



PragerMetis

**Lutheran Social Services
National Capital Area
Financial Statements and
Reporting Required under
Government Auditing Standards and
Uniform Guidance
September 30, 2023 and
September 30, 2022**

Independent Auditor’s Report	1 – 3
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6 – 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 18
Supplementary Information	
Schedule of Expenditures of Federal Awards	19 – 20
Notes to Schedule of Expenditures of Federal Awards	21
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22 – 23
Uniform Guidance Reporting	
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	24 – 26
Schedule of Findings and Questioned Costs	27 – 28
Schedule of Prior Audit Findings	29



Independent Auditor's Report

To the Board of Directors of
Lutheran Social Services – National Capital Area

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lutheran Social Services – National Capital Area (LSSNCA) (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of LSSNCA as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 LSSNCA 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 LSSNCA's ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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 generally accepted auditing standards 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 LSSNCA'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 LSSNCA'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.

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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 schedule of expenditures of federal awards 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 May 6, 2024 on our consideration of LSSNCA'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 LSSNCA'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 LSSNCA's internal control over financial reporting and compliance.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
Tysons Corner, Virginia
May 6, 2024

Lutheran Social Services – National Capital Area
 Statements of Financial Position
 September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 185,076	\$ 435,040
Investments	496,336	418,028
Contract and grant receivables, net of allowance for doubtful accounts of \$178,881 for 2023 and \$300,000 for 2022	6,843,048	6,265,895
Prepaid expenses	223,882	139,106
Deposits	121,891	83,223
Property and equipment, net	-	808
Operating lease right-of-use asset	4,250,357	-
Financing lease right-of-use asset	431,975	-
Total assets	<u>\$ 12,552,565</u>	<u>\$ 7,342,100</u>
Liabilities and net assets		
Liabilities		
Bank overdraft	\$ 100,108	\$ 663,724
Accounts payable	1,554,429	1,227,880
Accrued expenses	626,597	195,285
Deferred rent	-	167,388
Refundable advances	67,728	724
Line of credit	1,000,000	300,000
Financing lease liability	440,272	-
Operating lease liability	4,661,313	-
Total liabilities	<u>8,450,447</u>	<u>2,555,001</u>
Net assets		
Without donor restrictions	3,827,675	3,491,856
Without donor restrictions – board designated	274,443	1,295,243
Total net assets	<u>4,102,118</u>	<u>4,787,099</u>
Total liabilities and net assets	<u>\$ 12,552,565</u>	<u>\$ 7,342,100</u>

The accompanying notes are an integral part of these financial statements.

Lutheran Social Services – National Capital Area
 Statements of Activities
 Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Changes in net assets without donor restrictions		
Support, revenue, and gains		
Government contracts and grants	\$ 27,589,307	\$ 28,061,282
Contributions	797,831	1,471,710
Donated goods	235,513	334,630
Paycheck Protection Program loan forgiveness	-	560,295
Adoption fees	12,525	22,380
Investment income (loss), net	55,674	(92,138)
Loss on sale of property	-	(25,177)
Other	7,296	7,870
Net assets released from restriction	-	2,714,079
Total support, revenue and gains	<u>28,698,146</u>	<u>33,054,931</u>
Expenses		
Program expenses		
Foster care services	3,830,361	2,374,359
Refugee and immigration	20,733,067	26,347,903
Community services	41,184	50,001
Total program expenses	<u>24,604,612</u>	<u>28,772,263</u>
Supporting services		
Management and general	3,828,342	2,542,700
Fundraising	950,173	528,993
Total supporting services	<u>4,778,515</u>	<u>3,071,693</u>
Total expenses	<u>29,383,127</u>	<u>31,843,956</u>
Increase (decrease) in net assets without donor restrictions	<u>(684,981)</u>	<u>1,210,975</u>
Changes in net assets with donor restrictions		
Contributions	-	962,158
Net assets released from restriction	-	(2,714,079)
Decrease in net assets with donor restrictions	<u>-</u>	<u>(1,751,921)</u>
Change in net assets	<u>(684,981)</u>	<u>(540,946)</u>
Net assets, beginning of year	<u>4,787,099</u>	<u>5,328,045</u>
Net assets, end of year	<u>\$ 4,102,118</u>	<u>\$ 4,787,099</u>

The accompanying notes are an integral part of these financial statements.

