

Lutheran Services Florida, Inc. and Subsidiary

Consolidated Financial and Compliance Report
June 30, 2022

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RSM US LLP

Independent Auditor's Report

Board of Directors
Lutheran Services Florida, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Lutheran Services Florida, Inc. and its subsidiary (the Organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- * Exercise professional judgment and maintain professional skepticism throughout the audit.
- * Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- * Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- * Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary 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*, respectively, 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 December 22, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

RSM US LLP

Orlando, Florida
December 22, 2022

Lutheran Services Florida, Inc. and Subsidiary

**Consolidated Statements of Financial Position
June 30, 2022 and 2021**

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 18,977,876	\$ 20,180,768
Accounts receivable, net (Note 3)	40,119,594	22,671,764
Current portion of gifted facilities (Note 6)	1,799,151	1,945,428
Prepaid expenses	1,180,183	1,189,707
Total current assets	62,076,804	45,987,667
Investments (Note 2)	1,088,691	1,246,560
Assets limited as to use (Note 2 and 13)	285,948	280,812
Beneficial interest in assets held by others (Notes 2 and 5)	878,331	996,448
Gifted facilities, net of current portion (Note 6)	2,436,944	2,925,122
Property and equipment, net (Note 4)	5,921,886	4,990,412
Other assets	322,342	256,424
Total assets	\$ 73,010,946	\$ 56,683,445
Liabilities and Net Assets		
Current liabilities:		
Accounts payable (Note 7)	\$ 39,029,240	\$ 18,664,631
Accrued salaries and payroll related expenses	7,454,648	6,864,645
Other accrued expenses	1,481,830	2,152,541
Refundable advances	9,938,677	13,410,708
Current portion of capital lease obligations (Note 10)	381,711	417,619
Current portion of note payable (Note 9)	251,377	239,739
Total current liabilities	58,537,483	41,749,883
Capital lease obligations, net of current portion (Note 10)	669,826	1,051,536
Note payable, net of current portion (Note 9)	1,872,343	2,123,719
Total liabilities	61,079,652	44,925,138
Commitments and contingencies (Notes 10, 14, 16, 19 and 21)		
Net assets (Notes 11 and 12):		
Without donor restrictions	3,654,370	3,459,296
With donor restrictions	8,276,924	8,299,011
Total net assets	11,931,294	11,758,307
Total liabilities and net assets	\$ 73,010,946	\$ 56,683,445

See notes to consolidated financial statements.

Lutheran Services Florida, Inc. and Subsidiary

**Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Government grants and contracts	\$ 294,846,365	\$ -	\$ 294,846,365	\$ 257,724,512	\$ -	\$ 257,724,512
In-kind contributions (Note 15)	2,869,628	-	2,869,628	3,205,638	-	3,205,638
Contributions	747,402	3,085,346	3,832,748	523,614	1,840,905	2,364,519
Program service fees	1,080,468	-	1,080,468	1,048,301	-	1,048,301
Other income, net	642,929	-	642,929	264,586	-	264,586
Investment (loss) income, net	(162,551)	-	(162,551)	331,771	-	331,771
Change in value of beneficial interest in assets held by others	-	(118,117)	(118,117)	(52,320)	220,477	168,157
Net assets released from restrictions (Note 11)	2,989,316	(2,989,316)	-	2,543,482	(2,543,482)	-
Total revenues and support	303,013,557	(22,087)	302,991,470	265,589,584	(482,100)	265,107,484
Expenses:						
Program services	294,055,776	-	294,055,776	255,867,497	-	255,867,497
Supporting services	8,762,707	-	8,762,707	8,347,602	-	8,347,602
Total expenses	302,818,483	-	302,818,483	264,215,099	-	264,215,099
Change in net assets	195,074	(22,087)	172,987	1,374,485	(482,100)	892,385
Net assets:						
Beginning	3,459,296	8,299,011	11,758,307	2,084,811	8,781,111	10,865,922
Ending	\$ 3,654,370	\$ 8,276,924	\$ 11,931,294	\$ 3,459,296	\$ 8,299,011	\$ 11,758,307

See notes to consolidated financial statements.

Lutheran Services Florida, Inc. and Subsidiary

Consolidated Statement of Functional Expenses Year Ended June 30, 2022

	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	\$ 3,814,091	\$ 22,164,603	\$ 20,842,342	\$ 7,564,685	\$ 853,390	\$ 55,239,111	\$ 5,134,887	\$ 314,875	\$ 5,449,762	\$ 60,688,873
Payroll taxes and employee benefits	693,597	5,848,513	4,581,387	1,655,565	209,366	12,988,428	1,045,276	52,858	1,098,134	14,086,562
Total salaries and related expenses	4,507,688	28,013,116	25,423,729	9,220,250	1,062,756	68,227,539	6,180,163	367,733	6,547,896	74,775,435
Professional fees and contract services	890,337	1,573,230	312,919	118,122	139,305	3,033,913	626,073	9,460	635,533	3,669,446
Subcontractor expenses	168,817,435	17,583,438	852,726	614,735	-	187,868,334	-	-	-	187,868,334
Office expenses and program supplies	358,247	4,329,281	522,680	470,914	21,889	5,703,011	138,224	1,566	139,790	5,842,801
Food	-	1,750,574	258,856	207,646	197	2,217,273	-	21	21	2,217,294
Assistance to individuals	-	4,591,112	87,107	3,050,985	98,813	7,828,017	-	-	-	7,828,017
Occupancy	255,097	4,200,636	1,003,498	1,215,043	114,735	6,789,009	594,033	11,397	605,430	7,394,439
Repairs and maintenance	1,989	2,638,910	497,524	187,514	10,074	3,336,011	55,248	1,710	56,958	3,392,969
Equipment costs	250,897	333,710	115,849	130,223	24,396	855,075	178,017	15,552	193,569	1,048,644
Insurance and taxes	35,160	621,902	471,575	131,839	18,654	1,279,130	108,530	1,795	110,325	1,389,455
Transportation and travel	267,477	895,619	996,285	307,840	29,543	2,496,764	157,889	14,460	172,349	2,669,113
Postage, printing and publication	52,232	197,888	33,388	47,557	11,650	342,715	44,235	17,251	61,486	404,201
Interest	-	77,849	-	-	-	77,849	120,345	-	120,345	198,194
In-kind expenses (Note 15)	-	2,575,700	114,816	179,112	-	2,869,628	-	-	-	2,869,628
Other operating expenses	(17,873)	78,936	174,212	23,709	36,757	295,741	(20,927)	40,049	19,122	314,863
Total expenses before depreciation and amortization	175,418,686	69,461,901	30,865,164	15,905,489	1,568,769	293,220,009	8,181,830	480,994	8,662,824	301,882,833
Depreciation and amortization	11,445	669,105	55,144	93,911	6,162	835,767	99,883	-	99,883	935,650
Total expenses	\$ 175,430,131	\$ 70,131,006	\$ 30,920,308	\$ 15,999,400	\$ 1,574,931	\$ 294,055,776	\$ 8,281,713	\$ 480,994	\$ 8,762,707	\$ 302,818,483

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 Statements of Cash Flows
Years Ended June 30, 2022 and 2021**

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 172,987	\$ 892,385
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	935,650	716,785
Gain on sale/disposal of property and equipment	(240,783)	-
Net realized and unrealized losses (gains) on investments and assets limited as to use	234,500	(263,958)
Change in value of beneficial interest in assets held by others	118,117	(168,157)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(17,447,830)	(1,172,649)
Prepaid expenses	9,524	(139,950)
Gifted facilities	634,455	1,637,548
Other assets	(65,918)	(76,106)
Increase (decrease) in:		
Accounts payable	20,364,609	(5,489,801)
Accrued salaries and payroll related expenses	590,003	1,092,802
Other accrued expenses	(670,711)	1,484,110
Refundable advances	(3,472,031)	9,770,744
Net cash provided by operating activities	1,162,572	8,283,753
Cash flows from investing activities:		
Purchases of investments and assets limited as to use	(339,689)	(223,659)
Proceeds from the sale of investments	257,922	146,631
Purchases of property and equipment	(2,171,685)	(1,050,964)
Proceeds from the sale of property and equipment	545,344	-
Net cash used in investing activities	(1,708,108)	(1,127,992)
Cash flows from financing activities:		
Principal payments on capital lease obligations	(417,618)	(391,017)
Repayments of note payable	(239,738)	(227,501)
Net cash used in financing activities	(657,356)	(618,518)
Net (decrease) increase in cash and cash equivalents	(1,202,892)	6,537,243
Cash and cash equivalents:		
Beginning	20,180,768	13,643,525
Ending	\$ 18,977,876	\$ 20,180,768
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 198,194	\$ 273,773

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 LSF: 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 nonprofit 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 (loss) income, net: Investments are reported at fair value. Investment (loss) 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, 2022 and 2021.

