\$ 2,268,493	\$ -	\$ 2,268,493
Provision for bad debts	<u>(83,173)</u>	<u>-</u>	<u>(83,173)</u>
Net patient service revenue	2,185,320	-	2,185,320
Federal government grants	4,055,898	-	4,055,898
Program and contract income	1,537,982	-	1,537,982
Contributions	259,398	-	259,398
United Way allocations	20,648	16,250	36,898
In-kind contributions	105,045	-	105,045
Other grants	1,144,487	-	1,144,487
Other revenue	<u>17,387</u>	<u>-</u>	<u>17,387</u>
Total support and revenue	<u>9,326,165</u>	<u>16,250</u>	<u>9,342,415</u>
Net assets released from restriction	<u>22,000</u>	<u>(22,000)</u>	<u>-</u>
Expenses:			
Program services	7,313,924	-	7,313,924
Support services	<u>1,243,201</u>	<u>-</u>	<u>1,243,201</u>
Total expenses	<u>8,557,125</u>	<u>-</u>	<u>8,557,125</u>
Change in net assets	791,040	(5,750)	785,290
Net assets, beginning of year	<u>6,315,739</u>	<u>22,000</u>	<u>6,337,739</u>
Net assets, end of year	<u>\$ 7,106,779</u>	<u>\$ 16,250</u>	<u>\$ 7,123,029</u>

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Functional Expenses Year Ended June 30, 2021 with Comparative 2020 Totals

	Program Services				Support Services			Total Expenses	2020 Total Expenses
	Public Health	Safe Haven	Respite	Total Program Services	Administrative	Fundraising	Total Support Services		
Salaries	\$ 4,686,456	\$ 202,881	\$ 461,163	\$ 5,350,500	\$ 900,877	\$ -	\$ 900,877	\$ 6,251,377	\$ 5,471,979
Employee health and retirement benefits	457,822	20,267	33,456	511,545	56,079	6,161	62,240	573,785	528,922
Payroll taxes and workers compensation insurance	343,936	17,001	35,987	396,924	72,215	197	72,412	469,336	398,915
Total staff compensation	5,488,214	240,149	530,606	6,258,969	1,029,171	6,358	1,035,529	7,294,498	6,399,816
Education and training	35,132	1,452	2,942	39,526	3,870	1,326	5,196	44,722	23,849
General and program supplies	212,822	11,426	15,739	239,987	14,465	7,571	22,036	262,023	314,858
In-kind expenses	-	-	-	-	30,609	-	30,609	30,609	105,045
Insurance	49,714	-	5,228	54,942	13,657	3,267	16,924	71,866	96,911
Interest	52,148	1,186	-	53,334	4,314	-	4,314	57,648	26,632
Janitorial services	31,105	2,100	24,155	57,360	231	354	585	57,945	35,388
Miscellaneous	76,967	6,564	6,301	89,832	8,663	3,479	12,142	101,974	69,209
Postage	2,574	166	227	2,967	276	170	446	3,413	5,670
Professional fees and contract services	577,743	41,662	57,728	677,133	110,670	34,742	145,412	822,545	752,885
Promotional and advertising	22,855	1,890	2,787	27,532	11,946	1,588	13,534	41,066	21,006
Rental expense	10,048	8,026	1,061	19,135	1,381	663	2,044	21,179	22,641
Repairs and maintenance	102,174	25,052	20,185	147,411	1,053	3,959	5,012	152,423	112,462
Specific assistance to individuals	428,428	44,620	50,536	523,584	116,955	23,578	140,533	664,117	187,450
Telephone expense	79,079	10,279	9,165	98,523	9,507	5,278	14,785	113,308	92,568
Travel and transportation	3,803	531	425	4,759	687	266	953	5,712	12,501
Utilities	56,531	18,682	10,368	85,581	937	1,899	2,836	88,417	83,298
Total expenses before depreciation	7,229,337	413,785	737,453	8,380,575	1,358,392	94,498	1,452,890	9,833,465	8,362,189
Depreciation	130,832	32,091	387	163,310	17,823	-	17,823	181,133	194,936
Total expenses	<u>\$ 7,360,169</u>	<u>\$ 445,876</u>	<u>\$ 737,840</u>	<u>\$ 8,543,885</u>	<u>\$ 1,376,215</u>	<u>\$ 94,498</u>	<u>\$ 1,470,713</u>	<u>\$ 10,014,598</u>	<u>\$ 8,557,125</u>

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Functional Expenses Year Ended June 30, 2020

