

Lutheran Services Florida, Inc. and Subsidiary

Consolidated Financial and Compliance Report
June 30, 2021

Contents

Independent auditor's report	1-2
<hr/>	
Financial statements	
Consolidated statements of financial position	3
Consolidated statements of activities	4
Consolidated statements of functional expenses	5-6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8-25
<hr/>	
Supplementary information	
Schedule of government grants and contracts	26
Schedule of substance abuse and mental health services, program/cost center actual expenses and revenues:	
Part I: Actual funding sources and revenues	27-33
Part II: Actual expenses	34-40
Schedule of state earnings	41
Schedule of bed-day availability payments	42
Schedule of related party transaction adjustments	43
<hr/>	
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	44-45
<hr/>	
Independent auditor's 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, <i>Rules of the Auditor General</i>	46-47
<hr/>	
Schedule of expenditures of federal awards and state financial assistance	48-52
Notes to schedule of expenditures of federal awards and state financial assistance	53-55
Schedule of findings and questioned costs	56-59
Corrective action plan	60
<hr/>	

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, 2021 and 2020, 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, 2021 and 2020, 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*, and other 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 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 February 10, 2022, 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
February 10, 2022

Lutheran Services Florida, Inc. and Subsidiary

**Consolidated Statements of Financial Position
June 30, 2021 and 2020**

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,180,768	\$ 13,643,525
Accounts receivable, net (Note 3)	22,671,764	21,499,115
Current portion of gifted facilities (Note 6)	1,945,428	1,901,211
Prepaid expenses	1,189,707	1,049,757
Total current assets	45,987,667	38,093,608
Investments (Note 2)	1,246,560	1,000,392
Assets limited as to use (Note 2)	280,812	185,994
Beneficial interest in assets held by others (Notes 2 and 5)	996,448	828,291
Gifted facilities, net of current portion (Note 6)	2,925,122	4,606,887
Property and equipment, net (Note 4)	4,990,412	4,656,233
Other assets	256,424	180,318
Total assets	\$ 56,683,445	\$ 49,551,723
Liabilities and Net Assets		
Current liabilities:		
Accounts payable (Note 7)	\$ 18,664,631	\$ 24,154,432
Accrued salaries and payroll related expenses	6,864,645	5,771,843
Other accrued expenses	2,152,541	668,431
Refundable advances	13,410,708	3,639,964
Current portion of capital lease obligations (Note 10)	417,619	391,016
Current portion of note payable (Note 9)	239,739	222,254
Total current liabilities	41,749,883	34,847,940
Capital lease obligations, net of current portion (Note 10)	1,051,536	1,469,156
Note payable, net of current portion (Note 9)	2,123,719	2,368,705
Total liabilities	44,925,138	38,685,801
Commitments and contingencies (Notes 10, 14, 16 and 19)		
Net assets (Notes 11 and 12):		
Without donor restrictions	3,459,296	2,084,811
With donor restrictions	8,299,011	8,781,111
Total net assets	11,758,307	10,865,922
Total liabilities and net assets	\$ 56,683,445	\$ 49,551,723

See notes to consolidated financial statements.

Lutheran Services Florida, Inc. and Subsidiary

Consolidated Statements of Activities
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Government grants and contracts	\$ 257,724,512	\$ -	\$ 257,724,512	\$ 244,881,967	\$ -	\$ 244,881,967
In-kind contributions (Note 15)	3,205,638	-	3,205,638	3,832,015	-	3,832,015
Contributions	523,614	1,840,905	2,364,519	662,707	2,043,693	2,706,400
Program service fees	1,048,301	-	1,048,301	1,087,134	-	1,087,134
Other income, net	264,586	-	264,586	511,834	-	511,834
Investment income, net	331,771	-	331,771	91,959	-	91,959
Change in value of beneficial interest in assets held by others	(52,320)	220,477	168,157	(21,727)	-	(21,727)
Net assets released from restrictions (Note 11)	2,543,482	(2,543,482)	-	3,237,656	(3,237,656)	-
Total revenues and support	265,589,584	(482,100)	265,107,484	254,283,545	(1,193,963)	253,089,582
Expenses:						
Program services	255,867,497	-	255,867,497	246,560,151	-	246,560,151
Supporting services	8,347,602	-	8,347,602	7,512,391	-	7,512,391
Total expenses	264,215,099	-	264,215,099	254,072,542	-	254,072,542
Change in net assets	1,374,485	(482,100)	892,385	211,003	(1,193,963)	(982,960)
Net assets:						
Beginning	2,084,811	8,781,111	10,865,922	1,873,808	9,975,074	11,848,882
Ending	\$ 3,459,296	\$ 8,299,011	\$ 11,758,307	\$ 2,084,811	\$ 8,781,111	\$ 10,865,922

See notes to consolidated financial statements.

Lutheran Services Florida, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services					Supporting Services				
	Substance Abuse and Mental Health Services	Children Services	Youth and Family Services	Resettlement Services	Adult Services	Total Program Services	General and Administrative	Advancement	Total Supporting Services	Total Expenses
Salaries	\$ 3,429,440	\$ 23,085,477	\$ 17,869,949	\$ 4,527,753	\$ 873,740	\$ 49,786,359	\$ 4,526,977	\$ 267,179	\$ 4,794,156	\$ 54,580,515
Payroll taxes and employee benefits	674,317	6,341,295	4,098,219	1,043,906	228,772	12,386,509	1,009,981	51,283	1,061,264	13,447,773
Total salaries and related expenses	4,103,757	29,426,772	21,968,168	5,571,659	1,102,512	62,172,868	5,536,958	318,462	5,855,420	68,028,288
Professional fees and contract services	530,448	1,484,587	315,272	107,083	120,051	2,557,441	593,113	23,851	616,964	3,174,405
Subcontractor expenses	141,986,538	18,308,894	1,435,413	724,743	-	162,455,588	-	-	-	162,455,588
Office expenses and program supplies	107,228	4,072,204	438,318	752,281	51,456	5,421,487	130,315	3,554	133,869	5,555,356
Food	-	1,340,710	214,276	41,547	-	1,596,533	-	-	-	1,596,533
Assistance to individuals	-	4,276,501	56,994	451,144	498,209	5,282,848	-	-	-	5,282,848
Occupancy	236,173	4,077,785	785,338	1,043,864	114,248	6,257,408	571,183	15,351	586,534	6,843,942
Repairs and maintenance	434	1,786,622	249,256	167,994	6,848	2,211,154	23,313	797	24,110	2,235,264
Equipment costs	197,695	444,812	100,082	63,409	8,917	814,915	154,109	25,551	179,660	994,575
Insurance and taxes	27,521	568,822	338,666	74,852	17,596	1,027,457	92,164	1,307	93,471	1,120,928
Transportation and travel	34,617	776,465	744,454	58,009	23,385	1,636,930	84,399	10,961	95,360	1,732,290
Postage, printing and publication	67,086	78,975	49,745	28,449	10,865	235,120	36,101	10,991	47,092	282,212
Interest	-	103,227	-	-	-	103,227	170,546	-	170,546	273,773
In-kind expenses (Note 15)	-	3,049,669	110,366	45,603	-	3,205,638	-	-	-	3,205,638
Other operating expenses	42,170	94,507	123,601	8,313	29,808	298,399	414,633	3,642	418,275	716,674
Total expenses before depreciation and amortization	147,333,667	69,890,552	26,929,949	9,138,950	1,983,895	255,277,013	7,806,834	414,467	8,221,301	263,498,314
Depreciation and amortization	9,361	474,163	64,821	35,977	6,162	590,484	126,301	-	126,301	716,785
Total expenses	\$ 147,343,028	\$ 70,364,715	\$ 26,994,770	\$ 9,174,927	\$ 1,990,057	\$ 255,867,497	\$ 7,933,135	\$ 414,467	\$ 8,347,602	\$ 264,215,099