Revenue recognition: The Organization first determines if a transaction represents an exchange transaction and, if so, accounts for the transaction in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers (Topic 606), which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

The Organization's revenue from contracts with customers consists of program fees. The Organization's contracts have a single performance obligation. The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring services to the customer. Revenue is recorded based on transaction price, which is a fixed consideration. Performance obligations are satisfied at a point in time, at which point revenue is recognized. Revenue recognized from program fees totaled \$1,080,468 and \$1,048,301 for the years ended June 30, 2022 and 2021, respectively. Receivable balances, net of an allowance for doubtful accounts, were \$851,522, \$580,874, and \$825,847 as of June 30, 2022, June 30, 2021, and July 1, 2020, respectively. These balances are included in accounts receivable, net on the consolidated statements of financial position. There were no deferred revenue balances for program services as of June 30, 2022, June 30, 2021, and July 1, 2020.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

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

The Organization performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time as the customer consumes the receives the benefits of the Organization's services as they are performed. If certain criteria are not met, the revenue is recognized at a point in time.

The revenue stream noted above does not include significant financing components as the performance obligations are typically satisfied within a year of receipt of payment. Economic downturns can affect the level of revenue or can have a positive impact on cash flow in good economic times.

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 over time as performance obligations are met based on when such funds have been expended towards the designated purpose. Funds received in advance and not yet earned are recorded as deferred revenue.

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 thereby satisfying imposed barriers and/or rights of return. 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.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

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

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, 2019.

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.

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.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

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

Recently adopted accounting pronouncements: Effective July 1, 2021, the Organization retrospectively adopted FASB Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. The ASU also requires enhanced disclosure, including disaggregation of nonfinancial assets recognized by category and qualitative information about each category. The adoption of this ASU resulted in expanded disclosure.

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

In February 2016, the FASB issued its new lease accounting guidance in ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees will no longer be provided with a source of off-balance sheet financing. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Nonpublic entities should apply the amendments for fiscal years beginning after December 15, 2021. The Organization believes this ASU will have a material impact on the 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: The Organization has evaluated subsequent events through December 22, 2022, the date on which the 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, 2022 and 2021:

	2022			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market funds	\$ 39,210	\$ -	\$ -	\$ 39,210
Equity securities:				
Emerging market funds	247,014	-	-	247,014
Preferred stock	22,556	-	-	22,556
Index funds	17,797	-	-	17,797
Convertible securities	20,788	-	-	20,788
Large growth funds	119,273	-	-	119,273
Large cap funds	144,862	-	-	144,862
Fixed income securities:				
Index bond funds	42,457	-	-	42,457
Intermediate duration bond funds	143,908	-	-	143,908
Corporate bond funds	120,434	-	-	120,434
Government bond funds	119,644	-	-	119,644
Real asset funds	50,748	-	-	50,748
Total investments	1,088,691	-	-	1,088,691
Assets limited as to use:				
Money market funds	11,281	-	-	11,281
Equity securities:				
Large blend funds	81,170	-	-	81,170
Emerging market funds	65,304	-	-	65,304
Index funds	15,470	-	-	15,470
Fixed income securities:				
Index bond funds	15,785	-	-	15,785
Short duration funds	30,716	-	-	30,716
Global bond funds	33,935	-	-	33,935
Intermediate duration bond funds	32,287	-	-	32,287
Total assets limited as to use	285,948	-	-	285,948
Beneficial interest in:				
Assets held by others	-	143,707	-	143,707
Perpetual trust	-	-	734,624	734,624
Total beneficial interest in assets held by others	-	143,707	734,624	878,331
	\$ 1,374,639	\$ 143,707	\$ 734,624	\$ 2,252,970

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 2. Fair Value of Financial Instruments (Continued)

	2021			
	Level 1	Level 2	Level 3	Total
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	<u>1,246,560</u>	<u>-</u>	<u>-</u>	<u>1,246,560</u>
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	<u>280,812</u>	<u>-</u>	<u>-</u>	<u>280,812</u>
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	<u>-</u>	<u>178,377</u>	<u>818,071</u>	<u>996,448</u>
	<u>\$ 1,527,372</u>	<u>\$ 178,377</u>	<u>\$ 818,071</u>	<u>\$ 2,523,820</u>

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).

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 3. Accounts Receivable

Accounts receivable consists of the following at June 30, 2022 and 2021:

	2022	2021
Managing entity contract	\$ 26,947,114	\$ 11,752,101
Other grants and funding sources	12,320,958	10,338,789
Program fees and other, net of allowance for doubtful accounts of \$183,512—2022 and \$256,388—2021	851,522	580,874
	<u>\$ 40,119,594</u>	<u>\$ 22,671,764</u>

Note 4. Property and Equipment

Property and equipment consists of the following at June 30, 2022 and 2021:

	Estimated Useful Lives (Years)	2022	2021
Land	N/A	\$ 1,848,945	\$ 1,610,899
Buildings and improvements	35	3,637,870	3,672,521
Vehicles	3-5	1,421,263	1,077,407
Leasehold improvements	5	5,697,649	4,793,558
Computer equipment and software	3-5	802,108	780,139
Furniture and equipment	2-5	1,596,936	1,538,929
		15,004,771	13,473,453
Less accumulated depreciation and amortization		(9,082,885)	(8,483,041)
		<u>\$ 5,921,886</u>	<u>\$ 4,990,412</u>

Depreciation and amortization expense for the years ended June 30, 2022 and 2021, was \$935,650 and \$716,785, respectively.

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.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 5. Beneficial Interest in Assets Held by Others (Continued)

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

	2022	2021
Beneficial interest in assets held by others:		
Community Foundation of Broward, Inc.	\$ 137,080	\$ 170,739
Community Foundation of Tampa Bay, Inc.	6,627	7,638
	<u>143,707</u>	<u>178,377</u>
Beneficial interest in perpetual trust:		
Charles A. Zerbst Trust	734,624	818,071
	<u>\$ 878,331</u>	<u>\$ 996,448</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, 2022 and 2021, is summarized as follows:

	Pinellas Properties	Duval Properties	Palm Beach Properties	Total
Balance at June 30, 2020	\$ 1,320,827	\$ 805,895	\$ 4,381,376	\$ 6,508,098
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>
Contributions	1,037,887	121,450	359,241	1,518,578
Rent expense	(516,117)	(350,161)	(1,286,755)	(2,153,033)
Balance at June 30, 2022	<u>1,382,906</u>	<u>601,386</u>	<u>2,251,803</u>	<u>4,236,095</u>
Less current portion of gifted facilities	(282,026)	(265,972)	(1,251,153)	(1,799,151)
Gifted facilities, less current portion	<u>\$ 1,100,880</u>	<u>\$ 335,414</u>	<u>\$ 1,000,650</u>	<u>\$ 2,436,944</u>

Note 7. Accounts Payable

Accounts payable consists of the following at June 30, 2022 and 2021:

	2022	2021
Managing entity contract	\$ 34,638,080	\$ 15,017,685
Trade	4,391,160	3,646,946
	<u>\$ 39,029,240</u>	<u>\$ 18,664,631</u>

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

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% (4.125% at June 30, 2022). The line of credit is secured by the Organization's accounts receivable balance and requires the Organization to meet certain covenants. At June 30, 2022, the Organization was in compliance with these restrictive covenants. There was no outstanding balance on the line of credit at June 30, 2022 and 2021. The line of credit matures on April 4, 2025.