Lutheran Social Services – National Capital Area
Statement of Functional Expenses
Year Ended September 30, 2023

	Program Services				Supporting Services			Total
	Foster Care Services	Refugee and Immigration	Community Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses								
Salaries	\$ 2,385,728	\$ 7,873,184	\$ 38,148	\$ 10,297,060	\$ 1,745,304	\$ 376,536	\$ 2,121,840	\$ 12,418,900
Payroll taxes and benefits	331,298	925,316	2,931	1,259,545	187,162	44,505	231,667	1,491,212
Total salaries and related expenses	2,717,026	8,798,500	41,079	11,556,605	1,932,466	421,041	2,353,507	13,910,112
Other expenses								
Stipends	295,572	4,724	-	300,296	14,215	3,278	17,493	317,789
Assistance to individuals	49,013	8,396,746	-	8,445,759	-	-	-	8,445,759
Professional services	88,601	268,903	-	357,504	628,251	288,819	917,070	1,274,574
Donated goods and services	-	235,513	-	235,513	-	-	-	235,513
Depreciation	-	-	-	-	808	-	808	808
Telephone and communication	49,402	176,927	-	226,329	132,032	4,194	136,226	362,555
Interest expense	-	-	-	-	50,767	-	50,767	50,767
Insurance	29,142	108,588	-	137,730	41,960	857	42,817	180,547
Utilities and other occupancy	61,844	14,096	-	75,940	8,188	10,145	18,333	94,273
Rent	317,980	470,519	-	788,499	367,463	43,597	411,060	1,199,559
Supplies	28,437	79,306	-	107,743	24,156	75,248	99,404	207,147
Summer camp	49	-	-	49	-	13,800	13,800	13,849
Pre-employment expense	4,430	879	-	5,309	12,322	1,205	13,527	18,836
Vehicle expense	2,687	12,607	-	15,294	4,759	111	4,870	20,164
Travel	19,031	171,868	38	190,937	3,176	250	3,426	194,363
Bank service charges/other fees	7,696	29,686	-	37,382	36,148	4,931	41,079	78,461
Printing and copying	6,767	17,117	-	23,884	31,442	6,354	37,796	61,680
Postage	12	11,389	-	11,401	830	-	830	12,231
Equipment leases	-	7,678	-	7,678	956	-	956	8,634
Equipment	100,115	460,680	-	560,795	159,748	37,354	197,102	757,897
Contracted services	-	1,329,736	-	1,329,736	-	-	-	1,329,736
Staff development	35,554	49,521	67	85,142	37,667	609	38,276	123,418
Advertising	4,900	32,872	-	37,772	-	14,391	14,391	52,163
Dues and subscriptions	1,251	626	-	1,877	9,772	11,421	21,193	23,070
Meetings	5,415	28,379	-	33,794	32,955	7,705	40,660	74,454
Other	5,437	26,207	-	31,644	3,177	4,863	8,040	39,684
Bad debt	-	-	-	-	295,084	-	295,084	295,084
Total expenses	\$ 3,830,361	\$ 20,733,067	\$ 41,184	\$ 24,604,612	\$ 3,828,342	\$ 950,173	\$ 4,778,515	\$ 29,383,127

The accompanying notes are an integral part of these financial statements.

Lutheran Social Services – National Capital Area
Statement of Functional Expenses
Year Ended September 30, 2022