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				
	Substance Abuse and Mental Health Services	Children Services	Youth and Family Services	Resettlement Services	Adult Services	Total Program Services	General and Administrative	Advancement	Total Supporting Services	Total Expenses
Salaries	\$ 3,254,743	\$ 23,130,271	\$ 13,981,236	\$ 3,462,838	\$ 897,993	\$ 44,727,081	\$ 4,188,857	\$ 186,391	\$ 4,375,248	\$ 49,102,329
Payroll taxes and employee benefits	626,186	6,041,194	3,165,541	806,228	287,627	10,926,776	840,573	49,358	889,931	11,816,707
Total salaries and related expenses	3,880,929	29,171,465	17,146,777	4,269,066	1,185,620	55,653,857	5,029,430	235,749	5,265,179	60,919,036
Professional fees and contract services	611,319	1,681,489	198,529	106,383	203,457	2,801,177	521,991	19,838	541,829	3,343,006
Subcontractor expenses	143,904,470	18,206,023	387,175	702,807	580,066	163,780,541	-	-	-	163,780,541
Office expenses and program supplies	190,017	776,813	332,494	104,666	46,444	1,450,434	118,407	932	119,339	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	211,035	4,089,268	773,831	585,055	149,416	5,808,605	557,728	10,438	568,166	6,376,771
Repairs and maintenance	2,633	1,063,968	245,357	45,588	25,197	1,382,743	36,838	366	37,204	1,419,947
Equipment costs	29,409	218,201	109,304	28,645	8,963	394,522	139,909	26,711	166,620	561,142
Insurance and taxes	21,676	517,667	235,936	50,384	18,932	844,595	88,595	1,026	89,621	934,216
Transportation and travel	190,738	749,134	751,894	45,267	30,703	1,767,736	139,805	11,217	151,022	1,918,758
Postage, printing and publication	28,851	40,945	42,205	17,312	18,435	147,748	17,757	12,931	30,688	178,436
Interest	-	111,875	-	-	-	111,875	170,299	-	170,299	282,174
In-kind expenses (Note 15)	7,600	3,683,891	8,771	131,753	-	3,832,015	-	-	-	3,832,015
Other operating expenses	54,869	1,062,989	113,936	2,552	22,648	1,256,994	146,766	4,768	151,534	1,408,528
Total expenses before depreciation and amortization	149,133,546	66,989,104	20,639,107	6,650,159	2,603,551	246,015,467	6,967,525	323,976	7,291,501	253,306,968
Depreciation and amortization	8,666	461,571	68,285	-	6,162	544,684	220,890	-	220,890	765,574
Total expenses	\$ 149,142,212	\$ 67,450,675	\$ 20,707,392	\$ 6,650,159	\$ 2,609,713	\$ 246,560,151	\$ 7,188,415	\$ 323,976	\$ 7,512,391	\$ 254,072,542

See notes to consolidated financial statements.

Lutheran Services Florida, Inc. and Subsidiary

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

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 892,385	\$ (982,960)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	716,785	765,574
Loss on sale/disposal of property and equipment	-	986,084
Net realized and unrealized gains on investments and assets limited as to use	(263,958)	(21,050)
Change in value of beneficial interest in assets held by others	(168,157)	21,727
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(1,172,649)	(355,533)
Prepaid expenses	(139,950)	(115,207)
Gifted facilities	1,637,548	392,156
Other assets	(76,106)	(587)
Increase (decrease) in:		
Accounts payable	(5,489,801)	4,312,712
Accrued salaries and payroll related expenses	1,092,802	633,897
Other accrued expenses	1,484,110	(369,705)
Refundable advances	9,770,744	(5,208,123)
Net cash provided by operating activities	8,283,753	58,985
Cash flows from investing activities:		
Purchases of investments and assets limited as to use	(223,659)	(553,756)
Proceeds from the sale of investments	146,631	829,592
Purchases of property and equipment	(1,050,964)	(359,409)
Proceeds from the sale of property and equipment	-	34,400
Net cash used in investing activities	(1,127,992)	(49,173)
Cash flows from financing activities:		
Net payments on line of credit	-	(15,842)
Principal payments on capital lease obligations	(391,017)	(366,124)
Repayments of note payable	(227,501)	(159,041)
Net cash used in financing activities	(618,518)	(541,007)
Net increase (decrease) in cash and cash equivalents	6,537,243	(531,195)
Cash and cash equivalents:		
Beginning	13,643,525	14,174,720
Ending	\$ 20,180,768	\$ 13,643,525
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 273,773	\$ 282,174
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:

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

Children 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.

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 include 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, 2021 and 2020.

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 refundable advances.

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 refundable advances.

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, 2018.

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.

Reclassifications: Certain reclassifications have been made to the 2020 consolidated financial statements in order to conform to the 2021 presentation. These reclassifications did not result in a change in previously reported change in net assets.

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

In February 2016, the FASB issued its new lease accounting guidance in Accounting Standards Update (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 consolidated statements 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. 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 February 10, 2022, 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, 2021 and 2020:

	2021			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market funds	\$ 26,866	\$ -	\$ -	\$ 26,866
Equity securities:				
Emerging market funds	72,612	-	-	72,612
Small/mid cap funds	56,151	-	-	56,151
Preferred stock	24,584	-	-	24,584
Index funds	23,820	-	-	23,820
Convertible securities	25,499	-	-	25,499
Large growth funds	157,125	-	-	157,125
Large cap funds	159,967	-	-	159,967
Internationally developed funds	226,688	-	-	226,688
Fixed income securities:				
Index bond funds	79,361	-	-	79,361
Intermediate duration bond funds	86,002	-	-	86,002
Corporate bond funds	112,842	-	-	112,842
Government bond funds	132,442	-	-	132,442
Real asset funds	62,601	-	-	62,601
Total investments	1,246,560	-	-	1,246,560
Assets limited as to use:				
Money market funds	14,020	-	-	14,020
Equity securities:				
Large blend funds	80,671	-	-	80,671
Emerging market funds	64,189	-	-	64,189
Index funds	17,727	-	-	17,727
Fixed income securities:				
Index bond funds	15,764	-	-	15,764
Short duration funds	27,359	-	-	27,359
Global bond funds	31,348	-	-	31,348
Intermediate duration bond funds	29,734	-	-	29,734
Total assets limited as to use	280,812	-	-	280,812
Beneficial interest in:				
Assets held by others	-	178,377	-	178,377
Perpetual trust	-	-	818,071	818,071
Total beneficial interest in assets held by others	-	178,377	818,071	996,448
	\$ 1,527,372	\$ 178,377	\$ 818,071	\$ 2,523,820

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 2. Fair Value of Financial Instruments (Continued)

	2020			
	Level 1	Level 2	Level 3	Total
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	<u>1,000,392</u>	<u>-</u>	<u>-</u>	<u>1,000,392</u>
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	<u>185,994</u>	<u>-</u>	<u>-</u>	<u>185,994</u>
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	<u>-</u>	<u>140,016</u>	<u>688,275</u>	<u>828,291</u>
	<u>\$ 1,186,386</u>	<u>\$ 140,016</u>	<u>\$ 688,275</u>	<u>\$ 2,014,677</u>

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, 2021 and 2020:

	2021	2020
Managing entity contract	\$ 11,752,101	\$ 11,164,453
Other grants and funding sources	10,338,789	9,508,815
Program fees and other, net of allowance for doubtful accounts of \$256,388 and \$24,555 in 2021 and 2020, respectively	580,874	825,847
	<u>\$ 22,671,764</u>	<u>\$ 21,499,115</u>

Note 4. Property and Equipment

Property and equipment consists of the following at June 30, 2021 and 2020:

	Estimated Useful Lives (Years)	2021	2020
Land	N/A	\$ 1,610,899	\$ 1,610,899
Buildings and improvements	35	3,672,521	3,355,848
Vehicles	3-5	1,077,407	1,073,960
Leasehold improvements	5	4,793,558	4,181,554
Computer equipment and software	3-5	780,139	774,589
Furniture and equipment	2-5	1,538,929	1,445,640
		13,473,453	12,442,490
Less accumulated depreciation and amortization		(8,483,041)	(7,786,257)
		<u>\$ 4,990,412</u>	<u>\$ 4,656,233</u>

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 was \$716,785 and \$765,574, 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:

	2021	2020
Beneficial interest in assets held by others:		
Community Foundation of Broward, Inc.	\$ 170,739	\$ 133,888
Community Foundation of Tampa Bay, Inc.	7,638	6,128
	<u>178,377</u>	<u>140,016</u>
Beneficial interest in perpetual trust:		
Charles A. Zerbst Trust	818,071	688,275
	<u>\$ 996,448</u>	<u>\$ 828,291</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, 2021 and 2020, is summarized as follows:

	Pinellas Properties	Duval Properties	Palm Beach Properties	Total
Balance at June 30, 2019	\$ 1,131,768	\$ 211,301	\$ 5,557,185	\$ 6,900,254
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>
Contributions	24,915	344,895	84,701	454,511
Rent expense	(484,606)	(320,693)	(1,286,760)	(2,092,059)
Balance at June 30, 2021	<u>861,136</u>	<u>830,097</u>	<u>3,179,317</u>	<u>4,870,550</u>
Less current portion of gifted facilities	(469,046)	(331,777)	(1,144,605)	(1,945,428)
Gifted facilities, less current portion	<u>\$ 392,090</u>	<u>\$ 498,320</u>	<u>\$ 2,034,712</u>	<u>\$ 2,925,122</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, 2021 and 2020:

	2021	2020
Managing entity contract	\$ 15,017,685	\$ 22,172,160
Trade	3,646,946	1,982,272
	<u>\$ 18,664,631</u>	<u>\$ 24,154,432</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% (4.375% at June 30, 2021). The line of credit is secured by the Organization's accounts receivable balance and requires the Organization to meet certain covenants. At June 30, 2021, the Organization was in compliance with these restrictive covenants. There was no outstanding balance on the line of credit at June 30, 2021 and 2020. The line of credit matures on March 4, 2022.