Note 9. Note Payable

The Organization entered into a 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 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, 2022 and 2021, was \$2,123,720 and \$2,363,458, respectively.

Maturities of the note payable at June 30, 2022, are as follows:

Years ending June 30:	
2023	\$ 251,377
2024	263,581
2025	276,378
2026	289,795
2027	303,864
Thereafter	738,725
	<hr/>
	2,123,720
Less current portion	(251,377)
	<hr/>
	\$ 1,872,343

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 fiscal year 2027. Upon expiration of these leases, title to the properties will automatically transfer to LSF. At June 30, 2022, the gross amount of facilities and related accumulated amortization recorded under capital leases was \$4,005,115 and \$2,953,578, respectively. 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. Amortization of assets held under capital leases is included in depreciation and amortization expense. Future minimum payments under capital lease obligations at June 30, 2022, are as follows:

Years ending June 30:	
2023	\$ 441,982
2024	173,400
2025	173,400
2026	173,400
2027	173,400
Thereafter	86,700
Total minimum capital lease payments	1,222,282
Less amount representing interest	(170,745)
Present value of capital lease payments	1,051,537
Less current portion of capital lease obligations	(381,711)
Capital lease obligations, less current portion	<u>\$ 669,826</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 June 30, 2036. 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 \$3,682,000 and \$2,940,000 during the years ended June 30, 2022 and 2021, respectively. 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, 2022, are as follows:

Years ending June 30:	
2023	\$ 2,730,642
2024	1,663,273
2025	1,125,927
2026	883,442
2027	80,306
Thereafter	43,210
	<u>\$ 6,526,800</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, 2022 and 2021:

	2022	2021
Undesignated	\$ 2,565,679	\$ 2,212,736
Board designated for specified purposes	1,088,691	1,246,560
	<u>\$ 3,654,370</u>	<u>\$ 3,459,296</u>

The board of directors of LSF established a board designated endowment to be used to support operations which was \$1,088,691 and \$1,246,560 as of June 30, 2022 and 2021, respectively (see Note 12).

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2022 and 2021:

	2022	2021
Restricted for specified purposes:		
Facilities and equipment subject to time restrictions	\$ 3,050,341	\$ 2,074,908
Gifted facilities	4,236,095	4,870,550
Employee tuition reimbursement	-	22,668
Other	112,157	334,437
	<u>7,398,593</u>	<u>7,302,563</u>
Restricted in perpetuity—endowment:		
Broward County program endowment	137,080	170,739
Tampa Bay program endowment	6,627	7,638
	<u>143,707</u>	<u>178,377</u>
Restricted in perpetuity—beneficial interest:		
Zerbst Trust	734,624	818,071
	<u>\$ 8,276,924</u>	<u>\$ 8,299,011</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 for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Facilities and equipment subject to time restrictions	\$ 531,749	\$ 266,879
Rent expense from gifted facilities	2,153,033	2,092,058
Employee tuition reimbursement	22,668	6,225
Other	281,866	178,320
	<u>\$ 2,989,316</u>	<u>\$ 2,543,482</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: Effective July 1, 2012, the state of Florida adopted the Uniform Prudent Management of Institutional Funds Act. 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, 2022 and 2021:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Board designated endowment	\$ 1,088,691	\$ -	\$ 1,088,691
Broward County program endowment	-	137,080	137,080
Tampa Bay program endowment	-	6,627	6,627
	<u>\$ 1,088,691</u>	<u>\$ 143,707</u>	<u>\$ 1,232,398</u>

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 12. Endowment Funds (Continued)

	2021		Total Endowment Net Assets
	Without Donor Restrictions	With Donor Restrictions	
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>

Changes in endowment net assets for the years ended June 30, 2022 and 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Balances at June 30, 2020	\$ 1,000,392	\$ 148,526	\$ 1,148,918
Board designations	7,670	-	7,670
Investment income, net	238,498	37,078	275,576
Appropriations	-	(7,227)	(7,227)
Balances at June 30, 2021	1,246,560	178,377	1,424,937
Board designations	8,541	-	8,541
Investment loss, net	(166,410)	(27,237)	(193,647)
Appropriations	-	(7,433)	(7,433)
Balances at June 30, 2022	<u>\$ 1,088,691</u>	<u>\$ 143,707</u>	<u>\$ 1,232,398</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, 2022 and 2021, were approximately \$1,002,000 and \$1,065,000, respectively.

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. The plan participant's rights to employer contributions vest on February 7, 2023. For the years ended June 30, 2022 and 2021, the Organization incurred expenses under the SERP of approximately \$5,000 and \$95,000, respectively. At June 30, 2022 and 2021, the Organization has \$285,948 and \$280,812, 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.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

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 \$9,084,970 for the year ended June 30, 2022. 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 (Meritain). Under the terms of the Meritain agreement, Meritain 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, 2022 and 2021, accrued estimated health insurance expense under the Plan was approximately \$806,000 and \$1,678,000, 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 \$6,055,000 and \$6,353,000, 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, 2022 and 2021, the Organization had approximately \$990,000 and \$1,799,000, respectively, of funds included in cash and cash equivalents to pay outstanding claims.

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:

	2022	2021
Professional services	\$ 402,300	\$ 444,895
Food, clothing and household items	2,467,328	2,760,743
	<u>\$ 2,869,628</u>	<u>\$ 3,205,638</u>

No donated food, clothing and household items or professional services were restricted for use. The Organization estimates the fair value of its in-kind contributions in line with FASB Topic 820, Fair Value Measurement. Food, clothing and household items are valued based on the wholesale value that would be received from selling similar products in the United States. Contributed professional services are valued at the estimated fair value based on current rates for similar services. The Organization utilizes donated materials for their mission and does not monetize or sell the goods.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 16. In-Kind Contributions

Donated services for the years ended June 30, 2022 and 2021, with estimated fair values of approximately \$2,881,000 and \$2,031,000, 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 17. 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, 2022 and 2021.

Note 18. Liquidity and Availability of Resources

As of June 30, 2022 and 2021, 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, 2022 and 2021:

	2022	2021
Financial assets, at year-end		
Cash and cash equivalents	\$ 18,977,876	\$ 20,180,768
Accounts receivable, net	40,119,594	22,671,764
Investments	1,088,691	1,246,560
Gifted facilities	4,236,095	4,870,550
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	(3,162,498)	(2,432,013)
Restricted by donors with use restrictions	(4,236,095)	(4,870,550)
Board designations:		
Board designated for specified purposes	(1,088,691)	(1,246,560)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 55,934,972</u>	<u>\$ 40,420,519</u>

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

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 19. 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:

	2022	2021
Cash and cash equivalents	\$ 6,621,235	\$ 5,762,900
Investments in fixed income and equity securities	4,336,933	6,854,870
Real property	4,119,322	2,992,999
Cash surrender value of life insurance and other annuities	4,099,872	4,366,438
Other	504,123	170,266
	<u>\$ 19,681,485</u>	<u>\$ 20,147,473</u>

For the years ended June 30, 2022 and 2021, program service fees earned under the guardianship program were approximately \$644,000 and \$701,000, respectively, and are included in program service fees in the accompanying consolidated statements of activities.