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

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statements of Cash Flows Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,082,515	\$ 785,290
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	181,133	194,936
Amortization of deferred financing costs	2,545	848
Gain on Paycheck Protection Program loan forgiveness	(1,024,700)	-
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(155,730)	(85,547)
Other receivables	2,931	602,788
Prepaid expenses	(14,056)	(15,971)
Accounts payable and accrued expenses	151,546	(7,079)
Unearned income	13,875	-
Other liabilities	15,291	4,620
	<u>2,255,350</u>	<u>1,479,885</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(471,083)	(314,316)
Redemption of certificates of deposit	-	267,877
	<u>(471,083)</u>	<u>(46,439)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Payments of deferred financing costs	-	(38,177)
Proceeds from Paycheck Protection Program loan payable	-	1,024,700
Payments on notes payable	(45,033)	(32,042)
	<u>(45,033)</u>	<u>954,481</u>
Net cash (used in) provided by financing activities		
Change in cash and cash equivalents	1,739,234	2,387,927
Cash and cash equivalents, beginning of year	<u>4,118,071</u>	<u>1,730,144</u>
Cash and cash equivalents, end of year	<u>\$ 5,857,305</u>	<u>\$ 4,118,071</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 55,103</u>	<u>\$ 26,632</u>
Noncash investing and financing transactions:		
Purchase of property and equipment through note payable	<u>\$ -</u>	<u>\$ 1,453,500</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.

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, 2021 and 2020.

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, 2021, consist of a United Way Services’ funding commitment of \$16,250 received for the 2022 fiscal year. Net assets with donor restrictions at June 30, 2020, consisted of a United Way Services’ funding commitment of \$16,250 received for the 2021 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 \$3,393 at June 30, 2021 and \$848 at June 30, 2020. Amortization recorded as interest expense totaled \$2,545 for 2021 and \$848 for 2020. Estimated future amortization recorded for 2022 through 2026 is expected to be \$2,545 per year, and \$22,059 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 \$34,784 as of June 30, 2021, have been included as a deduction of the notes payable in the statements of financial position.

Revenue Recognition: During 2014, the FASB issued a new standard for revenue recognition, Accounting Standards Update (“ASU”) 2014-09, which has been incorporated into FASB guidance as ASC 606. The standard defines a process for evaluating revenue recognition including 1) identify the contract, 2) identify separate performance obligations, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations, and 5) recognize revenue when (or as) the Organization satisfies a performance obligation. One of the key concepts in the standard is that revenue should be recognized when a customer has control over a good or service. The standard also requires an entity to enhance revenue recognition disclosures in the accounting policy footnote including both quantitative and qualitative information, significant judgments involved in the process, and the amount and timing of remaining performance obligations. The Organization has adopted the standard as of July 1, 2020 under the modified retrospective method. The adoption of ASC 606 did not have a material impact on the Organization’s beginning net assets or revenue for 2021.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Revenue Recognition, Continued:

The Organization reports net patient service revenue at the estimated net realizable amounts from patients, third-party payors and others for services rendered. The performance obligation for the Organization is providing healthcare and treatment services, with revenue being recognized at the point in time when this is satisfied. 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 \$339,609 at June 30, 2021, and \$192,551 at June 30, 2020. 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.

A contract asset is the Organization's right to consideration in exchange for goods or services the Organization has transferred to a patient. Contract liabilities represent consideration received from a patient before the Organization has transferred a good or service to the patient. There were no contract assets as of June 30, 2021 and 2020. Contract liabilities include unearned income which amounted to \$13,875 at June 30, 2021. There were no contract liabilities at June 30, 2020.

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 2021 and 2020.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

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.

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.

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, 2021 and 2020, there were no unconditional promises to give.

In addition, the Organization has recorded receivables from United Way in the amount of \$16,250 in 2021 and \$16,250 in 2020.

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 \$30,609 for 2021 and \$105,045 for 2020.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

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 November 22, 2021, 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.

2. Property and Equipment:

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

	<u>2021</u>	<u>2020</u>
Land	\$ 1,323,108	\$ 1,323,108
Buildings and improvements	6,397,023	6,233,790
Furniture and equipment	245,582	242,290
Software	140,518	124,710
Vehicle	195,209	6,606
Construction in process	100,393	-
	<u>8,401,833</u>	<u>7,930,504</u>
Less accumulated depreciation	<u>2,681,274</u>	<u>2,499,895</u>
Net property and equipment	<u>\$ 5,720,559</u>	<u>\$ 5,430,609</u>

Depreciation expense amounted to \$181,133 for 2021 and \$194,936 for 2020.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

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 (“VH”), secured by property located at 2856-2864 Hull Street. During October 2020, VH provided the Organization with a waiver that suspended principal and interest payments for ten years, beginning October 1, 2020 through September 30, 2030 (the “modification period”). No interest is accruing on the loan during the modification period. At the end of the modification period, if the Organization remains in compliance with its regulatory requirements then the full balance of the note will be forgiven.

Prior to the VH waiver, the note was 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, 2021 and 2020, was \$229,221 and \$237,706, respectively.

During 2020, the Organization entered into a note payable agreement with Atlantic Union for \$1,453,500 for purposes of financing its acquisition of property at 511 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, 2021, was \$1,363,021 and is presented net of unamortized deferred financing costs of \$34,784. 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.

Aggregate principal maturities required on the notes payable at June 30, 2021, are as follows:

Year Ending June 30:	Amount
2022	\$ 37,778
2023	39,208
2024	40,558
2025	42,227
2026	43,825
Thereafter	1,423,430
	<u>1,627,026</u>
Unamortized deferred financing costs	<u>(34,784)</u>
	<u>\$ 1,592,242</u>

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

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.