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. The promissory note calls for monthly principal and interest payments of \$28,902, with a fixed interest rate of 4.75% through September 30, 2024. Beginning on October 1, 2024, the interest rate will be adjusted based on the lenders cost of funds plus 3% through maturity. The monthly principal and interest payment will be adjusted accordingly. The outstanding balance on the note payable at June 30, 2021 and 2020, was \$2,363,458 and \$2,590,959, respectively.

Maturities of the note payable at June 30, 2021, are as follows:

Years ending June 30:	
2022	\$ 239,739
2023	251,377
2024	263,581
2025	276,378
2026	289,795
2027	1,042,588
	<u>2,363,458</u>
Less current portion	(239,739)
	<u>\$ 2,123,719</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, 2021, the gross amount of facilities and related accumulated amortization recorded under capital leases was \$4,005,115 and \$2,535,959, respectively. 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. Amortization of assets held under capital leases is included in depreciation and amortization expense. Future minimum payments under capital lease obligations at June 30, 2021, are as follows:

Years ending June 30:	
2022	\$ 504,862
2023	441,982
2024	173,400
2025	173,400
2026	173,400
Thereafter	260,100
Total minimum capital lease payments	<u>1,727,144</u>
Less amount representing interest	<u>(257,989)</u>
Present value of capital lease payments	1,469,155
Less current portion of capital lease obligations	<u>(417,619)</u>
Capital lease obligations, less current portion	<u><u>\$ 1,051,536</u></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 \$2,940,000 in fiscal 2021 and \$2,533,000 in fiscal 2020. 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, 2021, are as follows:

Years ending June 30:	
2022	\$ 2,492,843
2023	2,166,229
2024	1,451,021
2025	904,933
2026	784,553
2027	112,055
	<u><u>\$ 7,911,634</u></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, 2021 and 2020:

	2021	2020
Undesignated	\$ 2,212,736	\$ 1,084,419
Board designated for specified purposes	1,246,560	1,000,392
	<u>\$ 3,459,296</u>	<u>\$ 2,084,811</u>

The Board of Directors of LSF established a board designated endowment to be used to support operations which was \$1,246,560 and \$1,000,392 as of June 30, 2021 and 2020, respectively (see Note 12).

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Restricted for specified purposes:		
Facilities and equipment subject to time restrictions	\$ 2,074,908	\$ 1,290,824
Gifted facilities	4,870,550	6,508,098
Employee tuition reimbursement	22,668	28,893
Other	334,437	177,326
	<u>7,302,563</u>	<u>8,005,141</u>
Restricted in perpetuity – endowment:		
Broward County program endowment	170,739	138,526
Tampa Bay program endowment	7,638	10,000
	<u>178,377</u>	<u>148,526</u>
Restricted in perpetuity – beneficial interest:		
Zerbst Trust	818,071	627,444
	<u>\$ 8,299,011</u>	<u>\$ 8,781,111</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:

	2021	2020
Facilities and equipment subject to time restrictions	\$ 266,879	\$ 1,225,573
Rent expense from gifted facilities	2,092,058	1,945,767
Employee tuition reimbursement	6,225	10,106
Other	178,320	56,210
	<u>\$ 2,543,482</u>	<u>\$ 3,237,656</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 two 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. The earnings on the donor restricted endowment funds are to be used to support program operations and are recorded as net assets with donor restrictions until appropriated to LSF.

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, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Board-designated endowment	\$ 1,246,560	\$ -	\$ 1,246,560
Broward County program endowment	-	170,739	170,739
Tampa Bay program endowment	-	7,638	7,638
	<u>\$ 1,246,560</u>	<u>\$ 178,377</u>	<u>\$ 1,424,937</u>

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 12. Endowment Funds (Continued)

	2020		Total Endowment Net Assets
	Without Donor Restrictions	With Donor Restrictions	
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
	<u>\$ 1,000,392</u>	<u>\$ 148,526</u>	<u>\$ 1,148,918</u>

Changes in endowment net assets for the years ended June 30, 2021 and 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Balances at June 30, 2019	\$ 955,432	\$ 148,526	\$ 1,103,958
Board designations	7,288	-	7,288
Investment return, net	37,672	-	37,672
Balances at June 30, 2020	1,000,392	148,526	1,148,918
Board designations	7,670	-	7,670
Investment return, net	238,498	37,078	275,576
Appropriations	-	(7,227)	(7,227)
Balances at June 30, 2021	<u>\$ 1,246,560</u>	<u>\$ 178,377</u>	<u>\$ 1,424,937</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, 2021 and 2020, were approximately \$1,065,000 and \$705,000, 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, 2021 and 2020, the Organization incurred expenses under the SERP of approximately \$95,000 and \$210,000, respectively. At June 30, 2021 and 2020, the Organization has \$280,812 and \$185,994, 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 \$9,000,883 for the year ended June 30, 2021. 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, 2021 and 2020, accrued estimated health insurance expense under the Plan was approximately \$1,678,000 and \$1,307,000, 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 \$6,353,000 and \$5,901,000, 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, 2021 and 2020, the Organization had approximately \$1,799,000 and \$1,322,000, 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 14. Contingencies (Continued)

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. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantine in certain areas, forced closures and other restrictions limiting public access for certain types of businesses.

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. It is reasonably possible that estimates made in the accompanying consolidated financial statements may be adversely impacted in the near term as a result of these conditions. Management believes that cash available, together with its available net assets, will be sufficient to fund its working capital requirements through fiscal year 2022 and a reasonable time thereafter.

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:

	2021	2020
Professional services	\$ 444,895	\$ 376,051
Food, clothing and household items	2,760,743	3,455,964
	<u>\$ 3,205,638</u>	<u>\$ 3,832,015</u>

Donated services for the years ended June 30, 2021 and 2020, with estimated fair values of approximately \$2,031,000 and \$1,506,000, 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. Management believes these requirements were met through program service fees, local grants and public donations during the years ended June 30, 2021 and 2020.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 17. Liquidity and Availability of Resources

As of June 30, 2021 and 2020, 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, 2021 and 2020:

	2021	2020
Financial assets, at year-end		
Cash and cash equivalents	\$ 20,180,768	\$ 13,643,525
Accounts receivable, net	22,671,764	21,499,115
Investments	1,246,560	1,000,392
Gifted facilities	4,870,550	6,508,098
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	(2,432,013)	(1,497,043)
Restricted by donors with use restrictions	(4,870,550)	(6,508,098)
Board designations:		
Board designated for specified purposes	(1,246,560)	(1,000,392)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 40,420,519</u>	<u>\$ 33,645,597</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.

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 managed 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 managed is applied to each individual's account balance. Assets managed by the Organization are not included in the accompanying consolidated financial statements. The value of assets managed are as follows:

	2021	2020
Cash and cash equivalents	\$ 5,762,900	\$ 5,066,851
Investments in fixed income and equity securities	6,854,870	6,329,333
Real property	2,992,999	3,389,424
Cash surrender value of life insurance and other annuities	4,366,438	4,558,296
Other	170,266	710,657
	<u>\$ 20,147,473</u>	<u>\$ 20,054,561</u>

For the years ended June 30, 2021 and 2020, program service fees earned under the guardianship program were approximately \$701,000 and \$742,000, respectively, and are included in program service fees in the accompanying consolidated statements of activities.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

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. Conditional Promises to Give

The Organization has conditional promises to give from grantors of approximately \$60,850,000 and \$25,580,000 as of June 30, 2021 and 2020, respectively. Future payments are contingent upon the Organization carrying out certain activities (meeting grant-imposed barriers) stipulated by the grant or contract.