Note 20. 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, 2025.

Note 21. Conditional Promises to Give

The Organization has conditional promises to give from grantors of approximately \$68,559,000 and \$60,850,000 as of June 30, 2022 and 2021, respectively. Future payments are contingent upon the Organization carrying out certain activities (meeting grant-imposed barriers) stipulated by the grant or contract.

Note 22. 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, 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.

Lutheran Services Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 22. Paycheck Protection Program (Continued)

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.

The SBA may audit whether the Organization qualified for the PPP loan and met the conditions necessary for forgiveness of the loan for up to six years after it forgave the loan. Therefore, it is possible that the Organization may have to repay an amount previously forgiven by the SBA.

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Government Grants and Contracts
Year Ended June 30, 2022**

Direct federal funding:

U.S. Department of Health and Human Services \$ 62,019,975

Pass-through awards of federal and state funding:

State of Florida Department of Children and Families	177,432,902
State of Florida Department of Health	6,997,930
Children's Network of Southwest Florida, LLC	5,659,810
Eckerd Connects, Community Alternatives	4,489,377
Family Support Services of Suncoast, LLC	4,616,500
Florida Network of Youth and Family Services, Inc.	4,349,464
ChildNet, Inc.	3,241,037
Safe Children Coalition, Inc.	3,274,557
Partnership for Strong Families, Inc.	2,425,930
Lutheran Immigration and Refugee Services	4,749,388
Voluntary Pre-Kindergarten	1,432,760
Youth Co-Op, Inc.	1,008,909
South Florida Workforce Investment Board	396,613
Hillsborough County, State of Florida	1,808,561
State of Florida Department of Elder Affairs	851,247
Lakeview Center, Inc.	67,057
State of Florida Office of Attorney General	298,934
U.S. Committee for Refugees and Immigrants	175,618
National Children's Alliance	77,750
University of South Florida	95,436
Hillsborough County Public Schools	84,375
City of St. Petersburg	13,260
	<u>223,547,415</u>

Local and other grants and contracts:

Children's Services Council of Palm Beach County	5,151,806
Children's Board of Hillsborough County	2,514,734
Florida Blue Foundation	429,017
Lee County, State of Florida	427,252
Family Endeavors, Inc.	287,294
Heartland for Children, Inc.	114,779
Lutheran Immigration and Refugee Services (MOU)	85,948
Florida Network of Youth and Family Services, Inc. (DV Respite)	78,568
Hernando County BOCC	57,077
Santa Rosa County, State of Florida	43,699
Sarasota County, State of Florida	31,347
Other	57,454
	<u>9,278,975</u>

Total government grants and contracts

\$ 294,846,365

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, 2021 Through June 30, 2022

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	\$ 89,110	\$ 876,894	\$ 2,813,285	\$ 480,963	\$ 1,062,673	\$ 17,091,248	\$ 16,478,524	\$ 77,660	\$ 720,550
Contract EH003—carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	89,110	876,894	2,813,285	480,963	1,062,673	17,091,248	16,478,524	77,660	720,550
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	\$ 89,110	\$ 876,894	\$ 2,813,285	\$ 480,963	\$ 1,062,673	\$ 17,091,248	\$ 16,478,524	\$ 77,660	\$ 720,550

(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, 2021 Through June 30, 2022

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	\$ 738,799	\$ 8,626,191	\$ 3,428,459	\$ 11,748,370	\$ 385,692	\$ 2,329,025	\$ 122,008	\$ 760,110	\$ 205,405
Contract EH003—carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	738,799	8,626,191	3,428,459	11,748,370	385,692	2,329,025	122,008	760,110	205,405
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	\$ 738,799	\$ 8,626,191	\$ 3,428,459	\$ 11,748,370	\$ 385,692	\$ 2,329,025	\$ 122,008	\$ 760,110	\$ 205,405

(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, 2021 Through June 30, 2022**

Part I: Actual Funding Sources and Revenues: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA							PATH Community Support Services	
	Inpatient	Intensive Case Management	Medical Services	Mental Health Clubhouse Services	Methadone Treatment	Multi- Disciplinary Forensic Team	Outreach	Federal	Prevention
IA. State SAMH funding									
Contract EH003	\$ 1,616,123	\$ 61,849	\$ 4,881,158	\$ 1,039,689	\$ 4,696,518	\$ 692,650	\$ 1,398,121	\$ 646,258	\$ 8,924,334
Contract EH003—carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	1,616,123	61,849	4,881,158	1,039,689	4,696,518	692,650	1,398,121	646,258	8,924,334
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	\$ 1,616,123	\$ 61,849	\$ 4,881,158	\$ 1,039,689	\$ 4,696,518	\$ 692,650	\$ 1,398,121	\$ 646,258	\$ 8,924,334

(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, 2021 Through June 30, 2022

State-Designated SAMH Cost Centers
 State SAMH-Funded Cost Centers
 AMH/CMH/ASA/CSA

Part I: Actual Funding Sources and Revenues: Funding Sources and Revenues	Respite Services	SA Detox	Supported Employment	Supported Housing/Living	TASC	Transitional Beds	Intervention	Outpatient	Residential Services
IA. State SAMH funding									
Contract EH003	\$ 626,679	\$ 6,998,467	\$ 398,896	\$ 227,178	\$ 79,031	\$ 38,605	\$ 686,056	\$ 2,375,648	\$ 22,424,148
Contract EH003—carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	626,679	6,998,467	398,896	227,178	79,031	38,605	686,056	2,375,648	22,424,148
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	\$ 626,679	\$ 6,998,467	\$ 398,896	\$ 227,178	\$ 79,031	\$ 38,605	\$ 686,056	\$ 2,375,648	\$ 22,424,148

(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, 2021 Through June 30, 2022**

State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA									
Part I: Actual Funding Sources and Revenues: Funding Sources and Revenues	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	\$ 6,675,811	\$ 139,822	\$ 819,963	\$ 1,254,319	\$ 283,125	\$ 1,331,578	\$ 7,182,471	\$ 131,725	\$ 3,196,887
Contract EH003—carryover	-	-	-	-	-	-	-	-	-
Total state SAMH funding	6,675,811	139,822	819,963	1,254,319	283,125	1,331,578	7,182,471	131,725	3,196,887
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	\$ 6,675,811	\$ 139,822	\$ 819,963	\$ 1,254,319	\$ 283,125	\$ 1,331,578	\$ 7,182,471	\$ 131,725	\$ 3,196,887

(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, 2021 Through June 30, 2022

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							
	Other Bundled Projects	Cost Reimbursement	Wraparound Projects	Network Evaluation and Development	Provider Provision Projects	Local Diversion Forensic Project	Sustainability Payments	Total for AMH/CMH/ASA/CSA
IA. State SAMH funding								
Contract EH003	\$ 7,512,664	\$ 4,183,362	\$ 184,429	\$ 3,232,819	\$ 1,583,630	\$ -	\$ 134,226	\$ 163,693,205
Contract EH003—carryover	-	-	-	-	-	-	-	-
Total state SAMH funding	7,512,664	4,183,362	184,429	3,232,819	1,583,630	-	134,226	163,693,205
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	\$ 7,512,664	\$ 4,183,362	\$ 184,429	\$ 3,232,819	\$ 1,583,630	\$ -	\$ 134,226	\$ 163,693,205

(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, 2021 Through June 30, 2022

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	\$ 5,748,186	\$ 163,693,205	\$ -	\$ 169,441,391	\$ -	\$ 169,441,391
Contract EH003—carryover	-	4,210,827	-	4,210,827	-	4,210,827
Total state SAMH funding	5,748,186	167,904,032	-	173,652,218	-	173,652,218
IB. Other government funding						
(1) Other state agency funding	-	-	-	-	7,183,054	7,183,054
(2) Medicaid	-	-	-	-	-	-
(3) Local government	-	-	-	-	9,278,975	9,278,975
(4) Federal grants and contracts	-	-	-	-	104,732,118	104,732,118
(5) In-kind from local government only	-	-	-	-	-	-
Total other government funding	-	-	-	-	121,194,147	121,194,147
IC. All other revenues						
(1) First and second party payments	-	-	-	-	1,080,468	1,080,468
(2) Third-party payments (except Medicare)	-	-	-	-	-	-
(3) Medicare	-	-	-	-	-	-
(4) Contributions and donations	-	-	-	-	3,832,748	3,832,748
(5) Other	-	-	-	-	362,261	362,261
(6) Refunds	-	-	-	-	-	-
(7) In-kind	-	-	-	-	2,948,013	2,948,013
Total all other revenues	-	-	-	-	8,223,490	8,223,490
Total funding	\$ 5,748,186	\$ 167,904,032	\$ -	\$ 173,652,218	\$ 129,417,637	\$ 303,069,855

(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, 2021 Through June 30, 2022

Part II: Actual Expenses: Funding Sources and Revenues	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers AMH/CMH/ASA/CSA									
	Aftercare/ Follow-Up	Assessment	Case Management	Clay Behavioral— Crisis Prevention	Community Forensic Beds—Adult Services	Crisis Stabilization	Crisis Support/ Emergency	Day Care	Day Treatment	
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	89,110	876,894	2,813,285	480,963	1,062,673	17,091,248	16,478,524	77,660	720,550	
(8) Insurance	-	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-	-
Total other expenses	89,110	876,894	2,813,285	480,963	1,062,673	17,091,248	16,478,524	77,660	720,550	
Total personnel and other expenses	89,110	876,894	2,813,285	480,963	1,062,673	17,091,248	16,478,524	77,660	720,550	
I.C. Distributed indirect costs										
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-	-
Total actual operating expenses	89,110	876,894	2,813,285	480,963	1,062,673	17,091,248	16,478,524	77,660	720,550	
I.I.D. Unallowable costs	-	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 89,110	\$ 876,894	\$ 2,813,285	\$ 480,963	\$ 1,062,673	\$ 17,091,248	\$ 16,478,524	\$ 77,660	\$ 720,550	
I.I.E. Capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2021 Through June 30, 2022

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	738,799	8,626,191	3,428,459	11,748,370	385,692	2,329,025	122,008	760,110	205,405	
(8) Insurance	-	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-	-
Total other expenses	738,799	8,626,191	3,428,459	11,748,370	385,692	2,329,025	122,008	760,110	205,405	
Total personnel and other expenses	738,799	8,626,191	3,428,459	11,748,370	385,692	2,329,025	122,008	760,110	205,405	
IIC. Distributed indirect costs										
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-	-
Total actual operating expenses	738,799	8,626,191	3,428,459	11,748,370	385,692	2,329,025	122,008	760,110	205,405	
IID. Unallowable costs	-	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 738,799	\$ 8,626,191	\$ 3,428,459	\$ 11,748,370	\$ 385,692	\$ 2,329,025	\$ 122,008	\$ 760,110	\$ 205,405	
IIIE. Capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2021 Through June 30, 2022

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 Community Support Services Federal	Prevention	
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	1,616,123	61,849	4,881,158	1,039,689	4,696,518	692,650	1,398,121	646,258	8,924,334	
(8) Insurance	-	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-	-
Total other expenses	1,616,123	61,849	4,881,158	1,039,689	4,696,518	692,650	1,398,121	646,258	8,924,334	
Total personnel and other expenses	1,616,123	61,849	4,881,158	1,039,689	4,696,518	692,650	1,398,121	646,258	8,924,334	
I.C. Distributed indirect costs										
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-	-
Total actual operating expenses	1,616,123	61,849	4,881,158	1,039,689	4,696,518	692,650	1,398,121	646,258	8,924,334	
I.D. Unallowable costs	-	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 1,616,123	\$ 61,849	\$ 4,881,158	\$ 1,039,689	\$ 4,696,518	\$ 692,650	\$ 1,398,121	\$ 646,258	\$ 8,924,334	
I.E. Capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2021 Through June 30, 2022

State-Designated SAMH Cost Centers
 State SAMH-Funded Cost Centers
 AMH/CMH/ASA/CSA

Part II: Actual Expenses: Funding Sources and Revenues	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	626,679	6,998,467	398,896	227,178	79,031	38,605	686,056	2,375,648	22,424,148
(8) Insurance	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-
Total other expenses	626,679	6,998,467	398,896	227,178	79,031	38,605	686,056	2,375,648	22,424,148
Total personnel and other expenses	626,679	6,998,467	398,896	227,178	79,031	38,605	686,056	2,375,648	22,424,148
IIIC. Distributed indirect costs									
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-
Total actual operating expenses	626,679	6,998,467	398,896	227,178	79,031	38,605	686,056	2,375,648	22,424,148
IIID. Unallowable costs	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 626,679	\$ 6,998,467	\$ 398,896	\$ 227,178	\$ 79,031	\$ 38,605	\$ 686,056	\$ 2,375,648	\$ 22,424,148
IIIE. Capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2021 Through June 30, 2022

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	6,675,811	139,822	819,963	1,254,319	283,125	1,331,578	7,182,471	131,725	3,196,887	
(8) Insurance	-	-	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-	-	-
Total other expenses	6,675,811	139,822	819,963	1,254,319	283,125	1,331,578	7,182,471	131,725	3,196,887	
Total personnel and other expenses	6,675,811	139,822	819,963	1,254,319	283,125	1,331,578	7,182,471	131,725	3,196,887	
IIC. Distributed indirect costs										
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-	-	-
Total actual operating expenses	6,675,811	139,822	819,963	1,254,319	283,125	1,331,578	7,182,471	131,725	3,196,887	
IID. Unallowable costs	-	-	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 6,675,811	\$ 139,822	\$ 819,963	\$ 1,254,319	\$ 283,125	\$ 1,331,578	\$ 7,182,471	\$ 131,725	\$ 3,196,887	
IIIE. Capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2021 Through June 30, 2022

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 Forensic 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	7,512,664	4,183,362	184,429	3,232,819	1,583,630	-	134,226	163,693,205
(8) Insurance	-	-	-	-	-	-	-	-
(9) Interest paid	-	-	-	-	-	-	-	-
(10) Operating supplies and expenses	-	-	-	-	-	-	-	-
(11) Other	-	-	-	-	-	-	-	-
(12) Donated items	-	-	-	-	-	-	-	-
Total other expenses	7,512,664	4,183,362	184,429	3,232,819	1,583,630	-	134,226	163,693,205
Total personnel and other expenses	7,512,664	4,183,362	184,429	3,232,819	1,583,630	-	134,226	163,693,205
IIC. Distributed indirect costs								
(a) Other support costs (optional)	-	-	-	-	-	-	-	-
(b) Administration	-	-	-	-	-	-	-	-
Total distributed indirect costs	-	-	-	-	-	-	-	-
Total actual operating expenses	7,512,664	4,183,362	184,429	3,232,819	1,583,630	-	134,226	163,693,205
IID. Unallowable costs	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 7,512,664	\$ 4,183,362	\$ 184,429	\$ 3,232,819	\$ 1,583,630	\$ -	\$ 134,226	\$ 163,693,205
IIE. Capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2021 Through June 30, 2022**

Part II: Actual Expenses: Funding Sources and Revenues	ME		Total for State SAMH-Funded Cost Centers	Total for Non- State-Funded SAMH Cost Centers	Total for all State Designated SAMH-Funded Cost Centers	Non-SAMH Cost Centers	Administration	Advancement	Total Expenses
	Administrative Services	Carryforward							
IIA. Personnel expenses									
(1) Salaries	\$ 3,419,038	\$ -	\$ 3,419,038	\$ -	\$ 3,419,038	\$ 51,820,073	\$ 5,134,887	\$ 314,875	\$ 60,688,873
(2) Fringe benefits	608,216	-	608,216	-	608,216	12,380,212	1,045,276	52,858	14,086,562
Total personnel expenses	4,027,254	-	4,027,254	-	4,027,254	64,200,285	6,180,163	367,733	74,775,435
IIB. Other expenses									
(1) Building occupancy	230,691	-	230,691	-	230,691	6,558,318	594,033	11,397	7,394,439
(2) Professional services	131,127	-	131,127	-	131,127	2,902,786	626,073	9,460	3,669,446
(3) Travel	238,872	-	238,872	-	238,872	2,257,892	157,889	14,460	2,669,113
(4) Equipment	256,899	-	256,899	-	256,899	4,743,537	359,565	17,262	5,377,263
(5) Food services	-	-	-	-	-	2,217,273	-	21	2,217,294
(6) Medical and pharmacy	-	-	-	-	-	-	-	-	-
(7) Subcontracted services	-	4,075,920	167,769,125	-	167,769,125	20,099,209	-	-	187,868,334
(8) Insurance	31,236	-	31,236	-	31,236	1,247,894	108,530	1,795	1,389,455
(9) Interest paid	-	-	-	-	-	77,849	120,345	-	198,194
(10) Operating supplies and expenses	317,071	-	317,071	-	317,071	13,556,672	182,459	18,817	14,075,019
(11) Other	102,534	-	102,534	-	102,534	171,477	803	40,049	314,863
(12) Donated items	-	-	-	-	-	2,948,013	-	-	2,948,013
Total other expenses	1,308,430	4,075,920	169,077,555	-	169,077,555	56,780,920	2,149,697	113,261	228,121,433
Total personnel and other expenses	5,335,684	4,075,920	173,104,809	-	173,104,809	120,981,205	8,329,860	480,994	302,896,868
IIC. Distributed indirect costs									
(a) Other support costs (optional)	-	-	-	-	-	-	-	-	-
(b) Administration	350,522	-	350,522	-	350,522	7,947,740	(8,329,860)	31,598	-
Total distributed indirect costs	350,522	-	350,522	-	350,522	7,947,740	(8,329,860)	31,598	-
Total actual operating expenses	5,686,206	4,075,920	173,455,331	-	173,455,331	128,928,945	-	512,592	302,896,868
IID. Unallowable costs									
	-	-	-	-	-	22,109	-	-	22,109
Total allowable operating expenses	\$ 5,686,206	\$ 4,075,920	\$ 173,455,331	\$ -	\$ 173,455,331	\$ 128,906,836	\$ -	\$ 512,592	\$ 302,874,759
III. Capital expenditures									
	\$ 21,969	\$ -	\$ 21,969	\$ -	\$ 21,969	\$ 2,191,314	\$ -	\$ -	\$ 2,213,283

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, 2022**

* This schedule does not apply for the year ended June 30, 2022.

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, 2022**

* This schedule does not apply for the year ended June 30, 2022.

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, 2022**

* This schedule does not apply for the year ended June 30, 2022.

**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 (*Government Auditing Standards*), 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, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements), and have issued our report thereon dated December 22, 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
December 22, 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

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state financial assistance project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
December 22, 2022

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2022**

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	\$ -	\$ 4,879,697
COVID-19: Child and Adult Care Food Program	10.558	D-154	-	127,962
Child and Adult Care Food Program	10.558	S-121	-	1,306,617
COVID-19: Child and Adult Care Food Program	10.558	S-121	-	354,605
Child and Adult Care Food Program	10.558	H-3109	-	10,801
COVID-19: Child and Adult Care Food Program	10.558	H-3109	-	1,096
Child and Adult Care Food Program	10.558	H-3110	-	14,527
COVID-19: Child and Adult Care Food Program	10.558	H-3110	-	994
Child and Adult Care Food Program	10.558	H-3654	-	30,625
Child and Adult Care Food Program	10.558	H-3365	-	44,590
COVID-19: Child and Adult Care Food Program	10.558	H-3365	-	613
Subtotal—U.S. Department of Agriculture			-	6,772,127
U.S. Department of Housing and Urban Development:				
<i>Passed-through from City of St. Petersburg:</i>				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-12-0017	-	13,260
<i>Passed-through from Florida Department of Health:</i>				
Housing Opportunities for Persons with AIDS	14.241	CODMB	-	184,804
Subtotal—U.S. Department of Housing and Urban Development			-	198,064
U.S. Department of Justice:				
<i>Passed-through from State of Florida Office of Attorney General:</i>				
Crime Victim Assistance	16.575	VOCA-2020-LSF-00524	-	100,199
	16.575	VOCA-2021-LSF-00528	-	198,736
Subtotal—U.S. Department of Justice			-	298,935
U.S. Department of State:				
<i>Passed-through from Lutheran Immigration and Refugee Services:</i>				
U.S. Refugee Admissions Program	19.510	SPRMC021CA3007 / 323-21-LSF-02	-	152,433
COVID 19: U.S. Refugee Admissions Program	19.510	SPRMC021CA3007 / 323-21-LSF-02	-	19,753
U.S. Refugee Admissions Program	19.510	SPRMC022CA0022 / 323-22-LSF-01	-	267,640
COVID 19: U.S. Refugee Admissions Program	19.510	SPRMC022CA0022 / 323-22-LSF-01	-	44,549
U.S. Refugee Admissions Program	19.510	SPRMC021CA3290 / 320-21/22-00	-	1,639,918
COVID 19: U.S. Refugee Admissions Program	19.510	SPRMC021CA3290 / 320-21/22-00	-	197,905
Subtotal—U.S. Department of State			-	2,322,198
U.S. Department of Treasury				
<i>Passed-through from Florida Department of Children and Families:</i>				
COVID-19: Coronavirus Relief Fund	21.019	EH003	1,232,181	1,372,188
Subtotal—U.S. Department of Treasury			1,232,181	1,372,188
U.S. Department of Homeland Security:				
<i>Passed-through from Hillsborough County Public Schools</i>				
Citizenship Education and Training	97.010	20CICET00157	-	84,375
Subtotal—U.S. Department of Homeland Security			-	84,375
U.S. Department of Health and Human Services:				
<i>Substance Abuse and Mental Health Services Projects of Regional and National Significance</i>				
	93.243	H79SM081468	-	22,062
	93.243	H79TI084098	318,636	443,872
<i>Mental and Behavioral Health Education and Training Grants</i>				
	93.732	M01HP31270	-	124,033
	93.732	T26HP39448	104,328	690,306
<i>Basic Center Grant</i>				
	93.623	90CY6957	-	201,272
	93.623	90CY6962	-	149,168
	93.623	90CY7365	-	130,360
<i>Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth</i>				
	93.557	90YO2452	-	23,944

