

Lutheran Services Florida, Inc. and Subsidiary

Consolidated Financial and Compliance Report
June 30, 2020

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RSM US LLP

Independent Auditor's Report

Board of Directors
Lutheran Services Florida, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Lutheran Services Florida, Inc. and its subsidiary, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters - Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of Florida Chapter 10.650, *Rules of the Auditor General*, 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 audit 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 of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2020 on our consideration of Lutheran Services Florida, Inc. and its subsidiary'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lutheran Services Florida, Inc. and its subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lutheran Services Florida, Inc. and its subsidiary's internal control over financial reporting and compliance.

RSM US LLP

Orlando, Florida
December 28, 2020

Lutheran Services Florida, Inc. and Subsidiary

Consolidated Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,643,525	\$ 14,174,720
Accounts receivable, net (Note 3)	21,499,115	21,143,582
Current portion of gifted facilities (Note 6)	1,901,211	1,487,442
Prepaid expenses	1,049,757	934,550
Total current assets	38,093,608	37,740,294
Investments (Note 2)	1,000,392	955,432
Assets limited as to use (Note 2)	185,994	485,740
Beneficial interest in assets held by others (Notes 2 and 5)	828,291	850,018
Gifted facilities, net of current portion (Note 6)	4,606,887	5,412,812
Property and equipment, net (Note 4)	4,656,233	6,082,882
Other assets	180,318	179,731
Total assets	\$ 49,551,723	\$ 51,706,909
Liabilities and Net Assets		
Current liabilities:		
Line of credit (Note 8)	\$ -	\$ 2,765,842
Accounts payable (Note 7)	24,154,432	19,841,720
Accrued salaries and payroll related expenses	5,771,843	5,137,946
Other accrued expenses	668,431	1,038,136
Deferred revenue	3,639,964	8,848,087
Current portion of capital lease obligations (Note 10)	391,016	366,124
Current portion of note payable (Note 9)	222,254	-
Total current liabilities	34,847,940	37,997,855
Capital lease obligations, net of current portion (Note 10)	1,469,156	1,860,172
Note payable, net of current portion (Note 9)	2,368,705	-
Total liabilities	38,685,801	39,858,027
Commitments and contingencies (Notes 10, 14, 16 and 19)		
Net assets (Notes 11 and 12):		
Without donor restrictions	2,084,811	1,873,808
With donor restrictions	8,781,111	9,975,074
Total net assets	10,865,922	11,848,882
Total liabilities and net assets	\$ 49,551,723	\$ 51,706,909

See notes to consolidated financial statements.

Lutheran Services Florida, Inc. and Subsidiary

**Consolidated Statements of Activities
Years Ended June 30, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Government grants and contracts	\$ 244,881,967	\$ -	\$ 244,881,967	\$ 237,575,155	\$ -	\$ 237,575,155
In-kind contributions (Note 15)	3,832,015	-	3,832,015	5,057,806	-	5,057,806
Contributions	662,707	2,043,693	2,706,400	300,363	6,781,548	7,081,911
Program service fees	1,087,134	-	1,087,134	1,144,206	-	1,144,206
Other income, net	511,834	-	511,834	565,509	-	565,509
Investment income, net	91,959	-	91,959	129,099	-	129,099
Change in value of beneficial interest in assets held by others	(21,727)	-	(21,727)	8,875	-	8,875
Net assets released from restrictions (Note 11)	3,237,656	(3,237,656)	-	1,768,107	(1,768,107)	-
Total revenues and support	254,283,545	(1,193,963)	253,089,582	246,549,120	5,013,441	251,562,561
Expenses:						
Program services	244,909,063	-	244,909,063	238,708,590	-	238,708,590
Supporting services	9,163,479	-	9,163,479	7,649,083	-	7,649,083
Total expenses	254,072,542	-	254,072,542	246,357,673	-	246,357,673
Change in net assets	211,003	(1,193,963)	(982,960)	191,447	5,013,441	5,204,888
Net assets:						
Beginning	1,873,808	9,975,074	11,848,882	1,682,361	4,961,633	6,643,994
Ending	\$ 2,084,811	\$ 8,781,111	\$ 10,865,922	\$ 1,873,808	\$ 9,975,074	\$ 11,848,882

See notes to consolidated financial statements.

Lutheran Services Florida, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services						Supporting Services			
	Children's Services	Youth and Family Services	Resettlement Services	Adult Services	Substance Abuse and Mental Health Services	Total Program Services	General and Administrative	Advancement	Total Supporting Services	Total Expenses
Salaries	\$ 23,130,271	\$ 13,981,236	\$ 3,462,838	\$ 897,993	\$ 2,779,855	\$ 44,252,193	\$ 4,663,745	\$ 186,391	\$ 4,850,136	\$ 49,102,329
Payroll taxes and employee benefits	6,041,194	3,165,541	806,228	287,627	527,143	10,827,733	939,616	49,358	988,974	11,816,707
Total salaries and related expenses	29,171,465	17,146,777	4,269,066	1,185,620	3,306,998	55,079,926	5,603,361	235,749	5,839,110	60,919,036
Professional fees and contract services	1,681,489	198,529	106,383	203,457	269,461	2,459,319	863,849	19,838	883,687	3,343,006
Subcontractor expenses	18,206,023	387,175	702,807	580,066	143,327,438	163,203,509	577,032	-	577,032	163,780,541
Office expenses and program supplies	776,813	332,494	104,666	46,444	96,073	1,356,490	212,351	932	213,283	1,569,773
Food	1,583,561	219,308	90	-	-	1,802,959	-	-	-	1,802,959
Assistance to individuals	4,031,815	73,590	560,591	313,670	-	4,979,666	-	-	-	4,979,666
Occupancy	4,089,268	773,831	585,055	149,416	183,775	5,781,345	584,988	10,438	595,426	6,376,771
Repairs and maintenance	1,063,968	245,357	45,588	25,197	2,632	1,382,742	36,839	366	37,205	1,419,947
Equipment costs	218,201	109,304	28,645	8,963	27,941	393,054	141,377	26,711	168,088	561,142
Insurance and taxes	517,667	235,936	50,384	18,932	18,171	841,090	92,100	1,026	93,126	934,216
Transportation and travel	749,134	751,894	45,267	30,703	140,803	1,717,801	189,740	11,217	200,957	1,918,758
Postage, printing and publication	40,945	42,205	17,312	18,435	23,960	142,857	22,648	12,931	35,579	178,436
Interest	111,875	-	-	-	-	111,875	170,299	-	170,299	282,174
In-kind expenses (Note 15)	3,683,891	8,771	131,753	-	-	3,824,415	7,600	-	7,600	3,832,015
Other operating expenses	1,062,989	113,936	2,552	22,648	85,206	1,287,331	116,429	4,768	121,197	1,408,528
Total expenses before depreciation and amortization	66,989,104	20,639,107	6,650,159	2,603,551	147,482,458	244,364,379	8,618,613	323,976	8,942,589	253,306,968
Depreciation and amortization	461,571	68,285	-	6,162	8,666	544,684	220,890	-	220,890	765,574
Total expenses	\$ 67,450,675	\$ 20,707,392	\$ 6,650,159	\$ 2,609,713	\$ 147,491,124	\$ 244,909,063	\$ 8,839,503	\$ 323,976	\$ 9,163,479	\$ 254,072,542

See notes to consolidated financial statements.

Lutheran Services Florida, Inc. and Subsidiary

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2019**

	Program Services					Supporting Services				
	Children's Services	Youth and Family Services	Resettlement Services	Adult Services	Substance Abuse and Mental Health Services	Total Program Services	General and Administrative	Advancement	Total Supporting Services	Total Expenses
Salaries	\$ 24,980,287	\$ 11,495,383	\$ 3,767,401	\$ 876,382	\$ 2,812,655	\$ 43,932,108	\$ 3,980,857	\$ 40,504	\$ 4,021,361	\$ 47,953,469
Payroll taxes and employee benefits	7,412,789	3,018,989	1,033,978	308,144	603,259	12,377,159	1,087,282	15,523	1,102,805	13,479,964
Total salaries and related expenses	32,393,076	14,514,372	4,801,379	1,184,526	3,415,914	56,309,267	5,068,139	56,027	5,124,166	61,433,433
Professional fees and contract services	1,440,243	220,858	210,179	254,503	472,412	2,598,195	990,999	131	991,130	3,589,325
Subcontractor expenses	21,049,335	-	-	783,005	131,646,762	153,479,102	-	-	-	153,479,102
Office expenses and program supplies	1,424,515	280,012	69,739	13,986	146,596	1,934,848	134,612	1,716	136,328	2,071,176
Food	2,481,535	137,843	643	364	128	2,620,513	32	-	32	2,620,545
Assistance to individuals	4,123,304	74,823	526,332	300,536	-	5,024,995	-	-	-	5,024,995
Occupancy	3,662,551	626,035	733,032	138,379	194,465	5,354,462	437,040	1,822	438,862	5,793,324
Repairs and maintenance	1,421,030	155,470	35,891	8,043	4,924	1,625,358	19,179	124	19,303	1,644,661
Equipment costs	230,405	90,468	35,641	14,107	22,839	393,460	61,670	24,231	85,901	479,361
Insurance and taxes	523,505	160,889	48,378	16,504	15,430	764,706	75,553	154	75,707	840,413
Transportation and travel	1,046,295	799,201	98,242	45,553	169,799	2,159,090	146,327	8,497	154,824	2,313,914
Postage, printing and publication	73,274	50,556	65,469	15,986	13,113	218,398	30,584	5,277	35,861	254,259
Interest	131,336	443	-	-	-	131,779	197,449	-	197,449	329,228
In-kind expenses (Note 15)	4,683,642	38,453	335,711	-	-	5,057,806	-	-	-	5,057,806
Other operating expenses	169,329	118,442	1,928	(3,230)	52,264	338,733	138,400	6,990	145,390	484,123
Total expenses before depreciation and amortization	74,853,375	17,267,865	6,962,564	2,772,262	136,154,646	238,010,712	7,299,984	104,969	7,404,953	245,415,665
Depreciation and amortization	633,327	51,167	-	6,162	7,222	697,878	244,130	-	244,130	942,008
Total expenses	\$ 75,486,702	\$ 17,319,032	\$ 6,962,564	\$ 2,778,424	\$ 136,161,868	\$ 238,708,590	\$ 7,544,114	\$ 104,969	\$ 7,649,083	\$ 246,357,673

See notes to consolidated financial statements.

Lutheran Services Florida, Inc. and Subsidiary

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

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (982,960)	\$ 5,204,888
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	765,574	942,008
Loss (gain) on sale/disposal of property and equipment	986,084	(5,725)
Net realized and unrealized gains on investments and assets limited as to use	(21,050)	(56,799)
Change in value of beneficial interest in assets held by others	21,727	(8,875)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(355,533)	4,506,226
Prepaid expenses	(115,207)	(168,997)
Gifted facilities	392,156	(5,183,545)
Other assets	(587)	(27,071)
Increase (decrease) in:		
Accounts payable	4,312,712	3,886,296
Accrued salaries and payroll related expenses	633,897	541,131
Other accrued expenses	(369,705)	(1,284,197)
Deferred revenue	(5,208,123)	4,328,200
Net cash provided by operating activities	58,985	12,673,540
Cash flows from investing activities:		
Purchases of investments and assets limited as to use	(553,756)	(444,924)
Proceeds from the sale of investments	829,592	253,906
Purchases of property and equipment	(359,409)	(365,914)
Proceeds from the sale of property and equipment	34,400	28,800
Net cash used in investing activities	(49,173)	(528,132)
Cash flows from financing activities:		
Borrowings on line of credit	750,000	-
Repayments of line of credit	(765,842)	(600,019)
Principal payments on capital lease obligations	(366,124)	(342,830)
Repayments of note payable	(159,041)	-
Net cash used in financing activities	(541,007)	(942,849)
Net (decrease) increase in cash and cash equivalents	(531,195)	11,202,559
Cash and cash equivalents:		
Beginning	14,174,720	2,972,161
Ending	\$ 13,643,525	\$ 14,174,720
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 282,174	\$ 329,228
Supplemental schedule of noncash investing and financing activities:		
Conversion of line of credit to note payable	\$ 2,750,000	\$ -

See notes to consolidated financial statements.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Lutheran Services Florida, Inc. (LSF) was organized on July 1, 1982 as a nonprofit organization to provide various social ministries throughout the State of Florida. LSF's programs are funded by federal, state and local governmental grants and contracts, various program service fees, contributions, church grants and other sources.