Note 21. Paycheck Protection Program

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 Securities 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. Under the terms of the PPP, PPP loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits and other qualifying expenses.

As of June 30, 2021, the Organization used \$5,661,348 of the loan proceeds to fund its payroll expenses. The Organization submitted an application to the Small Business Administration (SBA) on July 23, 2021, requesting that these PPP funds received be forgiven. On July 30, 2021, the Organization received notification that the \$5,661,348 was forgiven. The Organization elected to account for the PPP loan as a conditional contribution under ASC Subtopic 958-605. Management believes the revenue recognition criteria under ASC Subtopic 958-605 have been met for \$5,661,348 of the \$10,000,000 PPP loan. As such, this amount has been recognized in government grants and contracts in the accompanying consolidated statements of activities as of June 30, 2021. The remaining principal balance of \$4,338,652 is included in refundable advances in the accompanying consolidated statements of financial position as of June 30, 2021. The remaining principal balance of \$4,338,652 plus accrued interest was repaid by the Organization on August 3, 2021.

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Government Grants and Contracts
Year Ended June 30, 2021**

Direct federal funding:

U.S. Department of Health and Human Services \$ 58,089,733

Pass-through awards of federal and state funding:

State of Florida Department of Children and Families	150,009,460
State of Florida Department of Health	6,651,944
Children's Network of Southwest Florida, LLC	5,669,115
Eckerd Connects, Community Alternatives	6,099,826
Florida Network of Youth and Family Services, Inc.	4,639,021
ChildNet, Inc.	3,106,557
Safe Children Coalition, Inc.	2,203,395
Lutheran Immigration and Refugee Services	953,076
Voluntary Pre-Kindergarten	1,207,874
South Florida Workforce Investment Board	1,435,949
Hillsborough County, State of Florida	1,661,844
State of Florida Department of Elder Affairs	809,071
Lakeview Center, Inc.	33,440
State of Florida Office of Attorney General	272,368
U.S. Committee for Refugees and Immigrants	97,927
National Children's Alliance	51,560
University of South Florida	48,117
Hillsborough County Public Schools	36,875
Northeast Florida Healthy Start Coalition, Inc.	5,800
City of Jacksonville	1,406
University of Illinois	664
	<u>184,995,289</u>

Local and other grants and contracts:

Children's Services Council of Palm Beach County	5,798,570
Small Business Administration	5,661,348
Children's Board of Hillsborough County	1,602,954
Florida Blue Foundation	700,784
Lee County, State of Florida	311,349
Partnership for Strong Families	117,740
Florida Network of Youth and Family Services, Inc. (DV Respite)	125,935
Hernando County BOCC	66,450
Marion County	60,000
Santa Rosa County, State of Florida	50,619
Eckerd Staff Retention Funds	48,480
Sarasota County, State of Florida	29,468
Other	65,793
	<u>14,639,490</u>

Total government grants and contracts

\$ 257,724,512

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, 2020 through June 30, 2021

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 – Crisis Prevention	Community Forensic Beds – Adult Services	Crisis Stabilization	Crisis Support/ Emergency	Day Care	Day Treatment	
	IA. State SAMH funding									
Contract EH003	\$ 338,764	\$ 1,086,320	\$ 4,047,785	\$ 500,000	\$ 1,050,681	\$ 16,114,683	\$ 11,908,827	\$ 153,148	\$ 535,645	
Contract EH003 – carryover	-	-	-	-	-	-	-	-	-	
Total state SAMH funding	338,764	1,086,320	4,047,785	500,000	1,050,681	16,114,683	11,908,827	153,148	535,645	
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	\$ 338,764	\$ 1,086,320	\$ 4,047,785	\$ 500,000	\$ 1,050,681	\$ 16,114,683	\$ 11,908,827	\$ 153,148	\$ 535,645	

(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, 2020 through June 30, 2021

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	\$ 738,056	\$ 8,447,616	\$ 7,235,607	\$ 3,138,144	\$ 348,999	\$ 697,099	\$ 134,297	\$ 997,284	\$ 166,699
Contract EH003 – carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	738,056	8,447,616	7,235,607	3,138,144	348,999	697,099	134,297	997,284	166,699
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	\$ 738,056	\$ 8,447,616	\$ 7,235,607	\$ 3,138,144	\$ 348,999	\$ 697,099	\$ 134,297	\$ 997,284	\$ 166,699

(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, 2020 through June 30, 2021

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								
	Inpatient	Intensive Case Management	Medical Services	Mental Health Clubhouse Services	Methadone Treatment	Multi-Disciplinary Forensic Team	Outreach	PATH Community Support Services Federal	Prevention
IA. State SAMH funding									
Contract EH003	\$ 691,958	\$ 126,941	\$ 4,679,771	\$ 819,390	\$ 6,045,231	\$ 652,000	\$ 1,963,725	\$ 879,333	\$ 5,731,366
Contract EH003 – carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	691,958	126,941	4,679,771	819,390	6,045,231	652,000	1,963,725	879,333	5,731,366
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	\$ 691,958	\$ 126,941	\$ 4,679,771	\$ 819,390	\$ 6,045,231	\$ 652,000	\$ 1,963,725	\$ 879,333	\$ 5,731,366

(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, 2020 through June 30, 2021

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	\$ 330,357	\$ 5,950,850	\$ 397,535	\$ 515,738	\$ 328,396	\$ 1,622,235	\$ 1,586,879	\$ 3,765,577	\$ 14,908,283
Contract EH003 – carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	330,357	5,950,850	397,535	515,738	328,396	1,622,235	1,586,879	3,765,577	14,908,283
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	\$ 330,357	\$ 5,950,850	\$ 397,535	\$ 515,738	\$ 328,396	\$ 1,622,235	\$ 1,586,879	\$ 3,765,577	\$ 14,908,283

(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, 2020 through June 30, 2021

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	Transition Vouchers	Bnet	Care Coordination	Purchased Residential Therapeutic Services	First Episode Psychosis	Fixed Rate Central Receiving Facilities	Recovery Support	Federal Project Grant
	IA. State SAMH funding								
Contract EH003	\$ 3,727,159	\$ 44,179	\$ 878,281	\$ 111,311	\$ 189,723	\$ 450,000	\$ 7,182,471	\$ 170,122	\$ 3,479,713
Contract EH003 – carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	3,727,159	44,179	878,281	111,311	189,723	450,000	7,182,471	170,122	3,479,713
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	\$ 3,727,159	\$ 44,179	\$ 878,281	\$ 111,311	\$ 189,723	\$ 450,000	\$ 7,182,471	\$ 170,122	\$ 3,479,713

(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, 2020 through June 30, 2021

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								Total for AMH/CMH/ ASA/CSA
	Other Bundled Projects	Cost Reimbursement	Wraparound Projects	Network Evaluation & Development	Provider Provision Projects	Local Diversion Foresnic Project	Sustainability Payments		
IA. State SAMH funding									
Contract EH003	\$ 8,636,261	\$ 138,742	\$ 206,472	\$ 334,210	\$ 293,916	\$ 12,333	\$ 5,363,799	\$ 139,853,911	
Contract EH003 – carryover	-	-	-	-	-	-	-	-	
Total state SAMH funding	8,636,261	138,742	206,472	334,210	293,916	12,333	5,363,799	139,853,911	
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	\$ 8,636,261	\$ 138,742	\$ 206,472	\$ 334,210	\$ 293,916	\$ 12,333	\$ 5,363,799	\$ 139,853,911	

(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, 2020 through June 30, 2021

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	\$ 4,642,698	\$ 139,853,911	\$ -	\$ 144,496,609	\$ -	\$ 144,496,609
Contract EH003 – carryover	-	1,038,258	-	1,038,258	-	1,038,258
Total state SAMH funding	4,642,698	140,892,169	-	145,534,867	-	145,534,867
IB. Other government funding						
(1) Other state agency funding	-	-	-	-	7,313,139	7,313,139
(2) Medicaid	-	-	-	-	-	-
(3) Local government	-	-	-	-	14,639,490	14,639,490
(4) Federal grants and contracts	-	-	-	-	90,237,016	90,237,016
(5) In-kind from local government only	-	-	-	-	-	-
Total other government funding	-	-	-	-	112,189,645	112,189,645
IC. All other revenues						
(1) First and second party payments	-	-	-	-	1,048,301	1,048,301
(2) Third-party payments (except Medicare)	-	-	-	-	-	-
(3) Medicare	-	-	-	-	-	-
(4) Contributions and donations	-	-	-	-	2,364,519	2,364,519
(5) Other	-	-	-	-	764,514	764,514
(6) Refunds	-	-	-	-	-	-
(7) In-kind	-	-	-	-	3,205,638	3,205,638
Total all other revenues	-	-	-	-	7,382,972	7,382,972
Total funding	\$ 4,642,698	\$ 140,892,169	\$ -	\$ 145,534,867	\$ 119,572,617	\$ 265,107,484