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	Contract/Grant Number	Provided to Subrecipients	Total Federal Expenditures
COVID-19: Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	H79FG000416	\$ 149,548	\$ 278,429
Unaccompanied Alien Children Program	93.676	90ZU0320-02	100,713	3,309,483
	93.676	90ZU0320-03	204,307	2,871,438
Head Start Cluster: COVID-19: Head Start	93.600	04HE000622-01C5 - CRRSA	-	594,443
Head Start Cluster: COVID-19: Head Start	93.600	04HE000622-01C6 - ARP	-	718,963
Head Start Cluster: Head Start	93.600	04CH011072-03	-	967,774
Head Start Cluster: Head Start	93.600	04CH011072-04	-	311,168
Head Start Cluster: Head Start	93.600	04CH010628-04	1,810,869	12,533,778
Head Start Cluster: Head Start	93.600	04CH010628-05	481,795	3,300,916
Head Start Cluster: Head Start	93.600	04CH011190-03	1,848,549	10,277,853
Head Start Cluster: Head Start	93.600	04CH011190-04	509,746	2,464,805
Head Start Cluster: Head Start	93.600	04CH011690-01	6,125,143	15,416,912
Head Start Cluster: Head Start	93.600	04CH011690-02	2,560,542	5,252,186
Head Start Cluster: Head Start	93.600	04HP000259-03	627,737	1,307,040
Head Start Cluster: Head Start	93.600	04HP000259-04	237,240	411,056
Head Start Cluster: Head Start Disaster Recovery	93.356	04TD000155	-	218,715
<i>Passed-through from Hillsborough County, State of Florida:</i>				
Head Start Cluster: Head Start	93.600	04CH011252-01 / 19-1169	308,347	606,179
	93.600	04CH011252-02 / 19-1169	779,995	1,202,382
<i>Passed-through from State of Florida Department of Children and Families:</i>				
Refugee and Entrant Assistance—State Administered Programs	93.566	LK208	614,735	1,079,855
	93.566	LK205	-	2,318,342
	93.566	RET-DP-PY'20-08-00	-	396,613
	93.566	XK063LSF	-	1,008,909
Projects for Assistance in Transition from Homelessness (PATH)	93.150	EH003	646,258	646,258
Temporary Assistance for Needy Families	93.558	EH003	1,853,457	1,902,814
COVID 19: Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	EH003	221,566	221,566
Children's Health Insurance Program	93.767	EH003	819,963	819,963
Medicaid Cluster: Medical Assistance Program	93.778	EH003	-	42,228
State Targeted Response to the Opioid Crisis Grants	93.788	EH003	13,085,783	13,597,761
Block Grants for Community Mental Health Services	93.958	EH003	18,104,934	18,800,844
Block Grants for Prevention and Treatment of Substance Abuse	93.959	EH003	34,371,409	34,371,409
Block Grants for Community Mental Health Services	93.958	LH844	25,833	30,274
<i>Passed-through from Lutheran Immigration and Refugee Services:</i>				
Refugee and Entrant Assistance—Voluntary Agency Programs	93.567	2102MDRVMG / 342-21-LSF-00	-	60,535
	93.567	2202MDRVMG / 342-22-LSF-00	-	1,049,707
Refugee and Entrant Assistance Discretionary Grants	93.576	90RP0124-01-01 / 354-22-00A	-	518,739
	93.576	90RP0124-01-03/ 354-22-00B	-	27,140
Unaccompanied Alien Children Program	93.676	90ZU0318-02/358-21-00	-	249,455
	93.676	90ZU0318-03/358-22-00	-	138,558
	93.676	90ZU0394-01 / 358-21-01	-	8,669
	93.676	90ZU0361-01/357-21-00	-	183,698
	93.676	90ZU0361-02/357-22-00	-	190,688
<i>Passed-through from U.S. Committee for Refugees and Immigrants</i>				
Block Grants for Community Mental Health Services	93.598	90ZV0123	-	175,617
<i>Passed-through from University of South Florida:</i>				
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	5112-5527-00-B - 90ZB0024	-	95,436
<i>Passed-through from Eckerd Connects, Community Alternatives:</i>				
Promoting Safe and Stable Families	93.556	ECA-C6-CMO-LSF-FY22	-	31,630
	93.556	ECA-C6-DIV-CFP-FY22	170,673	557,846
Temporary Assistance for Needy Families	93.558	ECA-C6-CMO-LSF-FY22	-	684,423
	93.558	ECA-C6-DIV-CFP-FY23	206,734	443,079

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	Contract/Grant Number	Provided to Subrecipients	Total Federal Expenditures
Stephanie Tubbs Jones Child Welfare Services Program	93.645	ECA-C6-CMO-LSF-FY22	\$ -	\$ 399,982
Foster Care—Title IV-E	93.658	ECA-C6-CMO-LSF-FY22	-	1,340,810
	93.658	ECA-C6-DIV-CFP-FY23	340,041	555,712
Adoption Assistance	93.659	ECA-C6-CMO-LSF-FY22	-	118,636
Social Services Block Grant	93.667	ECA-C6-DIV-CFP-FY23	-	-
Child Abuse and Neglect State Grants	93.669	ECA-C6-DIV-CFP-FY23	4,160	13,596
<i>Passed-through from Children's Network of Southwest Florida, LLC:</i>				
Promoting Safe and Stable Families	93.556	ABK01	-	17,423
	93.556	WBS01	-	12,300
Temporary Assistance for Needy Families	93.558	ABK01	-	470,169
	93.558	FBR01	-	105,036
Grants to States for Access and Visitation Programs	93.597	ABK01	-	22,098
Stephanie Tubbs Jones Child Welfare Services Program	93.645	ABK01	-	274,770
Foster Care—Title IV-E	93.658	ABK01	-	1,097,241
	93.658	FBR01	-	144,844
Adoption Assistance	93.659	ABK01	-	114,377
Social Services Block Grant	93.667	WBS01	-	81,079
	93.667	SAT05	-	6,673
	93.667	N/A	-	8,222
<i>Passed-through from ChildNet, Inc.:</i>				
Promoting Safe and Stable Families	93.556	LSF20RGC	-	72,189
	93.556	N/A	-	14,850
Foster Care—Title IV-E	93.658	LSF20RGC	-	607,562
	93.658	N/A	-	14,017
Social Services Block Grant	93.667	LSF20RGC	-	318,334
	93.667	LSF20PIL	-	89,005
	93.667	N/A	-	5,531
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	LSF20PIL	-	2,201
<i>Passed-through from Partnership for Strong Families:</i>				
Promoting Safe and Stable Families	93.556	PCM763	-	10,508
Temporary Assistance for Needy Families	93.558	PCM763	-	283,556
Stephanie Tubbs Jones Child Welfare Services Program	93.645	PCM763	-	165,712
Foster Care - Title IV-E	93.658	PCM763	-	536,601
	93.658	N/A	-	22,031
Adoption Assistance	93.659	PCM763	-	45,616
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	PCM763	-	1,318
<i>Passed-through from Safe Children Coalition, Inc.:</i>				
Promoting Safe and Stable Families	93.556	LSFCM20	-	34,330
Temporary Assistance for Needy Families	93.558	LSFCM20	-	382,485
Grants to States for Access and Visitation Programs	93.597	LSFCM20	-	19,193
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	LSFCM20	-	222,571
Foster Care—Title IV-E	93.658	LSFCM20	-	695,094
Adoption Assistance	93.659	LSFCM20	-	61,267
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	LSFCM20	-	1,605
Medical Assistance Program	93.778	LSFCM20	-	4,946
<i>Passed-through from Lakeview Center, Inc.:</i>				
Foster Care—Title IV-E	93.658	C-010-101	-	5,128
Social Services Block Grant	93.667	C-010-101	-	14,478
Block Grants for Community Mental Health Services	93.958	C-010-201	-	10,479
Subtotal—U.S. Department of Health and Human Services			86,633,041	151,904,168
Total expenditures of federal awards			\$ 87,865,222	\$ 162,952,055

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended June 30, 2022**

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	\$ -	\$ 77,750
Department of Children and Families:				
Forensic Services and Competency Restoration Training	60.114	EH003	1,230,053	1,230,053
Substance Abuse and Mental Health—Community Services	60.153	EH003	1,666,319	1,666,319
Substance Abuse and Mental Health—Crisis Prevention and Stabilization Services	60.155	EH003	2,600,000	2,600,000
Centralized Receiving Systems	60.163	EH003	7,908,967	7,908,967
SAMH ME State Funded Federal Excluded Services	60.190	EH003	903,926	903,926
Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	60.115	LHZ76	18,436	29,892
	60.115	LHZ86	170,539	322,321
<i>Passed-through from Childnet, Inc.:</i>				
Out-Of-Home Supports	60.074	LSF20RGC	-	15,702
	60.074	LSF20PIL	-	22,647
	60.074	N/A	-	750
<i>Passed-through from Children's Network of Southwest Florida, LLC:</i>				
CBC—Purchase of Therapeutic Services for Children	60.183	WBS01	-	39,521
Subtotal—Department of Children and Families			14,498,240	14,740,098
Department of Education:				
<i>Passed-through from Early Learning Coalition of Pinellas County, Inc.:</i>				
Voluntary Pre-Kindergarten Education Program	48.108	N/A	-	165,275
<i>Passed-through from Early Learning Coalition of Palm Beach County, Inc.:</i>				
Voluntary Pre-Kindergarten Education Program	48.108	N/A	-	661,664
<i>Passed-through from the Early Learning Coalition of Duval, Inc.:</i>				
Voluntary Pre-Kindergarten Education Program	48.108	N/A	-	605,821
Subtotal—Department of Education			-	1,432,760
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	-	300,591
	65.003	X9238.A3	-	550,656
Subtotal—Department of Elder Affairs			-	851,247
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	-	1,091,857
	80.005	Northwest	-	1,483,308
	80.005	Southwest	-	1,774,299
Subtotal—Department of Juvenile Justice			-	4,349,464
Total expenditures of state financial assistance			14,498,240	21,492,319
Total expenditures of federal awards and state financial assistance			\$ 102,363,462	\$ 184,444,374

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, 2022

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, 2022. 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 56-57.

Lutheran Services Florida, Inc. and Subsidiary

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2022**

ALN No.	Federal Program or Cluster	Federal Expenditures
10.558	Child and Adult Care Food Program	\$ 6,286,857
10.558	COVID-19: Child and Adult Care Food Program	485,270
14.218	CDBG - Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grant	13,260
14.241	Housing Opportunities for Persons with AIDS	184,804
16.575	Crime Victim Assistance	298,935
19.510	U.S. Refugee Admissions Program	2,059,991
19.510	COVID-19: U.S. Refugee Admissions Program	262,207
21.019	COVID-19: Coronavirus Relief Fund	1,372,188
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants	95,436
93.150	Projects for Assistance in Transition from Homelessness (PATH)	646,258
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	465,934
93.356	Head Start Cluster: Head Start Disaster Recovery	218,715
93.556	Promoting Safe and Stable Families	751,076
	Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	23,944
93.557	Temporary Assistance for Needy Families	4,271,562
93.566	Refugee and Entrant Assistance—State Administered Programs	4,803,719
93.567	Refugee and Entrant Assistance—Voluntary Agency Programs	1,110,242
93.576	Refugee and Entrant Assistance Discretionary Grants	545,879
93.597	Grants to States for Access and Visitation Programs	41,291
93.598	Services to Victims of a Severe Form of Trafficking	175,617
93.600	Head Start Cluster: Head Start	54,052,049
93.600	COVID-19: Head Start Cluster: Head Start	1,313,406
93.623	Basic Center Grant	480,800
93.645	Stephanie Tubbs Jones Child Welfare Services Program	1,063,035
93.658	Foster Care—Title IV-E	5,019,040
93.659	Adoption Assistance	339,896
93.665	COVID-19: Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	499,995
93.667	Social Services Block Grant	523,322
93.669	Child Abuse and Neglect State Grants	13,596
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	5,124
93.676	Unaccompanied Alien Children Program	6,951,989
93.732	Mental and Behavioral Health Education and Training Grants	814,339
93.767	Children’s Health Insurance Program	819,963
93.778	Medicaid Cluster: Medical Assistance Program	47,174
93.788	State Targeted Response to the Opioid Crisis Grants	13,597,761
93.958	Block Grants for Community Mental Health Services	18,841,597
93.959	Block Grants for Prevention and Treatment of Substance Abuse	34,371,409
97.010	Citizenship Education and Training	84,375
	Total expenditures of federal awards	\$ 162,952,055

Lutheran Services Florida, Inc. and Subsidiary

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2022**

CSFA No.	State Financial Assistance Project	State Expenditures
22.016	Florida Network of Children Advocacy Centers	\$ 77,750
48.108	Voluntary Pre-Kindergarten Education Program	1,432,760
60.074	Out-Of-Home Supports	39,099
60.114	Forensic Services and Competency Restoration Training	1,230,053
60.115	Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	352,213
60.153	Substance Abuse and Mental Health—Community Services	1,666,319
60.155	Substance Abuse and Mental Health—Crisis Prevention and Stabilization Services	2,600,000
60.163	Centralized Receiving Systems	7,908,967
60.183	CBC—Purchase of Therapeutic Services for Children	39,521
60.190	SAMH ME State Funded Federal Excluded Services	903,926
64.006	Medical Services for Abused and Neglected Children	41,000
65.003	Public Guardianship	851,247
80.005	Children and Families in Need of Services (CINS/FINS)	4,349,464
	Total expenditures of state financial assistance	\$ 21,492,319

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

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 U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None Reported

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

Unmodified

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

 Yes X No

Identification of major federal programs:

ALN Number(s)

19.510
93.788
93.959
93.767

Name of Federal Program or Cluster:

U.S. Refugee Admissions Program
State Targeted Response to the Opioid Crisis Grants
Block Grants for Prevention and Treatment of Substance Abuse
Children’s Health Insurance Program

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

\$ 3,000,000

Auditee qualified as low-risk auditee?

 X Yes No

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

Section I—Summary of Auditor’s Results (Continued)

State Financial Assistance Projects

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

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

_____ Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650?

_____ Yes X No

Identification of major projects:

<u>CSFA Number(s)</u>	<u>Name of State Financial Assistance Project</u>
60.163	Centralized Receiving Systems
80.005	Children and Families in Need of Services (CINS/FINS)

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

\$ 750,000

(Continued)

Lutheran Services Florida, Inc. and Subsidiary

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022**

Section II—Financial Statement Findings

None reported.

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

None reported.

Section IV—Other Reporting

There was no management letter or control deficiency letter issued for the year ended June 30, 2022, as there were no matters required to be reported in these letters.

No Corrective Action Plan is presented because there were no findings required to be reported under the Federal Single Audit Act or the Florida Single Audit Act.

Lutheran Services Florida
Summary Schedule of Prior Year Audit Findings
YEAR ENDED JUNE 30, 2022



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.

60

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.

Follow Up as of December 2022 – Risk Assessments checklists were sent in January 2022 to the subrecipients for them to complete. The subrecipients returned the completed risk assessments in February 2022. Our monitoring of their information took place in March 2022. The subrecipients were identified as “low risk” and we completed our reviews in March and April 2022. The final subrecipient monitoring reports are currently being processed.

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.

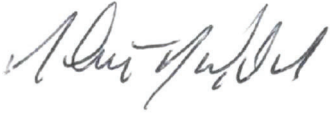
LSF Comments: LSF was unaware of this requirement that has been in effect since October 2010 and this issue was not identified in any prior audits. This requirement applies to 4 LSF subcontracts in our Head Start program.

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 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.

Follow Up as of December 2022 – LSF entered the subrecipient data into the FSRS in February 2022. We also entered into new contracts with these subcontractors effective April 1, 2022. The new contract information was entered in April 2022, within 30 days of the new contracts being executed.

The responsible person is the Chief Financial Officer.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Wydra". The signature is written in a cursive, flowing style.

Robert Wydra
Chief Financial Officer



December 22, 2022

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

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In planning and performing our audit of the consolidated financial statements of Lutheran Services Florida, Inc. (the Organization) as of and for the year ended June 30, 2022, 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.

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

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