	Program Services				Supporting Services			Total
	Foster Care Services	Refugee and Immigration	Community Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses								
Salaries	\$ 1,283,788	\$ 5,810,484	\$ 45,683	\$ 7,139,955	\$ 912,921	\$ 195,408	\$ 1,108,329	\$ 8,248,284
Payroll taxes and benefits	202,757	701,514	3,879	908,150	155,607	5,429	161,036	1,069,186
Total salaries and related expenses	1,486,545	6,511,998	49,562	8,048,105	1,068,528	200,837	1,269,365	9,317,470
Other expenses								
Stipends	260,006	-	-	260,006	-	-	-	260,006
Assistance to individuals	30,851	16,410,600	-	16,441,451	-	-	-	16,441,451
Professional services	201,927	1,334,387	-	1,536,314	477,186	177,734	654,920	2,191,234
Donated goods	-	140,904	-	140,904	193,726	-	193,726	334,630
Depreciation	-	202	-	202	2,884	-	2,884	3,086
Telephone and communication	31,883	110,063	-	141,946	20,413	2,973	23,386	165,332
Interest expense	-	-	-	-	387	-	387	387
Insurance	19,614	37,517	-	57,131	27,637	576	28,213	85,344
Utilities and other occupancy	22,248	67,266	-	89,514	4,701	-	4,701	94,215
Rent	186,763	241,841	-	428,604	228,907	11,774	240,681	669,285
Supplies	20,275	133,866	200	154,341	14,518	3,925	18,443	172,784
Summer camp	16,909	-	-	16,909	-	17,891	17,891	34,800
Pre-employment expense	9,126	27,249	-	36,375	97,109	635	97,744	134,119
Vehicle expense	5,827	16,777	7	22,611	4,012	88	4,100	26,711
Travel	13,088	715,375	232	728,695	2,241	465	2,706	731,401
Bank service charges/other fees	7,030	44,987	-	52,017	31,113	8,343	39,456	91,473
Printing and copying	4,516	20,645	-	25,161	8,697	28,415	37,112	62,273
Postage	224	50,253	-	50,477	2,704	2,409	5,113	55,590
Equipment leases	-	2,729	-	2,729	1,129	-	1,129	3,858
Equipment	34,182	357,891	-	392,073	115,493	28,419	143,912	535,985
Special events	-	-	-	-	-	732	732	732
Staff development	14,881	2,102	-	16,983	26,339	35	26,374	43,357
Advertising	3,757	13,460	-	17,217	-	4,000	4,000	21,217
Dues and subscriptions	1,250	71	-	1,321	3,291	531	3,822	5,143
Meetings	481	73,510	-	73,991	6,218	719	6,937	80,928
Other	2,976	34,210	-	37,186	5,467	38,492	43,959	81,145
Bad debt	-	-	-	-	200,000	-	200,000	200,000
Total expenses	\$ 2,374,359	\$ 26,347,903	\$ 50,001	\$ 28,772,263	\$ 2,542,700	\$ 528,993	\$ 3,071,693	\$ 31,843,956

The accompanying notes are an integral part of these financial statements.

Lutheran Social Services – National Capital Area
Statements of Cash Flows
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (684,981)	\$ (540,946)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	808	3,086
Net realized and unrealized (gains) losses on investments	(49,945)	115,461
Forgiveness of Paycheck Protection Program loan	-	(560,295)
Loss on disposal of property and equipment	-	25,177
Amortization of operating lease right-of-use assets	889,885	-
Amortization of finance lease right-of-use assets	163,587	-
Change in allowance for doubtful accounts	(121,119)	-
(Increase) decrease in assets		
Contract and grant receivables	(456,034)	(4,206,232)
Prepaid expenses	(84,776)	(79,196)
Deposits	(38,668)	(56,554)
Increase (decrease) in liabilities		
Accounts payable	326,549	974,154
Accrued expenses	431,312	(20,875)
Deferred rent	-	167,388
Refundable advances	67,004	24
Operating lease liability	(646,317)	-
Net cash used in operating activities	<u>(202,695)</u>	<u>(4,178,808)</u>
Cash flows from investing activities		
Proceeds from sale of investments	-	838,606
Purchases of investments	(28,363)	(532,392)
Net cash provided by (used in) investing activities	<u>(28,363)</u>	<u>306,214</u>
Cash flows from financing activities		
Draws on the line of credit	1,000,000	300,000
Payments on line of credit	(300,000)	-
Repayments of finance lease liabilities	(155,290)	-
Bank overdraft	(563,616)	663,724
Net cash provided by (used in) financing activities	<u>(18,906)</u>	<u>963,724</u>
Net decrease in cash and cash equivalents	<u>(249,964)</u>	<u>(2,908,870)</u>
Cash and cash equivalents, beginning of year	<u>435,040</u>	<u>3,343,910</u>
Cash and cash equivalents, end of year	<u>\$ 185,076</u>	<u>\$ 435,040</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 50,767</u>	<u>\$ 387</u>
Noncash investing and financing activities		
Right-of-use assets obtained in exchange for operating lease liabilities	<u>\$ 5,307,630</u>	<u>\$ -</u>
Right-of-use assets obtained in exchange for finance lease liabilities	<u>\$ 595,562</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Note 1 Nature of Organization

Lutheran Social Services – National Capital Area (“LSSNCA”) is a not-for-profit organization which provides professional social services to individuals and families and assists congregations in responding to community needs through a variety of programs. These activities are funded primarily through government grants and contracts.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation

LSSNCA presents its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis of accounting, revenue is recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.