(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, 2020 through June 30, 2021

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	Community	Crisis Stabilization	Crisis Support/ Emergency	Day Care	Day Treatment
				Behavioral – Crisis Prevention	Beds – Adult Forensic 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	338,764	1,086,320	4,047,785	500,000	1,050,681	16,114,683	11,908,827	153,148	535,645
(8) Insurance	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-
Total other expenses	338,764	1,086,320	4,047,785	500,000	1,050,681	16,114,683	11,908,827	153,148	535,645
Total personnel and other expenses	338,764	1,086,320	4,047,785	500,000	1,050,681	16,114,683	11,908,827	153,148	535,645
IIC. Distributed indirect costs									
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-
Total actual operating expenses	338,764	1,086,320	4,047,785	500,000	1,050,681	16,114,683	11,908,827	153,148	535,645
IID. Unallowable costs	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 338,764	\$ 1,086,320	\$ 4,047,785	\$ 500,000	\$ 1,050,681	\$ 16,114,683	\$ 11,908,827	\$ 153,148	\$ 535,645
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, 2020 through June 30, 2021

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	738,056	8,447,616	7,235,607	3,138,144	348,999	697,099	134,297	997,284	166,699
(8) Insurance	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-
Total other expenses	738,056	8,447,616	7,235,607	3,138,144	348,999	697,099	134,297	997,284	166,699
Total personnel and other expenses	738,056	8,447,616	7,235,607	3,138,144	348,999	697,099	134,297	997,284	166,699
IIC. Distributed indirect costs									
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-
Total actual operating expenses	738,056	8,447,616	7,235,607	3,138,144	348,999	697,099	134,297	997,284	166,699
IID. Unallowable costs	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 738,056	\$ 8,447,616	\$ 7,235,607	\$ 3,138,144	\$ 348,999	\$ 697,099	\$ 134,297	\$ 997,284	\$ 166,699
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, 2020 through June 30, 2021

Part II: Actual Expenses: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA								
	Inpatient	Intensive Case Management	Medical Services	Mental Health Clubhouse Services	Methadone Treatment	Multi- Disciplinary Forensic Team	Outreach	PATH	Prevention
								Community Support Services Federal	
I.A. Personnel expenses									
(1) Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Fringe benefits	-	-	-	-	-	-	-	-	-
Total personnel expenses	-	-	-	-	-	-	-	-	-
I.B. Other expenses									
(1) Building occupancy	-	-	-	-	-	-	-	-	-
(2) Professional services	-	-	-	-	-	-	-	-	-
(3) Travel	-	-	-	-	-	-	-	-	-
(4) Equipment	-	-	-	-	-	-	-	-	-
(5) Food services	-	-	-	-	-	-	-	-	-
(6) Medical and pharmacy	-	-	-	-	-	-	-	-	-
(7) Subcontracted services	691,958	126,941	4,679,771	819,390	6,045,231	652,000	1,963,725	879,333	5,731,366
(8) Insurance	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-
Total other expenses	691,958	126,941	4,679,771	819,390	6,045,231	652,000	1,963,725	879,333	5,731,366
Total personnel and other expenses	691,958	126,941	4,679,771	819,390	6,045,231	652,000	1,963,725	879,333	5,731,366
I.C. Distributed indirect costs									
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-
Total actual operating expenses	691,958	126,941	4,679,771	819,390	6,045,231	652,000	1,963,725	879,333	5,731,366
IID. Unallowable costs	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 691,958	\$ 126,941	\$ 4,679,771	\$ 819,390	\$ 6,045,231	\$ 652,000	\$ 1,963,725	\$ 879,333	\$ 5,731,366
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, 2020 through June 30, 2021

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	330,357	5,950,850	397,535	515,738	328,396	1,622,235	1,586,879	3,765,577	14,908,283	
(8) Insurance	-	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-	-
Total other expenses	330,357	5,950,850	397,535	515,738	328,396	1,622,235	1,586,879	3,765,577	14,908,283	
Total personnel and other expenses	330,357	5,950,850	397,535	515,738	328,396	1,622,235	1,586,879	3,765,577	14,908,283	
IIC. Distributed indirect costs										
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-	-
Total actual operating expenses	330,357	5,950,850	397,535	515,738	328,396	1,622,235	1,586,879	3,765,577	14,908,283	
IID. Unallowable costs	-	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 330,357	\$ 5,950,850	\$ 397,535	\$ 515,738	\$ 328,396	\$ 1,622,235	\$ 1,586,879	\$ 3,765,577	\$ 14,908,283	
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, 2020 through June 30, 2021

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	Transition Vouchers	Bnet	Care Coordination	Purchased Residential Therapeutic Services	First Episode Psychosis	Fixed Rate Central Receiving Facilities	Recovery Support	Federal Project Grant
	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	3,727,159	44,179	878,281	111,311	189,723	450,000	7,182,471	170,122	3,479,713
(8) Insurance	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-
Total other expenses	3,727,159	44,179	878,281	111,311	189,723	450,000	7,182,471	170,122	3,479,713
Total personnel and other expenses	3,727,159	44,179	878,281	111,311	189,723	450,000	7,182,471	170,122	3,479,713
IIC. Distributed indirect costs									
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-
Total actual operating expenses	3,727,159	44,179	878,281	111,311	189,723	450,000	7,182,471	170,122	3,479,713
IID. Unallowable costs	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 3,727,159	\$ 44,179	\$ 878,281	\$ 111,311	\$ 189,723	\$ 450,000	\$ 7,182,471	\$ 170,122	\$ 3,479,713
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, 2020 through June 30, 2021

Part II: Actual Expenses: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA							
	Other Bundled Projects	Cost Reimbursement	Wraparound Projects	Network Evaluation and Development	Provider Provision Projects	Local Diversion Foresnic Project	Sustainability Payments	Total for AMH/CMH ASA/CSA
	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	8,636,261	138,742	206,472	334,210	293,916	12,333	5,363,799	139,853,911
(8) Insurance	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-
Total other expenses	8,636,261	138,742	206,472	334,210	293,916	12,333	5,363,799	139,853,911
Total personnel and other expenses	8,636,261	138,742	206,472	334,210	293,916	12,333	5,363,799	139,853,911
IIC. Distributed indirect costs								
(a) Other support costs (optional)	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-
Total actual operating expenses	8,636,261	138,742	206,472	334,210	293,916	12,333	5,363,799	139,853,911
IID. Unallowable costs	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 8,636,261	\$ 138,742	\$ 206,472	\$ 334,210	\$ 293,916	\$ 12,333	\$ 5,363,799	\$ 139,853,911
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, 2020 through June 30, 2021