LSF is the sole member of Lutheran Non-profit Management Services, LLC d/b/a LSF Health Systems (LSF Health), which was organized on August 13, 2010 to govern and advise LSF's managing entity contract over substance abuse and mental health services provided in the Northeast region of Florida effective July 1, 2012.

The principal social services provided by Lutheran Services Florida, Inc. and Subsidiary include services to children, troubled youth and their families, refugees, the unemployed, incapacitated adults and victims of disasters through the following programs:

Children's Services: Provides preschool care for disadvantaged children in licensed facilities and meals to children in licensed day care homes.

Youth and Family Services: Provides residential, counseling and case management services to teens and their families.

Resettlement Services: Provides job training, counseling, financial assistance and placement to new entrants to the United States.

Adult Services: Provides guardianship and care management programs to elderly, mentally incapacitated and disabled persons. Also provides temporary and permanent housing for the homeless and health care treatment to low-income HIV-infected individuals.

Substance Abuse and Mental Health Services: Provides substance abuse and mental health services to adults and children in 23 counties in Northeast Florida.

The following Lutheran judicatories are the founding members of the Organization: the Florida-Bahamas Synod of the Evangelical Lutheran Church in America and the Florida-Georgia District of the Lutheran Church-Missouri Synod.

A summary of the Organization's significant accounting policies follows:

Principles of consolidation: The consolidated financial statements include the accounts of LSF and LSF Health (collectively, the Organization). All significant intercompany transactions have been eliminated in consolidation.

Basis of accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

Basis of presentation: A not-for-profit organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization, passage of time, or permanently maintained by the Organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Use of estimates: The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents includes all highly liquid fixed income instruments purchased with original maturities of three months or less.

Concentrations of credit risk: The Organization's financial instruments that are exposed to concentrations of credit risk include cash and cash equivalents and government grants and contracts and related accounts receivable. Cash and cash equivalents includes accounts placed with federally insured financial institutions. Such accounts may at times exceed federally insured limits. The Organization has not experienced any losses on such accounts. The Organization's operating support and revenues includes concentrations primarily from federal and state programs. Changes in operating support and revenues from federal and state programs could significantly impact the Organization, including a reduction in the program services offered by the Organization; however, management does not anticipate any such changes in the near-term.

Accounts receivable: Accounts receivable under grants and funding contracts and program service fees are due in less than one year. Management believes accounts receivable under grants and funding contracts are fully collectible and has not provided an allowance for doubtful accounts. Accounts receivable for program service fees are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable based on historical experience and any other circumstances which may affect the ability of payors to meet their obligations. It is the Organization's policy to charge off uncollectible accounts when management determines the accounts receivable will not be collected.

Gifted facilities: The Organization accounts for gifted facilities as contributions with donor restrictions in the period in which the right to use the asset is acquired, at the fair value of the benefit expected to be received over the expected term of use by the Organization and is released from restrictions when used. A gifted facilities asset is recorded for any future benefit expected to be recognized and is amortized to rent expense as the Organization uses the facilities over the term of the applicable lease.

Investments and investment income, net: Investments are reported at fair value. Investment income, net, reported in the accompanying consolidated statements of activities, includes realized and unrealized gains and losses and interest and dividend income, net of investment expenses, as increases or decreases in net assets without donor restrictions.

Assets limited as to use: Assets limited as to use include investments held by trustees to fund the Supplemental Executive Retirement Plan (SERP) as more fully described in Note 13.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Property and equipment: Property and equipment are recorded at cost, if purchased or at estimated fair value at the date of receipt if acquired by gift, and those in excess of \$5,000 are capitalized. Depreciation expense related to property and equipment is computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the shorter of the remaining lease term or the useful life of the asset. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and the related accumulated depreciation account are relieved, and any gain or loss included in operations.

Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds therefrom is subject to applicable regulations.

Impairment of long-lived assets: The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets or asset group. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of the Organization's long-lived assets or asset groups have been recognized during the years ended June 30, 2020 and 2019.

Contributions and donor-imposed restrictions: Unconditional promises to give are recognized as contributions in the period received at their fair value. Conditional contributions or promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions other than cash are recorded at their estimated fair value on the date received.

Unconditional contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions support depending on the existence or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire or are otherwise satisfied in the fiscal year in which the contributions are recognized. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified into net assets without donor restrictions and are reported in the accompanying consolidated statements of activities as net assets released from restrictions.

Donated materials are reflected in the accompanying consolidated financial statements at their estimated fair value at date of receipt. Donated services are recognized and recorded at their estimated fair value only to the extent they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization records donated goods and services as in-kind support and expenses in the accompanying consolidated statements of activities and consolidated statements of functional expenses.

Government grants and contracts: Government grants and contracts are considered exchange transactions if each party receives and sacrifices commensurate value. Funds from these exchange transactions are not considered contributions and are deemed to be earned and reported as revenue when such funds have been expended towards the designated purpose. Funds received in advance and not yet earned are recorded as deferred revenue.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Government grants and contracts not considered exchange transactions are recognized as revenue when the funds are utilized by the Organization to carry out the activity stipulated by the grant or contract. The grants and contracts can be terminated by the grantor or refunding can be required under certain circumstances coupled with other performance and/or control barriers. For these reasons, these grant and contract agreements are considered conditional. Accordingly, amounts received, but not recognized as revenue, are classified in the consolidated statements of financial position as deferred revenue.

Program service fees: Revenue from program service fees is recognized as the program services are provided.

Functional expense allocations: The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent to each function. All other expenses are allocated based on management's estimate of the relative functional activity.

Income taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes. LSF is the sole member of LSF Health, which is considered a disregarded entity for federal and state income tax purposes. Therefore, no provision for income taxes has been included in the accompanying consolidated financial statements.

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying consolidated financial statements. Generally, the Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before June 30, 2017.

Fair value measurements: The Organization measures its financial assets and liabilities at fair value using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1: Valuation based on unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Valuation based on observable quoted prices for similar assets and liabilities in active markets.

Level 3: Valuation based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The following methods and assumptions were used to estimate the fair value of financial instruments:

Level 1: The Organization's Level 1 investments include money market funds, fixed income and equity securities and real asset funds.

Level 2: The Organization's Level 2 investments include the beneficial interest in assets held by others and is valued based on information provided by the Community Foundations (see Note 5) which is primarily derived from or corroborated by observable market data as it relates to the Community Foundations' underlying investments.

Level 3: The Organization's Level 3 investments include the beneficial interest in the Zerbst perpetual trust and is valued based on the value of the underlying investments held in the trust.

Recent accounting pronouncements adopted: Certain accounting pronouncements which have recently been issued by the Financial Accounting Standards Board (FASB) and adopted by the Organization are as follows:

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. On July 1, 2019, the Organization adopted ASU 2014-09 under the modified retrospective approach which allows the cumulative effect to be recognized as of the date of initial application. The Organization has determined that the adoption of ASU 2014-09 did not result in an adjustment to net assets and did not have a significant effect on the amount and timing of revenue recognition for the year ended June 30, 2020.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The amendments in the ASU should be applied on a modified prospective basis although retrospective application is permitted. Entities should apply the amendments for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. The Organization has adopted ASU 2018-08 as of July 1, 2019, with no material impacts on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurements (Topic 820): Disclosure Framework – Changes to the Disclosure Requirement for Fair Value Measurement*. This ASU modifies the disclosure requirements for fair value measurements in addition to the removal of disclosures related to transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, the valuation process of Level 3 fair value measurements, and a rollforward of Level 3 Investments. Furthermore, entities are no longer required to estimate and disclose the timing of liquidity events for investments measured at fair value. Instead, the requirement to disclose such events applies only when they have been communicated to the reporting entities by the investees or announced publicly. The ASU is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Organization has elected to retrospectively early adopt in the current year and, as such, the disclosures noted above are not included or modified herein.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Recent accounting pronouncements: Certain accounting pronouncements which have been recently issued by the FASB and are relevant to the Organization are as follows:

In February 2016, the FASB issued its new lease accounting guidance in ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees will no longer be provided with a source of off-balance sheet financing. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements. Nonpublic entities should apply the amendments for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact this ASU will have on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit entities. The ASU will require a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The ASU will also require enhanced disclosure, including disaggregation of nonfinancial assets recognized by category and qualitative information about each category. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021, and interim periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the impact this ASU will have on its consolidated financial statements.

The FASB has issued certain new or modifications to, or interpretations of, existing accounting guidance in addition to the ASU's described above. The Organization has considered the new pronouncements and does not believe that any other new or modified guidance will have a material impact on the Organization's reported financial position or activities in the near term.

Subsequent events: Management has evaluated events subsequent to the consolidated statements of financial position date for potential recognition and disclosure through December 28, 2020, which is the date these consolidated financial statements were available to be issued.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 2. Fair Value of Financial Instruments

The following table summarizes major categories of the Organization's assets measured at fair value on a recurring basis as of June 30, 2020 and 2019:

	2020			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market funds	\$ 32,885	\$ -	\$ -	\$ 32,885
Equity securities:				
Emerging market funds	40,719	-	-	40,719
Small/mid cap funds	32,847	-	-	32,847
Preferred stock	19,017	-	-	19,017
Index funds	20,614	-	-	20,614
Convertible securities	21,780	-	-	21,780
Large growth funds	165,540	-	-	165,540
Large cap funds	130,575	-	-	130,575
Internationally developed funds	167,456	-	-	167,456
Fixed income securities:				
High yield bond funds	6,115	-	-	6,115
Index bond funds	55,729	-	-	55,729
Intermediate duration bond funds	67,563	-	-	67,563
Corporate bond funds	83,319	-	-	83,319
Government bond funds	108,251	-	-	108,251
Real asset funds	47,982	-	-	47,982
Total investments	1,000,392	-	-	1,000,392
Assets limited as to use:				
Money market funds	8,010	-	-	8,010
Equity securities:				
Large blend funds	54,985	-	-	54,985
Emerging market funds	43,084	-	-	43,084
Index funds	10,177	-	-	10,177
Fixed income securities:				
Index bond funds	10,495	-	-	10,495
Short duration funds	18,619	-	-	18,619
Global bond funds	20,610	-	-	20,610
Intermediate duration bond funds	20,014	-	-	20,014
Total assets limited as to use	185,994	-	-	185,994
Beneficial interest in:				
Assets held by others	-	140,016	-	140,016
Perpetual trust	-	-	688,275	688,275
Total beneficial interest in assets held by others	-	140,016	688,275	828,291
	\$ 1,186,386	\$ 140,016	\$ 688,275	\$ 2,014,677

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 2. Fair Value of Financial Instruments (Continued)

	2019			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market funds	\$ 54,919	\$ -	\$ -	\$ 54,919
Equity securities:				
Emerging market funds	43,593	-	-	43,593
Small/mid cap funds	42,897	-	-	42,897
Index funds	23,234	-	-	23,234
Large growth funds	196,802	-	-	196,802
Large cap funds	144,728	-	-	144,728
Internationally developed funds	68,530	-	-	68,530
Fixed income securities:				
High yield bond funds	8,516	-	-	8,516
Index bond funds	67,570	-	-	67,570
Corporate bond funds	145,243	-	-	145,243
Government bond funds	112,903	-	-	112,903
Real asset funds	46,497	-	-	46,497
Total investments	955,432	-	-	955,432
Assets limited as to use:				
Money market funds	17,475	-	-	17,475
Equity securities:				
Large blend funds	149,109	-	-	149,109
Emerging market funds	119,815	-	-	119,815
Index funds	30,712	-	-	30,712
Fixed income securities:				
Index bond funds	20,965	-	-	20,965
Short duration funds	47,270	-	-	47,270
Global bond funds	50,710	-	-	50,710
Intermediate term bond funds	49,684	-	-	49,684
Total assets limited as to use	485,740	-	-	485,740
Beneficial interest in:				
Assets held by others	-	148,370	-	148,370
Perpetual trust	-	-	701,648	701,648
Total beneficial interest in assets held by others	-	148,370	701,648	850,018
	\$ 1,441,172	\$ 148,370	\$ 701,648	\$ 2,291,190

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 2. Fair Value of Financial Instruments (Continued)

The Organization's investments in equity and fixed income securities are not concentrated in a single entity or in a few entities, nor are there any specific industry concentrations.