Financial Statement Presentation

GAAP requires LSSNCA to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. Assets restricted solely through the actions of the board are reported as net assets without donor restrictions – board designated.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of LSSNCA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

LSSNCA considers demand deposits and money market funds to be cash and cash equivalents. However, cash and money market funds held by a national investment brokerage company, in accordance with LSSNCA's investment policy, are excluded from cash and cash equivalents as reported in the financial statements.

Investments and Investment Income

Investments in equities and mutual funds with readily determinable values are measured at fair value, based on quoted market prices in the statement of financial position. Donated investments are recorded at fair value at the date of receipt. Certificates of deposit are considered other investments and carried at cost. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in without donor restrictions unless income or loss is restricted by donor or law.

Note 2 Summary of Significant Accounting Policies (continued)

Contract and Grant Receivables

Contract and grant receivables are generated from prime and subgrant arrangements with governmental agencies and private foundations. The provision for doubtful accounts is based on management's evaluation of the collectability of receivables. LSSNCA does not charge interest on outstanding balances.

Property and Equipment

Property and equipment are recorded at cost or at fair value if donated and are depreciated using the straight-line method over their estimated useful lives which range from 3 years to 25 years. LSSNCA capitalizes all property and equipment purchased with a cost of \$5,000 or more.

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance and repairs are charged to operations as incurred.

Refundable Advances

Amounts collected in advance of performing services under contracts for which the revenue has not been earned are recorded as refundable advances.

Support

Contributions received are recorded as with donor restricted or without donor restricted revenue, depending on the existence and/or nature of any donor restrictions.

All donor-restricted revenue is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Government Contracts and Grants

LSSNCA has grants with U.S. Government agencies, as well as with state and local governments and private sources. Revenue from these grants is recognized as costs are incurred, on the basis of direct costs plus allowable indirect costs, subject to certain limitations based on stipulated level of effort requirements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of LSSNCA have been summarized on a functional basis in the accompanying statements of functional expenses. Costs that can be identified with a particular program or support function are charged directly to that program or function. LSSNCA allocates utilities, telephone and building expenses based on the square footage used by each program, and supporting services based on units of service or total program costs.

Note 2 Summary of Significant Accounting Policies (continued)

Indirect Costs

Indirect costs are allocated to U.S. Government contracts and all other LSSNCA programs based on direct program costs.

Donated Goods

LSSNCA receives donated goods and its policy is to utilize assets given to carry out its mission. Donated goods are recorded as contributions at their estimated fair value at the date of donation. During the years ended September 30, 2023 and 2022, LSSNCA received and recognized \$235,513 and \$334,630, respectively, of donated household supplies that were used as part of the refugee and immigration program.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

LSSNCA is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, LSSNCA qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. LSSNCA did not have any unrelated business income for the years ended September 30, 2023 and 2022.

Management has analyzed the tax positions taken and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the financial statements.

Financial Risk

LSSNCA invests and manages an investment portfolio that may contain certificates of deposit, equities and mutual funds. Such investments are exposed to various risks, such as interest rate, market volatility and credit risks. Due to the level of risks associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Concentration of Credit Risk

LSSNCA maintains its cash, cash equivalents, and investment balances in accounts at two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC) up to specified limits by each institution. At times throughout the year, the cash, cash equivalents and investment balances may exceed these limits. However, LSSNCA has not experienced any losses with respect to balances in excess of the FDIC or SIPC coverage.

Note 2 Summary of Significant Accounting Policies (continued)

Reclassifications

Certain items in the 2022 financial statements have been reclassified to conform to the current year presentation. These reclassifications had no impact on the previously stated change in net assets.