Part II: Actual Expenses: Funding Sources and Revenues	ME Administrative Services	Carryforward	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
IIA. Personnel expenses									
(1) Salaries	\$ 2,887,386	\$ -	\$ 2,887,386	\$ -	\$ 2,887,386	\$ 46,898,973	\$ 4,526,977	\$ 267,179	\$ 54,580,515
(2) Fringe benefits	561,817	-	561,817	-	561,817	11,824,692	1,009,981	51,283	13,447,773
Total personnel expenses	3,449,203	-	3,449,203	-	3,449,203	58,723,665	5,536,958	318,462	68,028,288
IIB. Other expenses									
(1) Building occupancy	204,255	-	204,255	-	204,255	6,053,153	571,183	15,351	6,843,942
(2) Professional services	101,780	-	101,780	-	101,780	2,455,661	593,113	23,851	3,174,405
(3) Travel	26,572	-	26,572	-	26,572	1,610,358	84,399	10,961	1,732,290
(4) Equipment	203,728	-	203,728	-	203,728	3,412,825	303,723	26,348	3,946,624
(5) Food services	-	-	-	-	-	1,596,533	-	-	1,596,533
(6) Medical and pharmacy	-	-	-	-	-	-	-	-	-
(7) Subcontracted services	-	1,034,557	140,888,468	-	140,888,468	21,567,120	-	-	162,455,588
(8) Insurance	23,054	-	23,054	-	23,054	1,004,403	92,164	1,307	1,120,928
(9) Interest paid	-	-	-	-	-	103,227	170,546	-	273,773
(10) Operating supplies and expenses	92,161	-	92,161	-	92,161	10,847,294	166,416	14,545	11,120,416
(11) Other	78,426	-	78,426	-	78,426	219,973	414,633	3,642	716,674
(12) Donated items	-	-	-	-	-	3,205,638	-	-	3,205,638
Total other expenses	729,976	1,034,557	141,618,444	-	141,618,444	52,076,185	2,396,177	96,005	196,186,811
Total personnel and other expenses	4,179,179	1,034,557	145,067,647	-	145,067,647	110,799,850	7,933,135	414,467	264,215,099
IIC. Distributed indirect costs									
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-
(b) Administration	287,312	-	287,312	-	287,312	7,617,329	(7,933,135)	28,494	-
Total distributed indirect costs	287,312	-	287,312	-	287,312	7,617,329	(7,933,135)	28,494	-
Total actual operating expenses	4,466,491	1,034,557	145,354,959	-	145,354,959	118,417,179	-	442,961	264,215,099
IID. Unallowable costs	-	-	-	-	-	33,890	862	45	34,797
Total allowable operating expenses	\$ 4,466,491	\$ 1,034,557	\$ 145,354,959	\$ -	\$ 145,354,959	\$ 118,383,289	\$ (862)	\$ 442,916	\$ 264,180,302
IIIE. Capital expenditures	\$ 13,893	\$ -	\$ 13,893	\$ -	\$ 13,893	\$ 1,067,252	\$ -	\$ -	\$ 1,081,145

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, 2021**

*This schedule does not apply for the year ended June 30, 2021.

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, 2021**

*This schedule does not apply for the year ended June 30, 2021.

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, 2021**

*This schedule does not apply for the year ended June 30, 2021.

**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 Subsidiary (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, 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 February 10, 2022.

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
February 10, 2022



RSM US LLP

**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 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, 2021. 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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002. Our opinion on each major federal program and state financial assistance project is not modified with respect to these matters.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
February 10, 2022

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN 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	\$ -	\$ 4,683,500
	10.558	S-121	-	1,094,762
	10.558	H-3109	-	19,087
	10.558	H-3110	-	13,447
	10.558	H-3654	-	36,033
	10.558	H-3365	-	40,212
Subtotal – U.S. Department of Agriculture			-	5,887,041
U.S. Department of Housing and Urban Development:				
<i>Passed-through from Florida Department of Health:</i>				
Housing Opportunities for Persons with AIDS	14.241	CODMB	-	723,904
Subtotal – U.S. Department of Housing and Urban Development			-	723,904
U.S. Department of Justice:				
<i>Passed-through from State of Florida Office of Attorney General:</i>				
Crime Victim Assistance	16.575	VOCA-2019-LSF-00005	-	55,540
	16.575	VOCA-2020-LSF-00524	-	216,828
			-	272,368
<i>Passed-through from the City of Jacksonville:</i>				
Criminal and Juvenile Justice and Mental Health Collaboration	16.745	2018-MO-BX-0048 / SHP 139-1901	-	1,406
Subtotal – U.S. Department of Justice			-	273,774
U.S. Department of State:				
<i>Passed-through from Lutheran Immigration and Refugee Services:</i>				
U.S. Refugee Admissions Program	19.510	SPRMCO19CA0030 / 323-19-LSF-03	-	37,406
COVID 19: U.S. Refugee Admissions Program	19.510	SPRMCO19CA0030 / 323-19-LSF-03 - COVID	-	6,611
U.S. Refugee Admissions Program	19.510	SPRMCO21CA3007 / 323-21-LSF-00	-	44,652
COVID 19: U.S. Refugee Admissions Program	19.510	SPRMCO21CA3007 / 323-21-LSF-00 - COVID	-	2,460
Subtotal – U.S. Department of State			-	91,129
U.S. Department of Treasury:				
<i>Passed-through from Florida Department of Children and Families:</i>				
COVID 19: Coronavirus Relief Fund	21.019	EH003	303,028	322,737
Subtotal – U.S. Department of Treasury			303,028	322,737
U.S. Department of Health and Human Services:				
<i>Substance Abuse and Mental Health Services Projects of Regional and National Significance</i>				
Mental and Behavioral Health Education and Training Grants	93.243	H79SM081468	-	171,979
<i>Services to Victims of a Severe Form of Trafficking</i>				
Basic Center Grant	93.732	M01HP31270	-	266,294
	93.732	T26HP39448	42,491	177,064
COVID 19: Basic Center Grant	93.598	90ZV0132	-	34,054
Basic Center Grant	93.623	90CY6957	-	132,188
COVID 19: Basic Center Grant	93.623	90CY6957 - COVID	-	30,909
Basic Center Grant	93.623	90CY6962	-	209,089
<i>COVID-19: Emergency Grants to Address Mental and Substance Use Disorders During COVID-19</i>				
Unaccompanied Alien Children Program	93.665	H79FG000416	223,948	381,435
	93.676	90ZU0320-01	-	1,209,300
	93.676	90ZU0320-02	-	1,536,001
<i>Head Start Cluster: Head Start</i>				
	93.600	04HE000622-01C5 - CRRSA	-	108,242
	93.600	04HE000622-01C6 - ARP	-	38,800
	93.600	04CH011072-02	-	1,496,890
	93.600	04CH011072-03	-	307,169
	93.600	04CH010628-03	1,775,227	12,841,607
	93.600	04CH010628-04	549,725	3,386,490
	93.600	04CH011190-02	2,109,365	9,924,327
	93.600	04CH011190-03	646,676	2,688,072
	93.600	04CH4702-06-06	(35,670)	427,482
	93.600	04CH011690-01-04	6,242,537	15,706,336
	93.600	04CH011690-02-01	2,558,174	5,234,631
	93.600	04HP000259-01-00	51,800	173,572
	93.600	04HP000259-02-03	561,377	1,159,530
	93.600	04HP000259-03-02	233,990	438,453
Head Start Cluster: Head Start Disaster Recovery	93.356	04TD000155	-	10,000
<i>Passed-through from Hillsborough County, State of Florida:</i>				
Head Start Cluster: Head Start	93.600	04CH011252-01 / 19-1169	-	446,179
	93.600	04CH011252-02 / 19-1169	-	1,215,665

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN 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	LK191	\$ -	\$ 751,247
	93.566	LK208	-	262,434
	93.566	LK205	670,429	2,586,276
Refugee and Entrant Assistance – Targeted Assistance Grants	93.584	LK191	-	80,364
	93.584	LK208	-	28,074
	93.584	LK205	54,314	209,524
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) Projects for Assistance in Transition from Homelessness (PATH)	93.104	EH003	327,250	340,340
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	EH003	46,713	46,713
Temporary Assistance for Needy Families	93.558	EH003	2,150,158	2,191,147
COVID 19: Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	EH003	150,000	150,000
Children’s Health Insurance Program	93.767	EH003	878,281	878,281
Medicaid Cluster: Medical Assistance Program	93.778	EH003	1,350,765	1,373,166
State Targeted Response to the Opioid Crisis Grants	93.788	EH003	12,167,118	12,636,536
Block Grants for Community Mental Health Services	93.958	EH003	7,546,161	7,546,161
Block Grants for Prevention and Treatment of Substance Abuse	93.959	EH003	21,308,529	21,308,529
<i>Passed-through from Lutheran Immigration and Refugee Services:</i>				
Refugee and Entrant Assistance – Voluntary Agency Programs	93.567	2002MDRVMG/342-20-LSF-00	-	74,071
	93.567	2102MDRVMG/342-21-LSF-00	-	99,764
Refugee and Entrant Assistance Discretionary Grants	93.576	90RP0113-04-02	-	30,440
Unaccompanied Alien Children Program	93.676	90ZU0318-01/358-20-LSF-00	-	174,208
	93.676	90ZU0318-02/358-21-LSF-00	-	141,874
	93.676	90ZU0172-03/358-19-LSF-03	-	167,095
	93.676	90ZU0361-01/357-21-00	-	174,495
<i>Passed-through from University of South Florida:</i>				
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	5112-5527-00-B - 90ZB0024	-	48,117