During 2020, the Organization received 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%. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP Loan was uncollateralized and was fully guaranteed by the federal government.

As of June 30, 2021, the Organization had used all of the loan proceeds for qualifying costs and as a result, and the PPP Loan was fully forgiven on March 10, 2021. Based on its facts and circumstances, the Organization recognized the forgiveness of the loan as a gain on PPP loan forgiveness on the accompanying statements of activities.

6. Net Patient Service Revenue:

For the years ended June 30, 2021 and 2020, patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), by primary payor source was as follows:

	2021	2020
Third-Party Payors	\$ 2,668,809	\$ 1,906,659
Self-Pay	298,217	361,834
	<u>\$ 2,967,026</u>	<u>\$ 2,268,493</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 \$10,745 in 2022, and \$5,231 in 2023.

Rent expense for these copier leases was \$21,179 for 2021 and \$22,641 for 2020.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

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 \$41,176 for 2021 and \$61,020 for 2020.

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 \$85,736 for 2021 and \$92,617 for 2020.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

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:

	<u>2021</u>	<u>2020</u>
Financial assets available within one year:		
Cash and cash equivalents	\$ 5,857,305	\$ 4,118,071
Patient accounts receivable, net	417,628	261,898
Other receivables	98,329	101,260
United Way Services funding commitment for the next fiscal year	<u>16,250</u>	<u>16,250</u>
Total	<u>6,389,512</u>	<u>4,497,479</u>
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	<u>16,250</u>	<u>16,250</u>
Total	<u>16,250</u>	<u>16,250</u>
Financial assets available for general expenditure within one year	<u>\$ 6,373,262</u>	<u>\$ 4,481,229</u>

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 at June 30, 2020 is the \$1,024,700 PPP Loan described in Note 5. The loan was forgiven during 2021.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

10. New Accounting Guidance:

Leases: In February 2016, the FASB issued new guidance over leases which requires that all leasing activity with initial terms in excess of twelve months be recognized on the statement of financial position with a right of use asset and a lease liability. The standard will require entities to classify leases as either a finance, or operating lease based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statement of activities.

On the statement of cash flows, the principal portion of the finance lease payments will be classified as a financing activity. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statement of activities. On the statement of cash flows, all cash payments for operating leases will be classified as an operating activity. The new standard will be effective for periods beginning after December 15, 2021, and will require entities to use a modified retrospective approach to the earliest period presented. The Organization is currently evaluating the reporting and economic implications of the new standard.

In-Kind Disclosure Requirements: In September 2020, the FASB issued ASU 2020-07, "Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets." The standard provides additional guidance to nonprofit organizations on how to record and disclose in-kind contributions. The overall purpose of the update is to provide more transparency in how organizations are receiving and valuing in-kind contributions. The ASU now requires nonprofit organizations to present in-kind contributions as a separate line items in the Statement of Activities and to provide additional disclosures in the footnotes covering the following areas:

- A description of the organization's policy for monetizing rather than utilizing in-kind contributions;
- A listing of in-kind contributions categorized by type with a description about whether each type was monetized or utilized during the reporting period;
- For in-kind contributions that were utilized during the reporting period, the nonprofit must include a description of the programs or activities in which those contributions were used; and
- A description of the valuation process utilized by the organization to determine the fair value of the in-kind contributions.
-

The ASU is effective for periods beginning after June 30, 2021. The Organization is currently evaluating the reporting and economic implications of the new standard.

DAILY PLANET, INCORPORATED

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

<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:		
CFDA No. 93.224:		
Health Care for the Homeless	93.224	\$ 3,356,310
COVID-19: CARES Act	93.224	772,460
COVID-19: Expanding Capacity for Coronavirus Testing	93.224	201,424
COVID-19: Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020	93.224	<u>48,208</u>
Total expenditures under CFDA No. 93.224		4,378,402
Ryan White Care Act Part B	93.917	<u>871,773</u>
Total U.S. Department of Health and Human Services		<u>5,250,175</u>
U.S. Department of Housing and Urban Development:		
Supportive Housing Program - Safe Haven - No. VA36B94-0066	14.235	<u>271,849</u>
Passed Through City of Richmond Passed Through Department of Justice Services Continuum of Care Program	14.267	<u>48,596</u>
Total U.S. Department of Housing and Urban Development		<u>320,445</u>
Total		<u><u>\$ 5,570,620</u></u>

See report of independent accountants.

DAILY PLANET, INCORPORATED

Schedule of Expenditures of Federal Awards, Continued Year Ended June 30, 2021

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, 2021 and 2020, 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 November 22, 2021.

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.

November 22, 2021
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, 2021. 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, 2021.

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.



November 22, 2021
Glen Allen, Virginia

DAILY PLANET, INCORPORATED

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Not Applicable

DAILY PLANET, INCORPORATED

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

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
 - CARES Act, CFDA No. 93.224
 - Expanding Capacity for Coronavirus Testing, CFDA No. 93.224
 - Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, CFDA No. 93.224
 - Ryan White Care Act Part B, CFDA No. 93.917
- (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.

DAILY PLANET, INCORPORATED

Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2021

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, 2021

Not Applicable