Adoption of New Accounting Standard

LSSNCA adopted Financial Accounting Standards Board Accounting Standards Codification 842, *Leases* (ASC 842), effective October 1, 2022, using a modified retrospective approach. LSSNCA has elected the transition package of practical expedients that permitted it to not reassess its prior conclusions about lease identification, lease classification, and initial direct costs for existing or expired leases. LSSNCA determines if an arrangement is a lease, or contains a lease, at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. LSSNCA has elected to not recognize right-of-use (ROU) assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, rather LSSNCA recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term. In addition, it adopted ongoing accounting policies to not separate lease and non-lease components and to use the risk-free rate as the discount rate for all classes of underlying assets. The ROU assets represent LSSNCA’s right to use the underlying assets. The adoption of the standard did not have a significant impact on the statements of activities or cash flows. The adoption of ASC 842 had no effect on beginning net assets.

As a result of the adoption of ASC 842, LSSNCA recognized operating lease liabilities of \$4,947,793 for its operating leases of office and warehouse space, which represents the present value of the remaining operating lease payments, discounted using the risk-free rate, and operating lease ROU assets of \$4,816,112. On October 1, 2022, LSSNCA also recognized finance lease liabilities of \$582,839 for its finance leases of equipment, which represents the present value of the remaining finance lease payments, discounted using the rate implicit in the contract if stated or the risk-free rate, and finance lease ROU assets of \$595,562. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Note 3 Investments

Investments consists of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 4,481	\$ 7,490
Equities	11,443	-
Equity funds	10,619	-
Exchange traded funds	469,793	410,538
	<u>\$ 496,336</u>	<u>\$ 418,028</u>

Note 3 Investments (continued)

Investment income, including interest and dividends, consists of the following at September 30:

	<u>2023</u>	<u>2022</u>
Realized and unrealized gain (loss), net	\$ 49,945	\$ (115,461)
Interest and dividends	5,729	23,323
	<u>\$ 55,674</u>	<u>\$ (92,138)</u>

Note 4 Property and Equipment

Property and equipment, and accumulated depreciation consists of the following at September 30:

<u>Asset Category</u>	<u>Lives</u>	<u>2023</u>	<u>2022</u>
Vehicles	5 years	\$ 153,474	\$ 153,474
		153,474	153,474
Less: accumulated depreciation		(153,474)	(152,666)
Property and equipment, net		<u>\$ -</u>	<u>\$ 808</u>

Note 5 Without Donor Restricted Net Assets - Board Designated

Board Designated Net Assets

The board has designated \$274,443 for the Stronger Together Centennial Investment Fund (“Centennial Fund”). The general purpose of the Centennial Fund is to help ensure the long-term financial viability of LSSNCA and to enable it to continuously carry out its mission.

Note 6 Line of Credit

LSSNCA had a line of credit with Capital Bank in the amount of \$300,000. The line of credit bears interest at Wall Street Journal Prime (6.25% at September 30, 2022) plus .50%. The line of credit is secured by accounts receivable, investments, and furniture and fixtures owned by LSSNCA and matured January 2023. This line of credit was not renewed.

During 2023, LSSNCA entered into a line of credit in the amount of \$1,000,000. The line of credit bears interest at BSBY Daily Floating Rate (5.43% at September 30, 2023) plus 2.35%. The line of credit is secured by all inventory, including assets of LSSNCA and matures June 30, 2024.

Note 7 Paycheck Protection Program Loan

In 2021, LSSNCA obtained a loan in the amount of \$560,295 pursuant to the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In 2022, the loan was forgiven and recognized as PPP loan forgiveness in the accompanying statement of activities.

Note 8 401(k) Plan

LSSNCA sponsors a 401(k) plan that covers its full-time employees. Under the plan, employees may make elective deferrals into the plan on the first of the month following the date of hire. For employees who make elective deferrals, LSSNCA may make a discretionary match. The discretionary match is calculated after the close of the plan year, which runs from July 1st to June 30th. To be eligible to receive the match, an employee must have been employed for one year and must have worked 1,000 hours.