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN 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	\$ 17,874	\$ 151,900
	93.556	ECA-C6-DIV-CFP-FY21	98,554	292,861
Temporary Assistance for Needy Families	93.558	ECA-C6-CMO-LSF-FY22	77,511	658,722
	93.558	ECA-C6-DIV-CFP-FY21	157,388	467,691
Stephanie Tubbs Jones Child Welfare Services Program	93.645	ECA-C6-CMO-LSF-FY22	6,052	51,432
Foster Care – Title IV-E	93.658	ECA-C6-CMO-LSF-FY22	134,522	1,143,226
	93.658	ECA-C6-DIV-CFP-FY21	238,287	708,089
	93.658	N/A	-	15,565
Adoption Assistance	93.659	ECA-C6-CMO-LSF-FY22	8,013	68,099
Social Services Block Grant	93.667	ECA-C6-DIV-CFP-FY21	50	149
	93.667	N/A	-	13,501
Child Abuse and Neglect State Grants	93.669	ECA-C6-DIV-CFP-FY21	295	876
<i>Passed-through from Children's Network of Southwest Florida, LLC:</i>				
Promoting Safe and Stable Families	93.556	ABK01	-	4,606
Temporary Assistance for Needy Families	93.558	ABK01	-	413,163
	93.558	FBR01	-	95,619
Grants to States for Access and Visitation Programs	93.597	ABK01	-	23,109
Stephanie Tubbs Jones Child Welfare Services Program	93.645	ABK01	-	32,241
Foster Care – Title IV-E	93.658	ABK01	-	892,916
	93.658	FBR01	-	144,767
	93.658	WBQ01	-	19,243
Adoption Assistance	93.659	ABK01	-	66,377
Social Services Block Grant	93.667	WBQ01	-	38,824
	93.667	N/A	-	601
<i>Passed-through from ChildNet, Inc:</i>				
Foster Care – Title IV-E	93.658	LSF20RGC	-	1,735,874
	93.658	LSF20PIL	-	341,547
	93.658	N/A	-	27,223
<i>Passed-through from Safe Children Coalition, Inc.:</i>				
Promoting Safe and Stable Families	93.556	LSFCM20	-	14,688
Temporary Assistance for Needy Families	93.558	LSFCM20	-	316,195
Grants to States for Access and Visitation Programs	93.597	LSFCM20	-	9,497
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	LSFCM20	-	24,682
Foster Care – Title IV-E	93.658	LSFCM20	-	518,069
Adoption Assistance	93.659	LSFCM20	-	30,778
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	LSFCM20	-	8,552
<i>Passed-through from South Florida Workforce Investment Board:</i>				
Refugee and Entrant Assistance – State Administered Programs	93.566	RET-DP-PY18-08-01	-	330,366
	93.566	RET-DP-PY19-09-00	-	949,639
Refugee and Entrant Assistance – Targeted Assistance Grants	93.584	RET-DP-PY18-08-01	-	40,249
	93.584	RET-DP-PY19-09-00	-	115,695
<i>Passed-through from Northeast Florida Healthy Start Coalition, Inc.:</i>				
Advancing System Improvements for Key Issues in Women's Health	93.088	N/A	-	5,800
<i>Passed-through from The University of Illinois:</i>				
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	90RT5038	-	480
<i>Passed-through from Lakeview Center, Inc.:</i>				
Foster Care – Title IV-E	93.658	C-010-101	-	3,031
Social Services Block Grant	93.667	C-010-101	-	8,557
<i>Passed-through from U.S. Committee For Refugees and Immigrants:</i>				
Block Grants for Community Mental Health Services	93.958	90ZV0123	-	97,927
Subtotal – U.S. Department of Health and Human Services			63,227,237	121,812,373
U.S. Department of Homeland Security:				
<i>Passed-through from Hillsborough County Public Schools:</i>				
Citizenship Education and Training	97.010	20CICET00157	-	36,875
Subtotal – U.S. Department of Homeland Security			-	36,875
Total expenditures of federal awards			63,530,265	129,147,833

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended June 30, 2021**

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	\$ -	\$ 51,560
Department of Children and Families:				
Forensic Services and Competency Restoration Training	60.114	EH003	823,432	823,432
Substance Abuse and Mental Health – Community Services	60.153	EH003	121,545	121,545
Substance Abuse and Mental Health – Crisis Prevention and Stabilization Services	60.155	EH003	855,511	855,511
Centralized Receiving Systems	60.163	EH003	7,490,052	7,490,052
SAMH ME State Funded Federal Excluded Services	60.190	EH003	1,224,453	1,224,453
Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	60.115	LHZ76	137,679	293,376
	60.115	LHZ86	140,214	256,415
<i>Passed-through from Lakeview Center, Inc.:</i>				
CBC - Purchase of Therapeutic Services for Children	60.183	C-010-201	-	10,190
<i>Passed-through from Eckerd Connects, Community Alternatives:</i>				
Out-Of-Home Supports	60.074	N/A	-	1,222
<i>Passed-through from Children's Network of Southwest Florida, LLC:</i>				
CBC - Purchase of Therapeutic Services for Children	60.183	WBS01	-	3,410
Subtotal – Department of Children and Families			<u>10,792,886</u>	<u>11,079,606</u>
Department of Education:				
<i>Passed-through from Early Learning Coalition of Pinellas County, Inc.:</i>				
Voluntary Pre-Kindergarten Education Program	48.108	N/A	-	331,742
<i>Passed-through from Early Learning Coalition of Palm Beach County, Inc.:</i>				
Voluntary Pre-Kindergarten Education Program	48.108	N/A	-	561,093
<i>Passed-through from the Early Learning Coalition of Duval, Inc.:</i>				
Voluntary Pre-Kindergarten Education Program	48.108	N/A	-	315,039
Subtotal – Department of Education			<u>-</u>	<u>1,207,874</u>
Department of Health:				
Medical Services for Abused and Neglected Children	64.006	CP1PN	-	41,000
Department of Elder Affairs:				
Public Guardianship	65.003	X9208.A3	-	299,982
	65.003	X9238.A3	-	509,088
Subtotal – Department of Elder Affairs			<u>-</u>	<u>809,070</u>

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended June 30, 2021**

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	\$ -	\$ 1,167,819
	80.005	Southwest	-	1,730,986
	80.005	Northwest	-	1,740,216
Subtotal – Department of Juvenile Justice			-	4,639,021
Total expenditures of state financial assistance			10,792,886	17,828,131
Total expenditures of federal awards and state financial assistance			\$ 74,323,151	\$ 146,975,964

See 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, 2021

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, 2021. 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 54-55.

Lutheran Services Florida, Inc. and Subsidiary

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021**

ALN No.	Federal Program or Cluster	Federal Expenditures
10.558	Child and Adult Care Food Program	\$ 5,887,041
14.241	Housing Opportunities for Persons with AIDS	723,904
16.575	Crime Victim Assistance	272,368
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	1,406
19.510	U.S. Refugee Admissions Program	82,058
19.510	COVID-19: U.S. Refugee Admissions Program	9,071
21.019	COVID-19: Coronavirus Relief Fund	322,737
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants	48,117
93.088	Advancing System Improvements for Key Issues in Women's Health	5,800
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	340,340
93.150	Projects for Assistance in Transition from Homelessness (PATH)	879,333
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	218,692
93.356	Head Start Cluster: Head Start Disaster Recovery	10,000
93.433	ACL National Institute on Disability, Independent Living, and Rehabilitation Research	480
93.556	Promoting Safe and Stable Families	464,055
93.558	Temporary Assistance for Needy Families	4,142,536
93.566	Refugee and Entrant Assistance – State Administered Programs	4,879,962
93.567	Refugee and Entrant Assistance – Voluntary Agency Programs	173,835
93.576	Refugee and Entrant Assistance Discretionary Grants	30,440
93.584	Refugee and Entrant Assistance – Targeted Assistance Grants	473,906
93.597	Grants to States for Access and Visitation Programs	32,606
93.598	Services to Victims of a Severe Form of Trafficking	34,054
93.600	Head Start Cluster: Head Start	55,593,445
93.623	Basic Center Grant	341,277
93.623	COVID-19: Basic Center Grant	30,909
93.645	Stephanie Tubbs Jones Child Welfare Services Program	108,355
93.658	Foster Care – Title IV-E	5,549,550
93.659	Adoption Assistance	165,254
93.665	COVID-19: Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	531,435
93.667	Social Services Block Grant	61,632
93.669	Child Abuse and Neglect State Grants	876
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	8,552
93.676	Unaccompanied Alien Children Program	3,402,974
93.732	Mental and Behavioral Health Education and Training Grants	443,358
93.767	Children's Health Insurance Program	878,281
93.778	Medicaid Cluster: Medical Assistance Program	1,373,166
93.788	State Targeted Response to the Opioid Crisis Grants	12,636,536
93.958	Block Grants for Community Mental Health Services	7,644,088
93.959	Block Grants for Prevention and Treatment of Substance Abuse	21,308,529
97.010	Citizenship Education and Training	36,875
Total expenditures of federal awards		\$ 129,147,833