The Board of Directors designates a portion of the Organization's cumulative investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The fixed amount determined by the Board of Directors at the beginning of each fiscal year as part of the Organization's budgeting process considers the Organization's long and short-term needs, present and anticipated financial requirements, and expected total return on its investments (see Note 12).

Note 3. Accounts Receivable

Accounts receivable consists of the following at June 30, 2020 and 2019:

	2020	2019
Managing entity contract	\$ 11,164,453	\$ 11,113,212
Other grants and funding sources	9,508,815	9,535,336
Program fees and other, net of allowance for doubtful accounts of \$24,555 in 2020 and 2019	825,847	495,034
	<u>\$ 21,499,115</u>	<u>\$ 21,143,582</u>

Note 4. Property and Equipment

Property and equipment consists of the following at June 30, 2020 and 2019:

	Estimated Useful Lives (Years)	2020	2019
Land	N/A	\$ 1,610,899	\$ 1,735,899
Buildings and improvements	35	3,355,848	3,229,159
Vehicles	3-5	1,073,960	1,301,197
Leasehold improvements	5	4,181,554	5,503,123
Computer equipment and software	3-5	774,589	750,219
Furniture and equipment	2-5	1,445,640	1,493,915
		<u>12,442,490</u>	<u>14,013,512</u>
Less accumulated depreciation and amortization		<u>(7,786,257)</u>	<u>(7,930,630)</u>
		<u>\$ 4,656,233</u>	<u>\$ 6,082,882</u>

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was \$765,574 and \$942,008, respectively.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 5. Beneficial Interest in Assets Held by Others

The Organization has established endowments at Community Foundation of Broward, Inc. and Community Foundation of Tampa Bay, Inc. (the Community Foundations) and named itself as the beneficiary. Under the terms of the endowment agreements, the Community Foundation of Broward, Inc. has variance power over the funds and the Community Foundation of Tampa Bay, Inc. does not have variance power over the funds. During 2016, the Organization was notified of its interest as the sole beneficiary of the Charles A. Zerbst Charitable Trust (Zerbst Trust), a perpetual trust established for LSF's benefit and administrated by an independent trustee. Investment income (losses), net of distributions and fees on beneficial interest in assets held by others are recorded as change in value of beneficial interest in assets held by others in the accompanying consolidated statements of activities.

The fair value of the Organization's beneficial interest in assets held by others is as follows:

	2020	2019
Beneficial interest in assets held by others:		
Community Foundation of Broward, Inc.	\$ 133,888	\$ 141,886
Community Foundation of Tampa Bay, Inc.	6,128	6,484
	<u>140,016</u>	<u>148,370</u>
Beneficial interest in perpetual trust:		
Charles A. Zerbst Trust	688,275	701,648
	<u>\$ 828,291</u>	<u>\$ 850,018</u>

Note 6. Gifted Facilities

Gifted facilities represents the present value of the excess of the aggregate fair rental value of building leases over below market rent payments due under lease agreements executed in connection with the Organization's Head Start programs operated in Pinellas, Duval and Palm Beach counties. Gifted facilities are recorded as contributions with donor restrictions and are released from restrictions as rent expense is recorded. Activity of the gifted facilities during the years ended June 30, 2020 and 2019, is summarized as follows:

	Pinellas Properties	Duval Properties	Palm Beach Properties	Total
Balance at June 30, 2018	\$ 183,900	\$ 236,815	\$ 1,295,994	\$ 1,716,709
Contributions	1,131,768	263,755	5,162,970	6,558,493
Rent expense	(183,900)	(289,269)	(901,779)	(1,374,948)
Balance at June 30, 2019	<u>1,131,768</u>	<u>211,301</u>	<u>5,557,185</u>	<u>6,900,254</u>
Contributions	640,517	741,651	-	1,382,168
Rent expense	(451,458)	(147,057)	(1,175,809)	(1,774,324)
Balance at June 30, 2020	<u>1,320,827</u>	<u>805,895</u>	<u>4,381,376</u>	<u>6,508,098</u>
Less current portion of gifted facilities	459,691	239,461	1,202,059	1,901,211
Gifted facilities, less current portion	<u>\$ 861,136</u>	<u>\$ 566,434</u>	<u>\$ 3,179,317</u>	<u>\$ 4,606,887</u>

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 7. Accounts Payable

Accounts payable consists of the following at June 30, 2020 and 2019:

	2020	2019
Managing entity contract	\$ 22,172,160	\$ 16,400,764
Trade	1,982,272	3,440,956
	<u>\$ 24,154,432</u>	<u>\$ 19,841,720</u>

Note 8. Line of Credit

The Organization maintains a revolving line of credit with the Lutheran Church Extension Fund-Missouri Synod, an unaffiliated nonprofit organization, with a maximum availability of \$7,250,000. Interest is payable monthly at the lenders cost of funds, which is the weighted average annual rate of interest plus 3% (4.875% at June 30, 2020). The line of credit is secured by the Organization's accounts receivable balance and requires the Organization to meet certain covenants. At June 30, 2020, the Organization was in compliance with these restrictive covenants. The outstanding balance on the line of credit at June 30, 2020 and 2019 was \$0 and \$2,765,842, respectively. The line of credit matures on March 4, 2021.

Note 9. Note Payable

In September 2019, the Organization entered into a 10 year promissory note with Lutheran Church Extension Fund-Missouri Synod in the amount of \$2,750,000, with a maturity date of September 20, 2029. The proceeds from the promissory note were used to pay off the remaining balance on the line of credit. The promissory note is secured by the Organization's accounts receivable balance and requires the Organization to meet certain covenants. At June 30, 2020, the Organization was in compliance with these restrictive covenants. The promissory note calls for monthly principal and interest payments of \$29,675, with a fixed interest rate of 5.375% for the first 60 months. Beginning with the 61st monthly payment, the interest rate will be adjusted based on the lenders cost of funds plus 3% for the remaining 60 months. The monthly principal and interest payment will be adjusted accordingly. The outstanding balance on the note payable at June 30, 2020 was \$2,590,959.

In August 2020, the Organization entered into a modification agreement with the Lutheran Church Extension Fund-Missouri Synod to reduce the fixed interest rate from 5.375% to 4.75%. All other terms and conditions remain in effect.

Maturities of the note payable at June 30, 2020, are as follows:

Years ending June 30:		
2021	\$	222,254
2022		234,499
2023		247,419
2024		261,050
2025		275,433
Thereafter		<u>1,350,304</u>
		2,590,959
Less current portion		<u>(222,254)</u>
	\$	<u><u>2,368,705</u></u>

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 10. Leases

Capital leases: The Organization is obligated under capital lease agreements for certain facilities which expire at various dates through 2027. Upon expiration of these leases, title to the properties will automatically transfer to LSF. At June 30, 2020, the gross amount of facilities and related accumulated amortization recorded under capital leases was \$4,005,115 and \$2,144,983, respectively. At June 30, 2019, the gross amount of facilities and related accumulated amortization recorded under capital leases was \$4,005,115 and \$1,778,820, respectively. Amortization of assets held under capital leases is included in depreciation and amortization expense. Future minimum payments under capital lease obligations at June 30, 2020, are as follows:

Years ending June 30:	
2021	\$ 504,862
2022	504,862
2023	441,982
2024	173,400
2025	173,400
Thereafter	<u>433,500</u>
Total minimum capital lease payments	2,232,006
Less amount representing interest	<u>371,834</u>
Present value of capital lease payments	1,860,172
Less current portion of capital lease obligations	<u>391,016</u>
Capital lease obligations, less current portion	<u>\$ 1,469,156</u>

Operating leases: The Organization leases the majority of its office space and office equipment under operating lease agreements which expire at various dates through 2027. Security deposits related to such leases are included in other assets in the accompanying consolidated statements of financial position. Rental expense on operating leases was approximately \$2,533,000 in fiscal 2020 and \$2,471,000 in fiscal 2019. The majority of the Organization's operating leases include 30 day cancellation provisions in the event the Organization loses its funding.

Future minimum lease payments under non-cancellable operating leases (with initial or remaining terms in excess of one year) as of June 30, 2020, are as follows:

Years ending June 30:	
2021	\$ 1,997,840
2022	1,845,969
2023	1,718,457
2024	1,427,616
2025	861,621
Thereafter	<u>813,410</u>
	<u>\$ 8,664,913</u>

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 11. Net Assets

Net assets without donor restrictions are available for the following purposes as of June 30, 2020 and 2019:

	2020	2019
Undesignated	\$ 1,084,419	\$ 918,376
Board designated for specified purposes	1,000,392	955,432
	<u>\$ 2,084,811</u>	<u>\$ 1,873,808</u>

The Board of Directors of LSF established a board designated endowment to be used to support operations which was \$1,000,392 and \$955,432 as of June 30, 2020 and 2019, respectively (see Note 12).

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2020 and 2019:

	2020	2019
Restricted for specified purposes:		
Facilities and equipment subject to time restrictions	\$ 1,290,824	\$ 2,181,357
Gifted facilities	6,508,098	6,900,254
Employee tuition reimbursement	28,893	38,999
Other	177,326	78,494
	<u>8,005,141</u>	<u>9,199,104</u>
Restricted in perpetuity – endowment:		
Broward County program endowment	138,526	138,526
Tampa Bay program endowment	10,000	10,000
Zerbst Trust endowment	627,444	627,444
	<u>775,970</u>	<u>775,970</u>
	<u>\$ 8,781,111</u>	<u>\$ 9,975,074</u>

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

	2020	2019
Facilities and equipment subject to time restrictions	\$ 1,225,573	\$ 327,282
Rent expense from gifted facilities	1,945,767	1,374,948
Employee tuition reimbursement	10,106	12,558
Other	56,210	53,319
	<u>\$ 3,237,656</u>	<u>\$ 1,768,107</u>

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 12. Endowment Funds

LSF has a board-designated endowment fund included in net assets without donor restrictions which was established by the Board of Directors for the purpose of supporting the Organization's programs. LSF also has several donor restricted endowment funds which are included in net assets with donor restrictions and consist of funds established with the Community Foundation of Broward, Inc. and the Community Foundation of Tampa Bay, Inc., and an interest in the Charles A. Zerbst Charitable Trust, which is a perpetual trust administered by an independent trustee. The earnings on the donor restricted endowment funds are to be used to support program operations and are recorded as net assets without donor restrictions.

Interpretation of relevant law: The Board of Directors has interpreted the wishes of donors and state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Investment return objectives, risk parameters and strategies: The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also preserving the purchasing power of those endowments over the long-term. The policies stipulate that the endowments should be managed as a long-term goal designed to maximize the returns without exposure to undue risk, as defined herein. Whereas it is understood that fluctuating rates of return are characteristic of the securities markets, the greatest concern should be long-term appreciation of the assets and consistency of total portfolio returns. Recognizing that short-term market fluctuations may cause variations in the account performance, the Organization will pursue a strategy seeking to exceed a benchmark return of a target portfolio consisting of approximately 35% fixed income securities, 55% equity securities and 10% real assets for the general endowment fund. Earnings only on the endowment funds held the Community Foundations are used to support programs in those counties.

Spending policy: The Organization has a policy limiting the spending of its permanent endowment funds to interest income that may be withdrawn for use in the county where the endowments are based.

Endowment net asset composition by type of fund are as follows at June 30, 2020 and 2019:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Board-designated endowment	\$ 1,000,392	\$ -	\$ 1,000,392
Broward County program endowment	-	138,526	138,526
Tampa Bay program endowment	-	10,000	10,000
Zerbst Trust endowment	60,831	627,444	688,275
	<u>\$ 1,061,223</u>	<u>\$ 775,970</u>	<u>\$ 1,837,193</u>

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 12. Endowment Funds (Continued)

	2019		Total Endowment Net Assets
	Without Donor Restrictions	With Donor Restrictions	
Board-designated endowment	\$ 955,432	\$ -	\$ 955,432
Broward County program endowment	-	138,526	138,526
Tampa Bay program endowment	-	10,000	10,000
Zerbst Trust endowment	74,204	627,444	701,648
	<u>\$ 1,029,636</u>	<u>\$ 775,970</u>	<u>\$ 1,805,606</u>

Changes in endowment net assets for the years ended June 30, 2020 and 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Balances at June 30, 2018	\$ 955,140	\$ 775,970	\$ 1,731,110
Board designations	6,770	-	6,770
Investment return, net	67,726	-	67,726
Balances at June 30, 2019	<u>1,029,636</u>	<u>775,970</u>	<u>1,805,606</u>
Board designations	7,288	-	7,288
Investment return, net	24,299	-	24,299
Balances at June 30, 2020	<u>\$ 1,061,223</u>	<u>\$ 775,970</u>	<u>\$ 1,837,193</u>

Note 13. Retirement Plans

The Organization sponsors a 403(b) multiple employer retirement plan (the 403(b) Plan) administered by One America. Under the 403(b) Plan, employees are eligible to participate once they attain the age of 21. The Organization may elect to make matching and non-elective contributions to the 403(b) Plan. Participants' rights to employer contributions vest after three years of service.

The Organization also sponsors a 457(b) multiple employer plan (the 457(b) Plan) administered by One America. Under the 457(b) Plan, eligible employees may participate upon their date of hire. The Organization may elect to contribute matching and non-elective contributions to the 457(b) Plan. Participants' rights to employer contributions vest after one year of service.

Employer contributions to the 403(b) and 457(b) plans for the years ended June 30, 2020 and 2019, were approximately \$705,000 and \$687,000, respectively.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 13. Retirement Plans (Continued)

The Organization also sponsors a 457(f) employee benefit plan or SERP, which provides a key executive (the Participant) deferred compensation benefits outside of the two plans described above. Benefits under the SERP accumulate from annual contributions and earnings thereon. Prior to June 30, 2020, the SERP was terminated for all key executives other than the Chief Executive Officer. The remaining plan participant's rights to employer contributions vest on February 7, 2023. For the years ended June 30, 2020 and 2019, the Organization incurred expenses under the SERP of approximately \$210,000 and \$207,000, respectively. At June 30, 2020 and 2019, the Organization has \$185,994 and \$485,740, respectively, of assets limited as to use for payment of its obligation under the SERP which is included in accrued salaries and payroll related expenses in the accompanying consolidated statements of financial position.

Note 14. Contingencies

The Organization routinely enters into grant agreements and contracts with governmental agencies that provide for reimbursement of the eligible direct and indirect costs of providing certain of the Organization's program services. The grants and contracts are subject to audit or review and retroactive adjustment based on a final determination by the grantor of eligible reimbursable expenditures. The effect of such adjustments, if any, cannot be determined at this time and no provision has been made for any such adjustments in the accompanying consolidated financial statements.

The Organization is involved in legal actions arising during the ordinary course of its operations. The potential loss under these claims is not determinable at this time. Management believes any potential loss would be expected to fall within the Organization's insurance policy limits. The only anticipated financial exposure would be payment of the insurance deductible, a nominal amount. In the opinion of management, no material liability exists with respect to these claims.

The Organization sponsors a welfare benefit plan (the Plan) which provides medical and prescription drug benefits to its employees. Under the terms of the Plan, the Organization is responsible and self-insured for the first \$175,000 of individual covered claims and is subject to a maximum annual aggregate stop loss limit which was \$8,767,893 for the year ended June 30, 2020. Health insurance expense is based upon premiums paid to the insurer, estimated total cost of claims to be paid by the Organization that fall within the deductible limits described above, and the administrative costs of the Plan. The Organization outsources administration of claims to a third party administrator (TPA). Under the terms of the TPA agreement, the TPA provides management with an estimate of incurred but unreported claims (IBNR) and the future development of covered claims using an actuarially-determined reserve methodology based on current and historical claims development trends, which are recorded in payroll taxes and employee benefits in the accompanying consolidated statements of functional expenses. As of June 30, 2020 and 2019, accrued estimated health insurance expense under the Plan was approximately \$1,307,000 and \$635,000, respectively, and is included in accrued salaries and payroll related expenses in the accompanying consolidated statements of financial position. Estimated health insurance expense was approximately \$5,901,000 and \$7,573,000, respectively, for the years then ended, which is included in payroll taxes and employee benefits in both program services and supporting services in the accompanying consolidated statements of activities. Actual claims expense may differ from these estimates. At June 30, 2020 and 2019, the Organization had \$1,322,446 and \$586,635, respectively, of funds included in cash and cash equivalents to pay outstanding claims.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 15. In-Kind Contributions

In-kind contributions included in the consolidated statements of activities and functional expenses and the corresponding expenses are as follows:

	2020	2019
Professional services	\$ 376,051	\$ 724,507
Food, clothing and household items	3,455,964	4,333,299
	<u>\$ 3,832,015</u>	<u>\$ 5,057,806</u>

Donated services for the years ended June 30, 2020 and 2019, with estimated fair values of approximately \$1,506,000 and \$3,268,000, respectively, were not recognized in the accompanying consolidated financial statements because they did not meet the criteria for recognition because they did not require specialized skills and would ordinarily not be purchased if not provided by donation.

Note 16. Matching Requirements

The Organization received a substantial portion of its support from various funding sources which required local matches. These requirements were met through program service fees, local grants and public donations during the years ended June 30, 2020 and 2019.

Note 17. Liquidity and Availability of Resources

As of June 30, 2020 and 2019, the following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions and board designations, within one year of June 30, 2020 and 2019:

	2020	2019
Financial assets, at year-end		
Cash and cash equivalents	\$ 13,643,525	\$ 14,174,720
Accounts receivable, net	21,499,115	21,143,582
Investments	1,000,392	955,432
Gifted facilities	6,508,098	6,900,254
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donors with purpose and/or time restrictions	(1,497,043)	(2,298,850)
Restricted by donors with use restrictions	(6,508,098)	(6,900,254)
Board designations:		
Board designated for specified purposes	(1,000,392)	(955,432)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 33,645,597</u>	<u>\$ 33,019,452</u>

Over 95% of the Organization's annual revenue is comprised of cost reimbursement or pass through contracts. Therefore, there is little ability to generate surplus revenue and maintain large cash balances. As such, the Organization relies on contract advances and prompt funder reimbursements to maintain liquidity. The Organization also maintains a \$7,250,000 line of credit available to meet cash flow needs if necessary.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 18. Guardianship Program

In connection with the Organization's guardianship program, the Organization manages funds for individuals who have been declared incapacitated. The Organization is a court-appointed legal guardian for these individuals. Assets held in trust by the Organization include real property valued in the table below at their fair value on the date the Organization was appointed guardian. Cash and cash equivalents, and investments are included in the table below at current fair value. Income earned on assets held in trust is applied to each individual's account balance. Assets held in trust by the Organization are not included in the accompanying consolidated financial statements. The value of assets held in trust are as follows:

	2020	2019
Cash and cash equivalents	\$ 5,066,851	\$ 4,710,428
Investments in fixed income and equity securities	6,329,333	7,182,231
Real property	3,389,424	3,014,705
Cash surrender value of life insurance and other annuities	4,558,296	3,550,248
Other	710,657	662,813
	<u>\$ 20,054,561</u>	<u>\$ 19,120,425</u>

For the years ended June 30, 2020 and 2019, program service fees earned under the guardianship program were approximately \$742,000 and \$803,000, respectively, and are included in program service fees in the accompanying consolidated statements of activities.

Note 19. Contract with Duval County Staff

The Organization's Head Start program in Duval County includes certain personnel that are employed by the Organization under a collective bargaining agreement. The collective bargaining agreement is effective through January 31, 2022.

Note 20. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The extent to which COVID-19 impacts the operations of the Organization in the future will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of COVID-19, the actions taken to contain COVID-19 or treat its impact, and the impact of each of these items on the economies and financial markets in the United States. In particular, the continued spread of COVID-19 could adversely impact the Organization's operations, including among others, revenues and daily operations, and may have a material adverse effect on the financial condition, results of operations and cash flows of the Organization.

Note 21. Subsequent Events

On August 5, 2020, the Organization received a loan in the amount of \$10,000,000 under the Paycheck Protection Program (PPP). The PPP, established as part of the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, and other qualifying expenses. Management has been monitoring federal, state, and local changes to ensure compliance with changing regulations. Management believes substantially all of this loan will be forgiven as funds received were used for qualifying program expenditures.



RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Directors
Lutheran Services Florida, Inc.

We have audited the consolidated financial statements (collectively, the financial statements) of Lutheran Services Florida, Inc. and its subsidiary as of and for the years ended June 30, 2020 and 2019, and have issued our report thereon, which contains an unmodified opinion on those financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Orlando, Florida
December 28, 2020

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Government Grants and Contracts
Year Ended June 30, 2020**

Direct federal funding:

U.S. Department of Health and Human Services \$ 49,586,311

Pass-through awards of federal and state funding:

State of Florida Department of Children and Families	152,407,179
State of Florida Department of Health	7,702,314
Children's Network of Southwest Florida, LLC	6,047,245
Eckerd Connects, Community Alternatives	5,515,135
Florida Network of Youth and Family Services, Inc.	4,713,241
ChildNet, Inc.	2,695,426
Safe Children Coalition, Inc.	1,618,605
Lutheran Immigration and Refugee Services	1,290,485
Voluntary Pre-Kindergarten	2,402,496
South Florida Workforce Investment Board	1,530,841
Hillsborough County, State of Florida	1,492,941
State of Florida Department of Elder Affairs	527,796
Lakeview Center, Inc.	122,389
State of Florida Office of Attorney General	272,769
U.S. Committee for Refugees and Immigrants	60,099
Florida Council for Community Mental Health	52,700
Lee County, State of Florida	39,252
National Children's Alliance	80,000
University of Illinois	65,205
Florida Association of Healthy Start Coalitions, Inc.	49,246
City of Jacksonville	35,061
	<u>188,720,425</u>

Local and other grants and contracts:

Children's Services Council of Palm Beach County	5,245,967
Florida Blue Foundation	628,593
Lee County, State of Florida	403,352
Eckerd Family Foundation	214,808
Southwest Florida Community Foundation	67,822
Other	14,689
	<u>6,575,231</u>

Total government grants and contracts \$ 244,881,967

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues
Budget Period July 1, 2019 through June 30, 2020

Part I: Actual Funding Sources and Revenues: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA									
	Aftercare/ Follow-Up	Assessment	Case Management	Clay Behavioral –		Forensic Beds – Adult Services	Crisis Stabilization	Crisis Support/ Emergency	Day Care	Day Treatment
				Crisis Prevention	Community					
IA. State SAMH funding										
Contract EH003	\$ 136,894	\$ 1,282,999	\$ 4,503,545	\$ 500,000	\$ 1,063,047	\$ 15,629,868	\$ 11,823,297	\$ 244,284	\$ 806,859	
Contract EH003 – carryover	-	-	-	-	-	-	-	-	-	-
Total state SAMH funding	136,894	1,282,999	4,503,545	500,000	1,063,047	15,629,868	11,823,297	244,284	806,859	
IB. Other government funding										
(1) Other state agency funding	-	-	-	-	-	-	-	-	-	-
(2) Medicaid	-	-	-	-	-	-	-	-	-	-
(3) Local government	-	-	-	-	-	-	-	-	-	-
(4) Federal grants and contracts	-	-	-	-	-	-	-	-	-	-
(5) In-kind from local government only	-	-	-	-	-	-	-	-	-	-
Total other government funding	-	-	-	-	-	-	-	-	-	-
IC. All other revenues										
(1) First and second party payments	-	-	-	-	-	-	-	-	-	-
(2) Third-party payments (except Medicare)	-	-	-	-	-	-	-	-	-	-
(3) Medicare	-	-	-	-	-	-	-	-	-	-
(4) Contributions and donations	-	-	-	-	-	-	-	-	-	-
(5) Other	-	-	-	-	-	-	-	-	-	-
(6) Refunds	-	-	-	-	-	-	-	-	-	-
(7) In-kind	-	-	-	-	-	-	-	-	-	-
Total all other revenues	-	-	-	-	-	-	-	-	-	-
Total funding	\$ 136,894	\$ 1,282,999	\$ 4,503,545	\$ 500,000	\$ 1,063,047	\$ 15,629,868	\$ 11,823,297	\$ 244,284	\$ 806,859	

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
 Budget Period July 1, 2019 through June 30, 2020

Part I: Actual Funding Sources and Revenues: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA								
	Drop-In Self-Help Centers	FR – CAT Teams	Florida Assertive Community Treatment (FACT) Team	FIT Teams	HIV Services	Incidental Expenses	Indigent Psych Medication Program	Information and Referrals	In-Home/ On-Site
IA. State SAMH funding									
Contract EH003	\$ 684,913	\$ 8,118,557	\$ 7,225,559	\$ 3,013,083	\$ 99,682	\$ 1,324,409	\$ 148,799	\$ 1,137,255	\$ 186,418
Contract EH003 – carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	684,913	8,118,557	7,225,559	3,013,083	99,682	1,324,409	148,799	1,137,255	186,418
IB. Other government funding									
(1) Other state agency funding	-	-	-	-	-	-	-	-	-
(2) Medicaid	-	-	-	-	-	-	-	-	-
(3) Local government	-	-	-	-	-	-	-	-	-
(4) Federal grants and contracts	-	-	-	-	-	-	-	-	-
(5) In-kind from local government only	-	-	-	-	-	-	-	-	-
Total other government funding	-	-	-	-	-	-	-	-	-
IC. All other revenues									
(1) First and second party payments	-	-	-	-	-	-	-	-	-
(2) Third-party payments (except Medicare)	-	-	-	-	-	-	-	-	-
(3) Medicare	-	-	-	-	-	-	-	-	-
(4) Contributions and donations	-	-	-	-	-	-	-	-	-
(5) Other	-	-	-	-	-	-	-	-	-
(6) Refunds	-	-	-	-	-	-	-	-	-
(7) In-kind	-	-	-	-	-	-	-	-	-
Total all other revenues	-	-	-	-	-	-	-	-	-
Total funding	\$ 684,913	\$ 8,118,557	\$ 7,225,559	\$ 3,013,083	\$ 99,682	\$ 1,324,409	\$ 148,799	\$ 1,137,255	\$ 186,418

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
Budget Period July 1, 2019 through June 30, 2020

Part I: Actual Funding Sources and Revenues: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA								PATH
	Inpatient	Intensive Case Management	Medical Services	Mental Health Clubhouse Services	Methodone Treatment	Multi-Disciplinary Forensic Team	Outreach	Federal	Community Support Services Prevention
IA. State SAMH funding									
Contract EH003	\$ 643,447	\$ 101,080	\$ 5,469,429	\$ 720,291	\$ 5,690,220	\$ 652,000	\$ 2,216,866	\$ 802,852	\$ 5,573,447
Contract EH003 – carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	643,447	101,080	5,469,429	720,291	5,690,220	652,000	2,216,866	802,852	5,573,447
IB. Other government funding									
(1) Other state agency funding	-	-	-	-	-	-	-	-	-
(2) Medicaid	-	-	-	-	-	-	-	-	-
(3) Local government	-	-	-	-	-	-	-	-	-
(4) Federal grants and contracts	-	-	-	-	-	-	-	-	-
(5) In-kind from local government only	-	-	-	-	-	-	-	-	-
Total other government funding	-	-	-	-	-	-	-	-	-
IC. All other revenues									
(1) First and second party payments	-	-	-	-	-	-	-	-	-
(2) Third-party payments (except Medicare)	-	-	-	-	-	-	-	-	-
(3) Medicare	-	-	-	-	-	-	-	-	-
(4) Contributions and donations	-	-	-	-	-	-	-	-	-
(5) Other	-	-	-	-	-	-	-	-	-
(6) Refunds	-	-	-	-	-	-	-	-	-
(7) In-kind	-	-	-	-	-	-	-	-	-
Total all other revenues	-	-	-	-	-	-	-	-	-
Total funding	\$ 643,447	\$ 101,080	\$ 5,469,429	\$ 720,291	\$ 5,690,220	\$ 652,000	\$ 2,216,866	\$ 802,852	\$ 5,573,447

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
Budget Period July 1, 2019 through June 30, 2020

Part I: Actual Funding Sources and Revenues: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA								
	Respite Services	SA Detox	Supported Employment	Supported Housing/Living	TASC	Transitional Beds	Intervention	Outpatient	Residential Services
IA. State SAMH funding									
Contract EH003	\$ 329,542	\$ 6,127,480	\$ 456,600	\$ 669,889	\$ 417,296	\$ 1,622,235	\$ 1,635,464	\$ 5,288,088	\$ 18,118,617
Contract EH003 – carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	329,542	6,127,480	456,600	669,889	417,296	1,622,235	1,635,464	5,288,088	18,118,617
IB. Other government funding									
(1) Other state agency funding	-	-	-	-	-	-	-	-	-
(2) Medicaid	-	-	-	-	-	-	-	-	-
(3) Local government	-	-	-	-	-	-	-	-	-
(4) Federal grants and contracts	-	-	-	-	-	-	-	-	-
(5) In-kind from local government only	-	-	-	-	-	-	-	-	-
Total other government funding	-	-	-	-	-	-	-	-	-
IC. All other revenues									
(1) First and second party payments	-	-	-	-	-	-	-	-	-
(2) Third-party payments (except Medicare)	-	-	-	-	-	-	-	-	-
(3) Medicare	-	-	-	-	-	-	-	-	-
(4) Contributions and donations	-	-	-	-	-	-	-	-	-
(5) Other	-	-	-	-	-	-	-	-	-
(6) Refunds	-	-	-	-	-	-	-	-	-
(7) In-kind	-	-	-	-	-	-	-	-	-
Total all other revenues	-	-	-	-	-	-	-	-	-
Total funding	\$ 329,542	\$ 6,127,480	\$ 456,600	\$ 669,889	\$ 417,296	\$ 1,622,235	\$ 1,635,464	\$ 5,288,088	\$ 18,118,617

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
 Budget Period July 1, 2019 through June 30, 2020

Part I: Actual Funding Sources and Revenues: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA								
	Room and Board with Supervision	Bnet	Purchased Residential Therapeutic Services	First Episode Psychosis	Fixed Rate Central Receiving Facilities	Recovery Support	SOR - Federal Project Grant	Other Bundled Projects	Network Evaluation & Development
IA. State SAMH funding									
Contract EH003	\$ 4,433,055	\$ 674,371	\$ 340,200	\$ 450,000	\$ 6,874,890	\$ 202,889	\$ 1,242,539	\$ 7,508,390	\$ 597,510
Contract EH003 – carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	4,433,055	674,371	340,200	450,000	6,874,890	202,889	1,242,539	7,508,390	597,510
IB. Other government funding									
(1) Other state agency funding	-	-	-	-	-	-	-	-	-
(2) Medicaid	-	-	-	-	-	-	-	-	-
(3) Local government	-	-	-	-	-	-	-	-	-
(4) Federal grants and contracts	-	-	-	-	-	-	-	-	-
(5) In-kind from local government only	-	-	-	-	-	-	-	-	-
Total other government funding	-	-	-	-	-	-	-	-	-
IC. All other revenues									
(1) First and second party payments	-	-	-	-	-	-	-	-	-
(2) Third-party payments (except Medicare)	-	-	-	-	-	-	-	-	-
(3) Medicare	-	-	-	-	-	-	-	-	-
(4) Contributions and donations	-	-	-	-	-	-	-	-	-
(5) Other	-	-	-	-	-	-	-	-	-
(6) Refunds	-	-	-	-	-	-	-	-	-
(7) In-kind	-	-	-	-	-	-	-	-	-
Total all other revenues	-	-	-	-	-	-	-	-	-
Total funding	\$ 4,433,055	\$ 674,371	\$ 340,200	\$ 450,000	\$ 6,874,890	\$ 202,889	\$ 1,242,539	\$ 7,508,390	\$ 597,510

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
 Budget Period July 1, 2019 through June 30, 2020

Part I: Actual Funding Sources and Revenues: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA		
	Provider Provision Projects	Cost Reimbursement	Total for AMH/CMH/ ASA/CSA
IA. State SAMH funding			
Contract EH003	\$ 32,653	\$ 62,278	\$ 136,883,086
Contract EH003 – carryover	-	-	-
Total state SAMH funding	32,653	62,278	136,883,086
IB. Other government funding			
(1) Other state agency funding	-	-	-
(2) Medicaid	-	-	-
(3) Local government	-	-	-
(4) Federal grants and contracts	-	-	-
(5) In-kind from local government only	-	-	-
Total other government funding	-	-	-
IC. All other revenues			
(1) First and second party payments	-	-	-
(2) Third-party payments (except Medicare)	-	-	-
(3) Medicare	-	-	-
(4) Contributions and donations	-	-	-
(5) Other	-	-	-
(6) Refunds	-	-	-
(7) In-kind	-	-	-
Total all other revenues	-	-	-
Total funding	\$ 32,653	\$ 62,278	\$ 136,883,086

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
Budget Period July 1, 2019 through June 30, 2020

Part I: Actual Funding Sources and Revenues: Funding Sources and Revenues	ME Administrative Services	Total for State SAMH-Funded Cost Centers	Total for Non- State-Funded SAMH Cost Centers	Total for all State Designated SAMH-Funded Cost Centers	Non-SAMH Cost Centers	Total Funding
IA. State SAMH funding						
Contract EH003	\$ 4,483,241	\$ 136,883,086	\$ -	\$ 141,366,327	\$ -	\$ 141,366,327
Contract EH003 – carryover	-	6,642,729	-	6,642,729	-	6,642,729
Total state SAMH funding	4,483,241	143,525,815	-	148,009,056	-	148,009,056
IB. Other government funding						
(1) Other state agency funding	-	-	-	-	8,111,272	8,111,272
(2) Medicaid	-	-	-	-	-	-
(3) Local government	-	-	-	-	6,910,272	6,910,272
(4) Federal grants and contracts	-	-	-	-	82,186,408	82,186,408
(5) In-kind from local government only	-	-	-	-	-	-
Total other government funding	-	-	-	-	97,207,952	97,207,952
IC. All other revenues						
(1) First and second party payments	-	-	-	-	1,087,134	1,087,134
(2) Third-party payments (except Medicare)	-	-	-	-	-	-
(3) Medicare	-	-	-	-	-	-
(4) Contributions and donations	-	-	-	-	2,706,400	2,706,400
(5) Other	-	-	-	-	622,066	622,066
(6) Refunds	-	-	-	-	-	-
(7) In-kind	-	-	-	-	3,832,015	3,832,015
Total all other revenues	-	-	-	-	8,247,615	8,247,615
Total funding	\$ 4,483,241	\$ 143,525,815	\$ -	\$ 148,009,056	\$ 105,455,567	\$ 253,464,623

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
Budget Period July 1, 2019 through June 30, 2020

Part II: Actual Expenses: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA								
	Aftercare/ Follow-Up	Assessment	Case Management	Clay Behavioral – Crisis Prevention	Community Forensic Beds – Adult Services	Crisis Stabilization	Crisis Support/ Emergency	Day Care	Day Treatment
	IIA. Personnel expenses								
(1) Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Fringe benefits	-	-	-	-	-	-	-	-	-
Total personnel expenses	-	-	-	-	-	-	-	-	-
IIB. Other expenses									
(1) Building occupancy	-	-	-	-	-	-	-	-	-
(2) Professional services	-	-	-	-	-	-	-	-	-
(3) Travel	-	-	-	-	-	-	-	-	-
(4) Equipment	-	-	-	-	-	-	-	-	-
(5) Food services	-	-	-	-	-	-	-	-	-
(6) Medical and pharmacy	-	-	-	-	-	-	-	-	-
(7) Subcontracted services	-	-	-	-	-	-	-	-	-
From Northeast Region	136,894	1,282,999	4,503,545	500,000	1,063,047	15,629,868	11,823,297	244,284	806,859
(8) Insurance	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-
Total other expenses	136,894	1,282,999	4,503,545	500,000	1,063,047	15,629,868	11,823,297	244,284	806,859
Total personnel and other expenses	136,894	1,282,999	4,503,545	500,000	1,063,047	15,629,868	11,823,297	244,284	806,859
IIC. Distributed indirect costs									
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-
Total actual operating expenses	136,894	1,282,999	4,503,545	500,000	1,063,047	15,629,868	11,823,297	244,284	806,859
IID. Unallowable costs	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 136,894	\$ 1,282,999	\$ 4,503,545	\$ 500,000	\$ 1,063,047	\$ 15,629,868	\$ 11,823,297	\$ 244,284	\$ 806,859
IIIE. Capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
 Budget Period July 1, 2019 through June 30, 2020

Part II: Actual Expenses: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA									
	Drop-In Self-Help Centers	FR – CAT Teams	Florida Assertive Community Treatment (FACT) Team	FIT Teams	HIV Services	Incidental Expenses	Indigent Psych Medication Program	Information and Referrals	In-Home/ On-Site	
IIA. Personnel Expenses										
(1) Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Fringe benefits	-	-	-	-	-	-	-	-	-	-
Total personnel expenses	-	-	-	-	-	-	-	-	-	-
IIB. Other expenses										
(1) Building occupancy	-	-	-	-	-	-	-	-	-	-
(2) Professional services	-	-	-	-	-	-	-	-	-	-
(3) Travel	-	-	-	-	-	-	-	-	-	-
(4) Equipment	-	-	-	-	-	-	-	-	-	-
(5) Food services	-	-	-	-	-	-	-	-	-	-
(6) Medical and pharmacy	-	-	-	-	-	-	-	-	-	-
(7) Subcontracted services	-	-	-	-	-	-	-	-	-	-
From Northeast Region	684,913	8,118,557	7,225,559	3,013,083	99,682	1,324,409	148,799	1,137,255	186,418	
(8) Insurance	-	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-	-
Total other expenses	684,913	8,118,557	7,225,559	3,013,083	99,682	1,324,409	148,799	1,137,255	186,418	
Total personnel and other expenses	684,913	8,118,557	7,225,559	3,013,083	99,682	1,324,409	148,799	1,137,255	186,418	
IIC. Distributed indirect costs										
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-	-
Total actual operating expenses	684,913	8,118,557	7,225,559	3,013,083	99,682	1,324,409	148,799	1,137,255	186,418	
IID. Unallowable costs	-	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 684,913	\$ 8,118,557	\$ 7,225,559	\$ 3,013,083	\$ 99,682	\$ 1,324,409	\$ 148,799	\$ 1,137,255	\$ 186,418	
IIE. Capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
 Budget Period July 1, 2019 through June 30, 2020

Part II: Actual Expenses: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA							PATH	Prevention
	Inpatient	Intensive Case Management	Medical Services	Mental Health Clubhouse Services	Methadone Treatment	Multi-Disciplinary Forensic Team	Outreach	Community Support Services Federal	
IIA. Personnel expenses									
(1) Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Fringe benefits	-	-	-	-	-	-	-	-	-
Total personnel expenses	-	-	-	-	-	-	-	-	-
IIB. Other expenses									
(1) Building occupancy	-	-	-	-	-	-	-	-	-
(2) Professional services	-	-	-	-	-	-	-	-	-
(3) Travel	-	-	-	-	-	-	-	-	-
(4) Equipment	-	-	-	-	-	-	-	-	-
(5) Food services	-	-	-	-	-	-	-	-	-
(6) Medical and pharmacy	-	-	-	-	-	-	-	-	-
(7) Subcontracted services	-	-	-	-	-	-	-	-	-
From Northeast Region	643,447	101,080	5,469,429	720,291	5,690,220	652,000	2,216,866	802,852	5,573,447
(8) Insurance	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-
Total other expenses	643,447	101,080	5,469,429	720,291	5,690,220	652,000	2,216,866	802,852	5,573,447
Total personnel and other expenses	643,447	101,080	5,469,429	720,291	5,690,220	652,000	2,216,866	802,852	5,573,447
IIC. Distributed indirect costs									
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-
Total actual operating expenses	643,447	101,080	5,469,429	720,291	5,690,220	652,000	2,216,866	802,852	5,573,447
IIID. Unallowable costs	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 643,447	\$ 101,080	\$ 5,469,429	\$ 720,291	\$ 5,690,220	\$ 652,000	\$ 2,216,866	\$ 802,852	\$ 5,573,447
IIIE. Capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
 Budget Period July 1, 2019 through June 30, 2020

Part II: Actual Expenses: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA									
	Respite Services	SA Detox	Supported Employment	Supported Housing/Living	TASC	Transitional Beds	Intervention	Outpatient	Residential Services	
IIA. Personnel expenses										
(1) Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Fringe benefits	-	-	-	-	-	-	-	-	-	-
Total personnel expenses	-	-	-	-	-	-	-	-	-	-
IIB. Other expenses										
(1) Building occupancy	-	-	-	-	-	-	-	-	-	-
(2) Professional services	-	-	-	-	-	-	-	-	-	-
(3) Travel	-	-	-	-	-	-	-	-	-	-
(4) Equipment	-	-	-	-	-	-	-	-	-	-
(5) Food services	-	-	-	-	-	-	-	-	-	-
(6) Medical and pharmacy	-	-	-	-	-	-	-	-	-	-
(7) Subcontracted services	-	-	-	-	-	-	-	-	-	-
From Northeast Region	329,542	6,127,480	456,600	669,889	417,296	1,622,235	1,635,464	5,288,088	18,118,617	
(8) Insurance	-	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-	-
Total other expenses	329,542	6,127,480	456,600	669,889	417,296	1,622,235	1,635,464	5,288,088	18,118,617	
Total personnel and other expenses	329,542	6,127,480	456,600	669,889	417,296	1,622,235	1,635,464	5,288,088	18,118,617	
IIC. Distributed indirect costs										
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-	-
Total actual operating expenses	329,542	6,127,480	456,600	669,889	417,296	1,622,235	1,635,464	5,288,088	18,118,617	
IID. Unallowable costs	-	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 329,542	\$ 6,127,480	\$ 456,600	\$ 669,889	\$ 417,296	\$ 1,622,235	\$ 1,635,464	\$ 5,288,088	\$ 18,118,617	
III. Capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
 Budget Period July 1, 2019 through June 30, 2020

Part II: Actual Expenses: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA								
	Room and Board with Supervision	Bnet	Purchased Residential Therapeutic Services	First Episode Psychosis	Fixed Rate Central Receiving Facilities	Recovery Support	SOR- Federal Project Grant	Other Bundled Projects	Network Evaluation & Development
IIA. Personnel expenses									
(1) Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Fringe benefits	-	-	-	-	-	-	-	-	-
Total personnel expenses	-	-	-	-	-	-	-	-	-
IIIB. Other expenses									
(1) Building occupancy	-	-	-	-	-	-	-	-	-
(2) Professional services	-	-	-	-	-	-	-	-	-
(3) Travel	-	-	-	-	-	-	-	-	-
(4) Equipment	-	-	-	-	-	-	-	-	-
(5) Food services	-	-	-	-	-	-	-	-	-
(6) Medical and pharmacy	-	-	-	-	-	-	-	-	-
(7) Subcontracted services	-	-	-	-	-	-	-	-	-
From northeast region	4,433,055	674,371	340,200	450,000	6,874,890	202,889	1,242,539	7,508,390	597,510
(8) Insurance	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-
Total other expenses	4,433,055	674,371	340,200	450,000	6,874,890	202,889	1,242,539	7,508,390	597,510
Total personnel and other expenses	4,433,055	674,371	340,200	450,000	6,874,890	202,889	1,242,539	7,508,390	597,510
IIIC. Distributed indirect costs									
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-
Total actual operating expenses	4,433,055	674,371	340,200	450,000	6,874,890	202,889	1,242,539	7,508,390	597,510
IIID. Unallowable costs	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 4,433,055	\$ 674,371	\$ 340,200	\$ 450,000	\$ 6,874,890	\$ 202,889	\$ 1,242,539	\$ 7,508,390	\$ 597,510
IIIE. Capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
Budget Period July 1, 2019 through June 30, 2020

	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA		
	Provider Provision Projects	Cost Reimbursement	Total for AMH/CMH ASA/CSA
Part II: Actual Expenses:			
Funding Sources and Revenues			
IIA. Personnel expenses			
(1) Salaries	\$ -	\$ -	\$ -
(2) Fringe benefits	-	-	-
Total personnel expenses	-	-	-
IIB. Other expenses			
(1) Building occupancy	-	-	-
(2) Professional services	-	-	-
(3) Travel	-	-	-
(4) Equipment	-	-	-
(5) Food services	-	-	-
(6) Medical and pharmacy	-	-	-
(7) Subcontracted services	-	-	-
From northeast region	32,653	62,278	136,883,086
(8) Insurance	-	-	-
(9) Interest paid	-	-	-
(10) Operating supplies and expenses	-	-	-
(11) Other	-	-	-
(12) Donated items	-	-	-
Total other expenses	32,653	62,278	136,883,086
Total personnel and other expenses	32,653	62,278	136,883,086
IIC. Distributed indirect costs			
(a) Other support costs (optional)	-	-	-
(b) Administration	-	-	-
Total distributed indirect costs	-	-	-
Total actual operating expenses	32,653	62,278	136,883,086
IID. Unallowable costs			
Total allowable operating expenses	\$ 32,653	\$ 62,278	\$ 136,883,086
IIE. Capital expenditures			
	\$ -	\$ -	\$ -

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues (Continued)
Budget Period July 1, 2019 through June 30, 2020

Part II: Actual Expenses: Funding Sources and Revenues	ME		Total for State SAMH-Funded Cost Centers	Total for Non- State-Funded SAMH Cost Centers	Total for all State Designated SAMH-Funded Cost Centers	Non-SAMH Cost Centers	Administration	Advancement	Total Expenses
	Administrative Services	Carryforward							
IIA. Personnel expenses									
(1) Salaries	\$ 2,779,855	\$ -	\$ 2,779,855	\$ -	\$ 2,779,855	\$ 41,947,225	\$ 4,188,858	\$ 186,391	\$ 49,102,329
(2) Fringe benefits	527,143	-	527,143	-	527,143	10,399,632	840,573	49,358	11,816,706
Total personnel expenses	3,306,998	-	3,306,998	-	3,306,998	52,346,857	5,029,431	235,749	60,919,035
IIB. Other expenses									
(1) Building occupancy	183,775	-	183,775	-	183,775	5,624,831	557,728	10,438	6,376,772
(2) Professional services	269,461	-	269,461	-	269,461	2,531,716	521,991	19,838	3,343,006
(3) Travel	140,803	-	140,803	-	140,803	1,626,933	139,804	11,217	1,918,757
(4) Equipment	39,239	-	39,239	-	39,239	2,282,710	397,638	27,077	2,746,664
(5) Food services	-	-	-	-	-	1,802,959	-	-	1,802,959
(6) Medical and pharmacy	-	-	-	-	-	-	-	-	-
(7) Subcontracted services	-	6,444,352	143,327,438	-	143,327,438	20,453,103	-	-	163,780,541
(8) Insurance	18,171	-	18,171	-	18,171	826,425	88,595	1,026	934,217
(9) Interest paid	-	-	-	-	-	111,875	170,299	-	282,174
(10) Operating supplies and expenses	120,033	-	120,033	-	120,033	6,457,816	136,165	13,863	6,727,877
(11) Other	85,206	-	85,206	-	85,206	180,890	1,137,661	4,768	1,408,525
(12) Donated items	-	-	-	-	-	3,832,015	-	-	3,832,015
Total other expenses	856,688	6,444,352	144,184,126	-	144,184,126	45,731,273	3,149,881	88,227	193,153,507
Total personnel and other expenses	4,163,686	6,444,352	147,491,124	-	147,491,124	98,078,130	8,179,312	323,976	254,072,542
IIC. Distributed indirect costs									
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-
(b) Administration	332,041	-	332,041	-	332,041	7,821,435	(8,179,312)	25,836	-
Total distributed indirect costs	332,041	-	332,041	-	332,041	7,821,435	(8,179,312)	25,836	-
Total actual operating expenses	4,495,727	6,444,352	147,823,165	-	147,823,165	105,899,565	-	349,812	254,072,542
IID. Unallowable costs	-	-	-	-	-	18,666	1,060	19	19,745
Total allowable operating expenses	\$ 4,495,727	\$ 6,444,352	\$ 147,823,165	\$ -	\$ 147,823,165	\$ 105,880,899	\$ (1,060)	\$ 349,793	\$ 254,052,797
IIIE. Capital expenditures	\$ 7,010	\$ -	\$ 7,010	\$ -	\$ 7,010	\$ 175,068	\$ 24,370	\$ -	\$ 206,448

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Substance Abuse and Mental Health Services, Program/Cost
Center Actual Expenses and Revenues (Continued)**

**Schedule of State Earnings
Year Ended June 30, 2020**

*This schedule does not apply for the year ended June 30, 2020.

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Substance Abuse and Mental Health Services, Program/Cost
Center Actual Expenses and Revenues (Continued)
Schedule of Bed-Day Availability Payments
Year Ended June 30, 2020**

*This schedule does not apply for the year ended June 30, 2020.

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Substance Abuse and Mental Health Services, Program/Cost
Center Actual Expenses and Revenues (Continued)
Schedule of Related Party Transaction Adjustments
Year Ended June 30, 2020**

*This schedule does not apply for the year ended June 30, 2020.

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Board of Directors
Lutheran Services Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Lutheran Services Florida, Inc. and its subsidiary (the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements), and have issued our report thereon dated December 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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.

RSM US LLP

Orlando, Florida
December 28, 2020

**Report on Compliance for Each Major Federal Program and State Financial Assistance Project
and Report on Internal Control Over Compliance Required by the Uniform Guidance
and State of Florida Chapter 10.650, *Rules of the Auditor General***

Independent Auditor's Report

Board of Directors
Lutheran Services Florida, Inc.

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited Lutheran Services Florida, Inc. and its subsidiary's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and state financial assistance projects for the year ended June 30, 2020. The Organization's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Those standards, the Uniform Guidance and Chapter 10.650, 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 or state financial assistance project 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 and state financial assistance project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program and State Financial Assistance Project

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 and state financial assistance projects 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 and state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, 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 or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 or state financial assistance project 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 or state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
December 28, 2020

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract/Grant Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture:				
<i>Passed-through from Florida Department of Health:</i>				
Child and Adult Care Food Program	10.558	D-154	\$ -	\$ 4,381,647
	10.558	S-121	-	1,735,101
	10.558	H-3109	-	18,876
	10.558	H-3110	-	12,493
	10.558	H-3654	-	31,791
	10.558	H-3365	-	35,479
Subtotal – U.S. Department of Agriculture			-	6,215,387
U.S. Department of Housing and Urban Development:				
<i>Passed-through from Lee County, State of Florida:</i>				
CDBG - Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants	14.218	8231	-	39,252
<i>Passed-through from Florida Department of Health:</i>				
Housing Opportunities for Persons with AIDS	14.241	CODMB	-	483,410
Subtotal – U.S. Department of Housing and Urban Development			-	522,662
U.S. Department of Justice:				
<i>Passed-through from the State of Florida Office of Attorney General:</i>				
Crime Victim Assistance	16.575	VOCA-2019-LSF-00198	-	272,769
<i>Passed-through from the City of Jacksonville:</i>				
Criminal and Juvenile Justice and Mental Health Collaboration	16.745	2018-MO-BX-0048	-	35,060
Subtotal – U.S. Department of Justice			-	307,829
U.S. Department of State:				
<i>Passed-through from Lutheran Immigration and Refugee Services:</i>				
U.S. Refugee Admissions Program	19.510	SPRMC019CA0030	-	240,062
Subtotal – U.S. Department of State			-	240,062
U.S. Department of Health and Human Services:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79SM081468	-	131,044
Mental and Behavioral Health Education and Training Grants	93.732	M01HP31270	-	313,031
Services to Victims of a Severe Form of Trafficking	93.598	90ZV0132	-	119,956
Basic Center Grant	93.623	90CY6957	-	202,370
	93.623	90CY6962	-	169,330
Head Start Cluster: Head Start	93.600	04CH4683-06	-	72,190
	93.600	04CH011072-01	-	585,581
	93.600	04CH011072-02	-	865,561
	93.600	04CH010628-02	1,154,840	7,169,958
	93.600	04CH010628-03	1,270,563	7,641,962
	93.600	04CH4699-06	244,974	1,166,123
	93.600	04CH011190-01	2,101,678	8,529,608
	93.600	04CH011190-02	627,103	2,749,202
	93.600	04CH4702-06-03	1,841,688	4,456,855
	93.600	04CH4702-06-04	6,872,929	13,885,591
	93.600	04HP0018-04	42,329	114,862
	93.600	04HP000259-01-00	767,626	1,413,086
<i>Passed-through from Hillsborough County, State of Florida:</i>				
Head Start	93.600	04CH4768	266,185	368,159
	93.600	04CH011252	757,430	1,124,782
<i>Passed-through Florida Association of Healthy Start Coalitions, Inc.:</i>				
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	17-04-FY1819	-	49,246

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract/Grant Number	Provided to Subrecipients	Total Federal Expenditures
<i>Passed-through from State of Florida Department of Children and Families:</i>				
Refugee and Entrant Assistance – State Administered Programs	93.566	XK055	\$ -	\$ 95,280
	93.566	LK203	-	11,875
	93.566	LK183	-	242,392
	93.566	LK188	-	122,074
	93.566	LK191	-	1,242,374
	93.566	LK205	650,137	1,985,800
Refugee and Entrant Assistance – Targeted Assistance Grants	93.584	LK183	-	35,436
	93.584	LK191	-	132,902
	93.584	LK205	52,670	160,877
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) Projects for Assistance in Transition from Homelessness (PATH)	93.104	EH003	424,383	424,383
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.150	EH003	802,852	802,972
TANF Cluster*: Temporary Assistance for Needy Families Social Services Block Grant	93.243	EH003	50,600	50,608
Children's Health Insurance Program	93.558	EH003	2,118,002	2,243,748
Medicaid Cluster: Medical Assistance Program	93.667	EH003	166,727	166,752
State Targeted Response to the Opioid Crisis Grants	93.767	EH003	645,937	645,937
Block Grants for Community Mental Health Services	93.778	EH003	1,316,164	1,436,655
Block Grants for Prevention and Treatment of Substance Abuse	93.788	EH003	9,606,764	9,943,043
	93.958	EH003	4,469,673	4,469,673
	93.959	EH003	21,258,448	21,258,448
<i>Passed-through from State of Florida Department of Health:</i>				
HIV Care Formula Grants	93.917	CODLS	580,066	968,517
<i>Passed-through from Lutheran Immigration and Refugee Services:</i>				
Refugee and Entrant Assistance – Voluntary Agency Programs	93.567	1902MDRVMG/342-19-FLT	-	255,574
	93.567	2002MDRVMG/342-20-LSF	-	149,523
Unaccompanied Alien Children Program	93.676	90ZU0223-03	-	151,272
	93.676	90ZU0318-01/358-20-LSF	-	143,890
	93.676	90ZU0172-01/358-19-LSF	-	350,163
<i>Passed-through from Florida Network of Youth and Family Services, Inc.:</i>				
Foster Care – Title IV-E	93.658	Southeast	-	7,829
	93.658	Southwest	-	13,832
	93.658	Northwest	-	10,373

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract/Grant Number	Provided to Subrecipients	Total Federal Expenditures
<i>Passed-through from Eckerd Connects, Community Alternatives:</i>				
Promoting Safe and Stable Families	93.556	ECA-C6-CMO-LSF-FY22	\$ 12,191	\$ 162,347
TANF Cluster*: Temporary Assistance for Needy Families	93.558	ECA-C6-CMO-LSF-FY22	99,480	679,247
Stephanie Tubbs Jones Child Welfare Services Program	93.645	ECA-C6-CMO-LSF-FY22	25,731	267,805
Foster Care – Title IV-E	93.658	ECA-C6-CMO-LSF-FY22	221,478	1,084,003
	93.658	ECA-C6-DIV-CFP-FY21	-	3,000
	93.658	N/A	-	25,752
Adoption Assistance	93.659	ECA-C6-CMO-LSF-FY22	26,458	288,712
Social Services Block Grant	93.667	ECA-C6-CMO-LSF-FY22	1,837	25,520
	93.667	N/A	-	22,336
<i>Passed-through from Children's Network of Southwest Florida, LLC:</i>				
Promoting Safe and Stable Families	93.556	ABK01	-	16,615
TANF Cluster*: Temporary Assistance for Needy Families	93.558	ABK01	-	539,461
	93.558	FBR01	-	103,610
Grants to States for Access and Visitation Programs	93.597	ABK01	-	18,369
Stephanie Tubbs Jones Child Welfare Services Program	93.645	ABK01	-	212,692
Foster Care – Title IV-E	93.658	ABK01	-	1,208,707
	93.658	WBQ01	-	51,378
	93.658	FBR01	-	177,617
Adoption Assistance	93.659	ABK01	-	267,216
Social Services Block Grant	93.667	ABK01	-	20,268
	93.667	WBQ01	-	31,410
<i>Passed-through from ChildNet, Inc:</i>				
Foster Care – Title IV-E	93.658	LSF18RGC	-	321,721
	93.658	LSF18RGC2	-	147,889
	93.658	N/A	-	17,293
Social Services Block Grant	93.667	LSF18RGC	-	307,912
	93.667	LSF18RGC2	-	37,384
	93.667	N/A	-	9,153
<i>Passed-through from Safe Children Coalition, Inc.:</i>				
Promoting Safe and Stable Families	93.556	LSFCM20	-	4,945
TANF Cluster*: Temporary Assistance for Needy Families	93.558	LSFCM20	-	115,658
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	LSFCM20	-	63,142
Foster Care – Title IV-E	93.658	LSFCM20	-	536,235
Adoption Assistance	93.659	LSFCM20	-	109,223
<i>Passed-through from South Florida Workforce Investment Board:</i>				
Refugee and Entrant Assistance – State Administered Programs	93.566	RET-DP-PY18-08-01	-	364,492
	93.566	RET-DP-PY19-09-00	-	1,000,100
Refugee and Entrant Assistance – Targeted Assistance Grants	93.584	RET-DP-PY18-08-01	-	44,406
	93.584	RET-DP-PY19-09-00	-	121,843
<i>Passed-through from The Florida Council for Community Mental Health:</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	U79SM061748	-	52,700
<i>Passed-through from The University of Illinois:</i>				
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	90RT5038	-	65,205
<i>Passed-through from Lakeview Center, Inc.:</i>				
Foster Care – Title IV-E	93.658	C-010-101	-	32,548
Social Services Block Grant	93.667	C-010-101	-	23,248
Block Grants for Community Mental Health Services	93.958	C-010-200	-	29,396
<i>Passed-through from U.S. Committee For Refugees and Immigrants:</i>				
Block Grants for Community Mental Health Services	93.958	90ZV0123	-	60,099
Subtotal – U.S. Department of Health and Human Services			58,476,943	107,321,356
Total expenditures of federal awards			58,476,943	114,607,296

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended June 30, 2020**

State Grantor/Pass-Through Grantor/Program Title	State CSFA Number	Contract/Grant Number	Provided to Subrecipients	Total State Expenditures
State Courts System:				
<i>Passed-through from Gulf Coast Kid's House:</i>				
Florida Network of Children Advocacy Centers	22.016	N/A	\$ -	\$ 80,000
Department of Children and Families:				
Forensic Services and Competency Restoration Training	60.114	EH003	652,000	652,097
Substance Abuse and Mental Health – Community Services	60.153	EH003	269,556	269,597
Substance Abuse and Mental Health – Crisis Prevention and Stabilization Services	60.155	EH003	1,529,812	1,530,040
Centralized Receiving Systems	60.163	EH003	8,043,160	8,044,360
SAMH ME State Funded Federal Excluded Services	60.190	EH003	1,224,453	1,224,636
Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	60.115	LHZ76	95,940	369,112
<i>Passed-through from ChildNet, Inc.:</i>				
Out-Of-Home Supports	60.074	LSF18RGC	-	530
	60.074	LSF18RGC2	-	9,762
	60.074	N/A	-	137
<i>Passed-through from Eckerd Connects, Community Alternatives</i>				
Out-Of-Home Supports	60.074	N/A	-	2,022
<i>Passed-through from Children's Network of Southwest Florida, LLC:</i>				
Out-Of-Home Supports	60.074	WBQ01	-	3,212
Subtotal – Department of Children and Families			11,814,921	12,105,505
Department of Education:				
<i>Passed-through from Early Learning Coalition of Pinellas County, Inc.:</i>				
Voluntary Pre-Kindergarten Education Program	48.108	N/A	-	784,990
<i>Passed-through from Early Learning Coalition of Palm Beach County, Inc.:</i>				
Voluntary Pre-Kindergarten Education Program	48.108	N/A	-	958,094
<i>Passed-through from the Early Learning Coalition of Duval, Inc.:</i>				
Voluntary Pre-Kindergarten Education Program	48.108	N/A	-	659,411
Subtotal – Department of Education			-	2,402,495
Department of Health:				
Medical Services for Abused and Neglected Children	64.006	CSPAN	-	35,000
Department of Elder Affairs:				
Public Guardianship	65.003	X9208.A1	-	166,247
	65.003	X9238.A1	-	361,549
Subtotal – Department of Elder Affairs			-	527,796

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended June 30, 2020**

State Grantor/Pass-Through Grantor/Program Title	State CSFA Number	Contract/Grant Number	Provided to Subrecipients	Total State Expenditures
Department of Juvenile Justice:				
<i>Passed-through from Florida Network of Youth and Family Services, Inc.:</i>				
Children and Families in Need of Services (CINS/FINS)	80.005	Southeast	\$ -	\$ 1,137,236
	80.005	Southwest	-	1,732,400
	80.005	Northwest	-	1,811,571
Subtotal – Department of Juvenile Justice			<u>-</u>	<u>4,681,207</u>
Total expenditures of state financial assistance			<u>11,814,921</u>	<u>19,832,003</u>
Total expenditures of federal awards and state financial assistance			<u>\$ 70,291,864</u>	<u>\$ 134,439,299</u>

See notes to schedule of expenditures of federal awards and state financial assistance.

* See TANF Cluster subtotal at accompanying notes to schedule of expenditures of federal awards and state financial assistance.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Year Ended June 30, 2020

Note 1. Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award and state financial assistance project activity of Lutheran Services Florida, Inc. and Subsidiary, under programs of the federal government and the State of Florida for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Florida Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of Lutheran Services Florida, Inc. and Subsidiary, it is not intended to and does not present the financial position, changes in net assets or cash flows of Lutheran Services Florida, Inc. and Subsidiary.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Lutheran Services Florida, Inc. and Subsidiary has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Other

The accompanying Schedule presents federal expenditures and state financial assistance by pass-through agency. Expenditures of certain federal programs and state financial assistance projects were awarded to Lutheran Services Florida, Inc. and Subsidiary by more than one pass-through agency or under more than one contract. Total expenditures by federal award program and state financial assistance project are summarized on pages 55-56.

Lutheran Services Florida, Inc. and Subsidiary

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2020**

CFDA No.	Federal Program	Federal Expenditures
10.558	Child and Adult Care Food Program	\$ 6,215,387
14.218	CDBG – Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants	39,252
14.241	Housing Opportunities for Persons with AIDS	483,410
16.575	Crime Victim Assistance	272,769
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	35,060
19.510	U.S. Refugee Admissions Program	240,062
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	424,383
93.150	Projects for Assistance in Transition from Homelessness (PATH)	802,972
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	234,352
93.433	ACL National Institute on Disability, Independent Living, and Rehabilitation Research	65,205
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	49,246
93.556	Promoting Safe and Stable Families	183,907
93.558	TANF Cluster: Temporary Assistance for Needy Families	3,681,724
93.566	Refugee and Entrant Assistance – State Administered Programs	5,064,387
93.567	Refugee and Entrant Assistance – Voluntary Agency Programs	405,097
93.584	Refugee and Entrant Assistance – Targeted Assistance Grants	495,464
93.597	Grants to States for Access and Visitation Programs	18,369
93.598	Services to Victims of a Severe Form of Trafficking	119,956
93.600	Head Start Cluster: Head Start	50,143,520
93.623	Basic Center Grant	371,700
93.645	Stephanie Tubbs Jones Child Welfare Services Program	543,639
93.658	Foster Care – Title IV-E	3,638,177
93.659	Adoption Assistance	665,151
93.667	Social Services Block Grant	643,983
93.676	Unaccompanied Alien Children Program	645,325
93.732	Mental and Behavioral Health Education and Training Grants	313,031
93.767	Children’s Health Insurance Program	645,937
93.778	Medicaid Cluster: Medical Assistance Program	1,436,655
93.788	State Targeted Response to the Opioid Crisis Grants	9,943,043
93.917	HIV Care Formula Grants	968,517
93.958	Block Grants for Community Mental Health Services	4,559,168
93.959	Block Grants for Prevention and Treatment of Substance Abuse	21,258,448
Total expenditures of federal awards		\$ 114,607,296

Lutheran Services Florida, Inc. and Subsidiary

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2020**

CSFA No.	State Financial Assistance Project	State Expenditures
22.016	Florida Network of Children Advocacy Centers	\$ 80,000
48.108	Voluntary Pre-Kindergarten Education Program	2,402,495
60.074	Out-Of-Home Supports	15,663
60.114	Forensic Services and Competency Restoration Training	652,097
60.115	Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	369,112
60.153	Substance Abuse and Mental Health – Community Services	269,597
60.155	Substance Abuse and Mental Health – Crisis Prevention and Stabilization Services	1,530,040
60.163	Centralized Receiving Systems	8,044,360
60.190	SAMH ME State Funded Federal Excluded Services	1,224,636
64.006	Medical Services for Abused and Neglected Children	35,000
65.003	Public Guardianship	527,796
80.005	Children and Families in Need of Services (CINS/FINS)	4,681,207
Total expenditures of state financial assistance		\$ 19,832,003

Lutheran Services Florida, Inc. and Subsidiary

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

 Yes X No

Identification of major federal programs:

CFDA Number(s)

93.600

10.558

Name of Federal Program or Cluster:

Head Start Cluster: Head Start

Child and Adult Care Food Program

Dollar threshold used to distinguish between type A and type B programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

 X Yes No

(Continued)



RSM US LLP

December 28, 2020

To Management and the Finance and Audit Committee
Lutheran Services Florida, Inc.
Tampa, Florida

In planning and performing our audit of the consolidated financial statements of Lutheran Services Florida, Inc. and Subsidiary (the Organization) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of the Federal and State Single Audit Act; Subpart F of Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; the U.S. Office of Management and Budget's Compliance Supplement; State of Florida 10.650, *Rules of the Auditor General*, the State of Florida Department of Financial Services' Sate Projects Compliance Supplement and guidance provided in the audit guides titled *Government Auditing Standards and Single Audits and Not-for-Profit Entities* issued by the AICPA, 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 consolidated 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis.

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

This communication is intended solely for the information and use of management, the board of directors, the audit committee, others within the Organization, federal and state awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP

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