There is a three-year vesting schedule for the employer match portion. Vesting is attained at 33^{1/3}% per annum for each of the three years. Contribution expense totaled \$54,838 and \$34,415 for the years ended September 30, 2023 and 2022, respectively, and is included as a component of payroll taxes and benefits on the statements of functional expenses.

Note 9 Major Grantors

LSSNCA receives a significant amount of its federal awards from three grantors. If a significant reduction in the level of this support should occur, it may have an adverse effect on LSSNCA programs.

Note 10 Risks and Contingencies

Federal Awards

LSSNCA participates in a number of federally funded programs which are subject to financial and compliance audits by federal agencies or their representatives. Management does not anticipate any significant adjustments as a result of such audits.

Department of Health and Human Services (DHHS)

LSSNCA has acquired certain equipment for use in its programs with funding obtained as a pass-through from the Maryland Office of Refugees and Asylees (MORA) of the State of Maryland. Under the grant agreement, title of any assets purchased by LSSNCA using the funds received from MORA over \$50 will be vested in MORA, while a listing of these assets has to be submitted to MORA at the conclusion of the grant. MORA may require LSSNCA to deliver these assets to MORA. The assets purchased using these grant proceeds are included in the accompanying statements of functional expenses under the caption “Equipment.”

Note 11 Lease Commitments

LSSNCA has operating leases for office space and financing leases for equipment. The following summarizes rent expense for the year ended September 30, 2023:

Lease expense

Finance lease expense	
Amortization of ROU assets	\$ 163,587
Interest on lease liabilities	19,808
Operating lease expense	<u>1,071,430</u>
Total	<u><u>\$ 1,254,825</u></u>

The following summarizes cash flow, remaining lease term, and discount rate information related to the leases for the year ended September 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from finance leases (i.e. interest)	\$ 19,808
Financing cash flows from finance leases (i.e. principal portion)	\$ 155,290
Operating cash flows from operating leases	\$ 827,861
Weighted-average remaining lease term in years for finance leases	3.39
Weighted-average remaining lease term in years for operating leases	4.51
Weighted-average discount rate for finance leases	3.91%
Weighted-average discount rate for operating leases	3.85%

The following schedule shows the aggregate future minimum lease payments required by year under these leases:

Year Ending September 30,	Finance	Operating
2024	\$ 162,522	\$ 1,020,966
2025	137,954	1,154,911
2026	77,994	1,195,288
2027	77,994	1,094,075
2028	12,999	396,694
Thereafter	-	225,927
Total undiscounted cash flows	<u>469,463</u>	<u>5,087,861</u>
Less: present value discount	(29,191)	(426,548)
Total lease liabilities	<u><u>\$ 440,272</u></u>	<u><u>\$ 4,661,313</u></u>

Note 11 Lease Commitments (continued)

LSSNCA has entered into short-term leases for use of office space. Rent expense under these leases totaled \$128,129 for the year ended September 30, 2023. Rent expense for leases for the year ended September 30, 2022 totaled \$669,285.

As of September 30, 2023, LSSNCA has two additional operating leases for office space that will commence in 2024. One has approximately \$364,000 in lease payments with a term of 5 years. The other has approximately \$1,468,000 in lease payments with a lease of 7 years and 5 months.

Note 12 Fair Value Measurement

In accordance with GAAP, LSSNCA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the statement of financial position are categorized based on the inputs to the valuation technique as follows:

- Level 1 – Inputs to the valuation methodology are quoted in an active market or exchanges for identical assets and liabilities.
- Level 2 – Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for assets and liabilities, or other market corroborated inputs.
- Level 3 – Significant unobservable inputs based on the best information available in the circumstances to the extent observable inputs are not available.

The tables below present LSSNCA’s assets measured at fair value on a recurring basis as of September 30, 2023, aggregated by the level in the fair value hierarchy within which those measurements fall:

	Total 2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Assets				
Money market funds	\$ 4,481	\$ 4,481	\$ -	\$ -
Equities	11,443	11,443	-	-
Equity funds	10,619	10,619	-	-
Exchange traded funds	469,793	469,793	-	-
Total investments at fair value	\$ 496,336	\$ 496,336	\$ -	\$ -

Note 12 Fair Value Measurement (continued)

	Total 2022	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Assets				
Money market funds	\$ 7,490	\$ 7,490	\$ -	\$ -
Exchange traded funds	410,538	410,538	-	-
Total investments at fair value	\$ 418,028	\$ 418,028	\$ -	\$ -

LSSNCA used the following methods and significant assumptions to estimate fair value for investments recorded at fair value:

- Money market funds – Fair value is based on the quoted daily net asset value of the invested funds. Where quoted prices are available in an active market, investments are classified as Level 1. Money market funds are traded on a major exchange and, therefore, disclosed in the Level 1 hierarchy.
- Equities, exchange traded funds, and fixed income – Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Stocks and mutual funds are traded on a major exchange. Accordingly, such investments are disclosed in Level 1 of the hierarchy.
- Mutual funds – Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by LSSNCA are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price.

Note 13 Liquidity

As of September 30, 2023 and 2022, LSSNCA’s liquidity resources and financial assets available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 185,076	\$ 435,040
Investments	496,336	418,028
Contract and grant receivables, net of allowance	<u>6,843,048</u>	<u>6,265,895</u>
Financial assets available to meet general expenditures within one year	<u>7,524,460</u>	<u>7,118,963</u>
Less amount not available within one year for general expenditures		
Board designated net assets	<u>274,443</u>	<u>1,295,243</u>
	<u>274,443</u>	<u>1,295,243</u>
Financial assets available to meet general expenditures within one year	<u>\$ 7,250,017</u>	<u>\$ 5,823,720</u>

Note 13 Liquidity (continued)

LSSNCA has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due. Management continually evaluates the timing of estimated collections of accounts receivable and manages cash disbursements to ensure the availability of cash to meet its operating needs. To help manage unanticipated liquidity needs, LSSNCA has a committed line of credit of \$1,000,000 which it drew on in 2023. Additionally, LSSNCA has board designated net assets without donor restrictions that could be made available for current operations, if necessary, even if LSSNCA does not intend to spend these funds for purposes other than those identified.

Note 14 Subsequent Events

Management has evaluated subsequent events through May 6, 2024, the date which the financial statements were available to be issued.

Supplementary Information

Lutheran Social Services – National Capital Area
Schedule of Expenditures of Federal Awards
September 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE OR CLUSTER TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS-THROUGH IDENTIFYING NUMBER	PASS-THROUGH TO SUB- RECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. Department of Health and Human Services:				
Administration for Children and Families, Office of Refugee Resettlement Pass-through from Lutheran Immigration and Refugee Services: Matching grant program	93.567	342-23-01	\$ -	\$ <u>2,082,470</u>
Administration for Children and Families, Office of Refugee Resettlement Pass-through from Lutheran Immigration and Refugee Services: Preferred Communities	93.576	90RP0124	-	228,967
Preferred Communities – Gap Services for Ukrainian Humanitarian Parolees	93.576	354-23-00UKR	-	317,804
Preferred Communities - Intensive Care Management	93.576	354-23-00AFG	-	<u>4,713,006</u>
Total Assistance Listing 93.576				<u>5,259,777</u>
Administration for Children and Families, Office of Trafficking in Persons Pass-through from Lutheran Immigration and Refugee Services: Trafficking Victim Assistance Program	93.598	90ZV0139-01-00	-	<u>17,077</u>
Administration for Children and Families, Office of Refugee Resettlement Pass-through from Lutheran Immigration and Refugee Services: Residential Shelter/Transitional Foster Care for Unaccompanied Alien Children	93.676	90ZU0433-02	-	14,286
Residential Shelter/Transitional Foster Care for Unaccompanied Alien Children	93.676	358-22-00/01	-	230,520
Transitional Foster Care	93.676	358D-22-00	-	<u>1,226,089</u>
Total Assistance Listing 93.676				<u>1,470,895</u>
Refugee and Entrant Assistance State Administered Programs: Pass-through from the Commonwealth of Virginia Department of Social Services, Office of Newcomer Services: Mentoring Youth in Virginia	93.566	CVS-20-090-02	-	62,343
Refugee Health Education and Outreach	93.566	CVS-20-090-02	-	55,960
Refugee Social Services Employment Program	93.566	CVS-20-090-02	-	375,413
Unaccompanied Refugee Minors	93.566	CVS-20-110	-	622,764
Refugee School Achievement Program	93.566	CVS-20-090-02	-	55,677
VRSAP, RHEO, RSS	93.566	CVS-22-112-02	1,329,736	7,211,432
Pass-through from the State of Maryland, Department of Human Resources, Office for New Americans: Refugee Support Services Supplemental Assistance	93.566	FIA/RSS-23-498	-	505,485

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

Lutheran Social Services – National Capital Area
Schedule of Expenditures of Federal Awards
September 30, 2023

Pass-through from the State of Maryland, Department of Human Resources, Office for Refugees and Asylees				
Refugee Transitional Cash Assistance	93.566	FIA/RTCA-22-505	-	480,152
Refugee TANF Coordination Program	93.566	FIA/RTCP-23-530	-	190,438
Extensive Case Management Program	93.566	FIA/ECMP-23-516	-	828,819
Ukrainian Refugee School Impact	93.566	FIA/URSI-23-633	-	74,428
Refugee Youth Mentoring Program	93.566	FIA/RYP-23-521	-	90,257
Ukraine Supplemental Assistance Program	93.566	FIA/USAP-23-629	-	175,134
Pass-through from the State of Maryland, Department of Health, Prevention and Health Promotion Administration, Center for Global Migration and Immigrant Health				
Immigrant Health Care Connection Services	93.566	PHPA-1946	-	276,987
Pass-through from District of Columbia Child and Family Service Agency				
Unaccompanied Refugee Minors	93.566	DCRL-2023	-	<u>1,673,670</u>
Total Assistance Listing 93.566				<u>12,678,962</u>
Administration for Children and Families				
LSSNCA's Love Notes Sexual Risk Avoidance EBP	93.060	90SR0092-01-00	-	<u>433,382</u>
Administration for Children and Families				
LSSNCA's Love Notes Sexual Risk Avoidance EBP	93.060	90TS0094-01-00	-	<u>96,000</u>
Total U.S. Department of Health and Human Services				<u>22,038,563</u>
U.S. Department of State:				
U.S. Refugee Admissions Program:				
Pass-through from Lutheran Immigration and Refugee Services –				
Refugee Reception and Placement Program	19.510	SPRMC023CA0011	-	<u>4,440,775</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ - \$ 26,479,338</u></u>

See accompanying notes to schedule of expenditures of federal awards.

Note A Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of LSSNCA under programs of the federal government for the year ended September 30, 2023. 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”). Because the schedule presents only a selected portion of the operation of LSSNCA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of LSSNCA.

Note B Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C Indirect Cost Rate

Lutheran Social Services – National Capital Area has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Lutheran Social Services – National Capital Area

Prager Metis CPAs, LLC

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We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lutheran Social Services – National Capital Area (“LSSNCA”) (a non-profit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 6, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LSSNCA’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 LSSNCA’s internal control. Accordingly, we do not express an opinion on the effectiveness of LSSNCA’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 entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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





Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LSSNCA'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 LSSNCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LSSNCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
Tysons Corner, Virginia
May 6, 2024



Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Lutheran Social Services – National Capital Area

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Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lutheran Social Services – National Capital Area's (“LSSNCA”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of LSSNCA's major federal programs for the year ended September 30, 2023. LSSNCA's major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, LSSNCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of LSSNCA 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. Our audit does not provide a legal determination of LSSNCA’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 LSSNCA’s federal programs.





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 LSSNCA'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance 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 LSSNCA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 LSSNCA'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 LSSNCA'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 LSSNCA'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. Accordingly, this report is not suitable for any other purpose.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
Tysons Corner, Virginia
May 6, 2024

Lutheran Social Services – National Capital Area
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2023

Section I - Summary of Auditor’s Results

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

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

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes No

Identification of major federal program:

AL Number

Name of Federal Program or Cluster

19.510

Reception and Placement Program

93.676

Residential Shelter/Transitional Foster Care for Unaccompanied Alien Children

Dollar threshold used to distinguish between Type A and Type B programs

\$794,380

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None reported.

Section III - Federal Awards Findings and Questioned Costs

None reported.

Section I – Prior Year Financial Statement Findings

There were no prior financial statement audit findings.

Section II - Prior Year Federal Awards Findings and Questioned Costs

There were no prior federal awards audit findings or questioned costs.