Lutheran Services Florida, Inc. and Subsidiary

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021**

CSFA No.	State Financial Assistance Project	State Expenditures
22.016	Florida Network of Children Advocacy Centers	\$ 51,560
48.108	Voluntary Pre-Kindergarten Education Program	1,207,874
60.074	Out-Of-Home Supports	1,222
60.114	Forensic Services and Competency Restoration Training	823,432
60.115	Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	549,791
60.153	Substance Abuse and Mental Health – Community Services	121,545
60.155	Substance Abuse and Mental Health – Crisis Prevention and Stabilization Services	855,511
60.163	Centralized Receiving Systems	7,490,052
60.183	CBC – Purchase of Therapeutic Services for Children	13,600
60.190	SAMH ME State Funded Federal Excluded Services	1,224,453
64.006	Medical Services for Abused and Neglected Children	41,000
65.003	Public Guardianship	809,070
80.005	Children and Families in Need of Services (CINS/FINS)	4,639,021
Total expenditures of state financial assistance		\$ 17,828,131

Lutheran Services Florida, Inc. and Subsidiary

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited 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?

 X Yes 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)?

 X Yes No

Identification of major federal programs:

ALN Number(s)

Name of Federal Program or Cluster:

93.600 and 93.356

Head Start Cluster

93.958

Block Grants for Community Mental Health Services

93.778

Medicaid Cluster

93.676

Unaccompanied Alien Children Program

93.658

Foster Care – Title IV-E

93.566

Refugee and Entrant Assistance – State Administered Programs

93.558

Temporary Assistance for Needy Families

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)

Lutheran Services Florida, Inc. and Subsidiary

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

Section II – Financial Statement Findings

None reported.

Section III – Findings and Questioned Costs for Federal Awards and State Financial Assistance

Finding No. 2021-001 – Subrecipient Monitoring Risk Assessment

Agency and Award: U.S. Department of Health and Human Services

ALN Numbers:

93.658, Foster Care – Title IV-E

93.566, Refugee and Entrant Assistance – State Administered Programs

Significant Deficiency/Other Matter Compliance

Criteria: Per 2 CFR 200.332(b) and 2 CFR 200.332(e), a pass-through entity is required to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of each sub-award for purposes of determining appropriate subrecipient monitoring requirements. Depending on the risk assessment, the pass-through entity should identify monitoring procedures to be performed in order to ensure proper accountability and compliance with program requirements and achievements of performance goals.

Condition: During our test work, we noted that the Organization conducted an evaluation of three subrecipients, but the Organization did not formally document the evaluation of each of these subrecipients as it pertains to the risk of noncompliance with federal statutes, regulations, and the terms and conditions of each sub-award for purposes of determining appropriate subrecipient monitoring. Due to this, a conclusion was not formally reached as to the level of required monitoring for each subrecipient to ensure proper accountability and compliance with program requirements and achievement of performance goals.

Questioned Costs: None

Context: See "Condition" above.

Effect: This finding is limited to the subrecipient expenditures of the two programs identified above. The effect of this finding could be that the Organization is not performing adequate monitoring procedures over the subrecipients within these two major programs in order to ensure proper accountability and compliance with program requirements and achievement of performance goals for their subrecipients. This could result in federal funds being used for improper purposes.

Cause: The Organization did not have procedures and controls in place to ensure subrecipient risk assessments were formally documented and approved.

Recommendation: We recommend the Organization document a formalized risk assessment for each subrecipient to document its considerations whether subrecipient monitoring procedures in place are adequate to ensure proper accountability and compliance with program requirements and achievement of performance goals.

View of Responsible Officials and Planned Corrective Actions: Management agreements with the finding. See Corrective Action Plan.

Lutheran Services Florida, Inc. and Subsidiary

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

Finding No. 2021-002 – Federal Funding Accountability and Transparency Act (FFATA)

Agency and Award: U.S. Department of Health and Human Services

ALN Number:

Head Start Cluster:
93.600, Head Start Program

Significant Deficiency/Other Matter Compliance

Criteria: Per 2 CFR 170, direct recipients of grants or cooperative agreements who make first-tier subawards of \$30,000 or more are required to register in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) and report subaward data through FSRS.

Condition: During our testwork, we noted that the Organization did not comply with FFATA reporting requirements. The following table summarizes the results of our testing.

Transactions Tested	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
2	2	0	0	0

Dollar Amount of Tested Transactions	Subaward Not Reported	Reported Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
\$ 3,175,201	\$ 3,175,201	\$ -	\$ -	\$ -

Questioned Costs: None

Context: This finding is isolated to the “reporting” direct and material compliance requirement.

Effect: Due to the Organization not registering their subawards within the FSRS, it is possible that the federal agency may have misinformation about the subrecipient or the nature of the subrecipient agreement.

Cause: The Organization did not have controls in place to identify and continually monitor this compliance requirement.

Recommendation: We recommend the Organization identify and execute policies and control procedures in order to ensure that all direct subawards made are properly reported in FSRS. This could include having a process in place to ensure that new subaward agreements are evaluated for FFATA compliance upon execution of the award as well as having processes in place to monitor existing subawards. We also recommend control procedures be developed in order to identify the applicability of compliance requirements to the Organization.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding. See Corrective Action Plan.

January 31, 2022



Lutheran Services Florida
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021

Identifying Number: 2021-001- Subrecipient Monitoring Risk Assessment

Finding: During their test work, RSM noted that the Organization conducted an evaluation of three subrecipients, but the Organization did not formally document the evaluation of each of these subrecipients as it pertains to the risk of noncompliance with federal statutes, regulations, and the terms and conditions of each sub-award for purposes of determining appropriate subrecipient monitoring. Due to this, a conclusion was not formally reached as to the level of required monitoring for each subrecipient to ensure proper accountability and compliance with program requirements and achievement of performance goals.

LSF Comments: Lutheran Services Florida currently has 72 subrecipients of State and Federal funding approximating \$138 million dollars. We have met the subrecipient monitoring requirements for those subrecipients for many years. The subrecipient agreements referenced above were agreements entered into during fiscal year 2020 for a total of \$1.1 million dollars in a different line of business than our current subrecipients. Given the Covid pandemic and staffing constraints, we were unable to fully document the evaluation of each of these subrecipients during fiscal year 2021.

Corrective Actions Taken or Planned: After our fiscal year ended June 30, 2021, LSF did document a formalized risk assessment approach to be taken for these subrecipients. In January 2022, risk assessment checklists were sent to the subrecipients mentioned above. Those checklists have been returned to LSF and a full risk assessment monitoring will take place in February 2022. In addition, risk assessments will be completed annually for these subrecipients.

Identifying Number: 2021-002- Federal Funding Accountability and Transparency Act (FFATA)

Finding: Per 2 CFR 170, direct recipients of grants or cooperative agreements who make first-tier subawards of \$30,000 or more are required to register in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) and report subaward data through FSRS.

LSF Comments: LSF was unaware of this requirement that has been in effect since October 2010 and this issue was not identified in any prior audits. This requirement applies to 4 LSF subcontracts in our Head Start program.

Corrective Actions Taken or Planned: LSF will enter the required data into the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) for these 4 contracts in February/March 2022 and will continue this practice of reporting the data when entering into a new contract or amending/renewing a current contract per the FFATA requirements.

The responsible person for correcting both findings is the Chief Financial Officer.

Sincerely,

Robert Wydra
Chief Financial Officer



RSM US LLP

333 S Garland Avenue
Suite 1410
Orlando, Florida 32801

T +1 407 898 2727
F +1 407 895 1335

www.rsmus.com

February 10, 2022

Management and 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. (the Organization) as of June 30, 2021 and for the year then ended, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, 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.

Our audit was also not designed to identify deficiencies in internal control that might be significant deficiencies. 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. We communicated the significant deficiencies identified during our audit in a separate communication dated February 10, 2022, as contained within the consolidated financial statement and compliance reporting package under *Government Auditing Standards* reporting requirements.

This communication is intended solely for the information and use of management, the board of directors, finance and 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

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING