Lutheran Social Services
National Capital Area
Financial Statements and Reporting Required Under Government Auditing Standards and The Uniform Guidance and Supplementary Information
September 30, 2019
(With Summarized and Comparative Totals for the Year Ended 2018)

Lutheran Social Services – National Capital Area
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September 30, 2019

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Lutheran Social Services – National Capital Area ("LSS-NCA"), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lutheran Social Services – National Capital Area as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 2 to the financial statements, LSS-NCA adopted new accounting guidance related to the presentation of net asset classification and other disclosures (Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Presentation of Financial Statements of Non-for-Profit Entities* (Topic 958)). Our opinion is not modified with respect to this matter.

Prior Year Financial Statements

The financial statements of Lutheran Social Services – National Capital Area as of and for the year ended September 30, 2018, whose report was dated April 26, 2019, were audited by prior auditors who expressed an unmodified opinion on those financial statements. The summarized and comparative information presented herein, as of and for the year ended September 30, 2018, was derived from those audited financial statements.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, shown on Page 21, as required by the Title 2 U.S. Code of Federal Regulations (CFR) 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. 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 April 17, 2020, on our consideration of LSS-NCA internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LSS-NCA internal control over financial reporting and compliance.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
New York, New York
April 17, 2020

Lutheran Social Services – National Capital Area
Statement of Financial Position
September 30, 2019
(With Comparative Totals for 2018)

	2019	2018 Comparative
Assets		
Cash and cash equivalents	**$ 538,948**	$ 314,360
Investments at fair value	**745,595**	1,002,505
Contract, grant and pledge receivable, net	**1,497,580**	1,071,673
Prepaid expenses	**33,945**	54,245
Deposits	**1,360**	1,360
Property, plant and equipment, net	**383,702**	444,061
Total assets	**$ 3,201,130**	$ 2,888,204
Liabilities and net assets		
Liabilities		
Accounts payable	**$ 104,690**	$ 399,619
Accrued expenses	**293,409**	276,568
Deferred revenue	**50,595**	9,469
Capital lease payable	**16,000**	32,550
Line of credit	**300,000**	399,700
Long-term debt	**1,561,778**	1,624,920
Total liabilities	**2,326,472**	2,742,826
Net assets (deficit)		
Without donor restrictions	**505,461**	(374,632)
Without donor restrictions – board designated	**369,197**	369,197
Total unrestricted	**874,658**	(5,435)
With donor restrictions	**-**	150,813
Total net assets	**874,658**	145,378
Total liabilities and net assets	**$ 3,201,130**	$ 2,888,204

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

Lutheran Social Services – National Capital Area

Statement of Activities and Changes in Net Assets
Year Ended September 30, 2019
(With Comparative Totals for 2018)

	2019			2018
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Total (Summarized)
Support and revenue				
Government contracts and grants	**$ 4,476,785**	**$ -**	**$ 4,476,785**	$ 5,265,354
Contributions	**1,672,368**	**-**	**1,672,368**	446,861
Donated goods and services	**317,723**	**-**	**317,723**	412,466
United Way	**30,417**	**-**	**30,417**	39,346
Rental income	**122,063**	**-**	**122,063**	118,844
Adoption fees	**61,179**	**-**	**61,179**	63,413
Investment (loss) income	**(8,085)**	**-**	**(8,085)**	74,693
Other	**8,584**	**-**	**8,584**	3,416
Net assets released from restrictions	**150,813**	**(150,813)**	**-**	-
Total support and revenue	**6,831,847**	**(150,813)**	**6,681,034**	6,424,393
Expenses				
Program expenses				
Foster care services	**1,455,907**	**-**	**1,455,907**	1,927,262
Refugee and immigration	**2,972,226**	**-**	**2,972,226**	3,494,337
Community services	**21,821**	**-**	**21,821**	-
Total program expenses	**4,449,954**	**-**	**4,449,954**	5,421,599
Supporting services				
Management and general	**1,019,922**	**-**	**1,019,922**	1,386,146
Facilities	**249,257**	**-**	**249,257**	207,546
Fundraising	**232,621**	**-**	**232,621**	397,007
Total supporting services	**1,501,800**	**-**	**1,501,800**	1,990,699
Total expenses	**5,951,754**	**-**	**5,951,754**	7,412,298
Change in net assets	**880,093**	**(150,813)**	**729,280**	(987,905)
Net assets (deficit), beginning of year	**(5,435)**	**150,813**	**145,378**	1,133,283
Net assets, end of year	**$ 874,658**	**$ -**	**$ 874,658**	$ 145,378

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, 2019
(With Comparative Totals for 2018)

	2019									2018
	Program Services				Supporting Services					
	Foster Care Services	Refugee and Immigration	Community Services	Total Program Services	Management and General	Facilities	Fundraising	Total Supporting Services	Total	Summarized Total (Comparative)
Salaries and related expenses										
Salaries	$ 781,648	$ 1,153,385	$ 19,604	$ 1,954,637	$ 490,575	$ 113,797	$ 142,294	$ 746,666	$ 2,701,303	$ 3,435,712
Payroll taxes and benefits	132,606	207,831	806	341,243	70,405	21,272	23,896	115,573	456,816	647,025
Total salaries and related expenses	914,254	1,361,216	20,410	2,295,880	560,980	135,069	166,190	862,239	3,158,119	4,082,737
Other expenses										
Stipends	277,936	-	-	277,936	-	-	-	-	277,936	351,492
Assistance to individuals	19,104	1,021,091	-	1,040,195	-	-	-	-	1,040,195	1,269,852
Professional services	50,184	54,195	-	104,379	223,306	45	18,199	241,550	345,929	371,448
Donated goods and services	38,632	279,091	-	317,723	-	-	50	50	317,773	412,466
Depreciation and amortization	9,438	6,986	-	16,424	14,828	28,012	-	42,840	59,264	74,485
Telephone and communication	31,647	64,351	456	96,454	13,425	4,093	6,590	24,108	120,562	101,849
Interest expense	19,865	-	-	19,865	41,646	22,620	1,842	66,108	85,973	89,639
Insurance	11,895	36,152	-	48,047	14,977	7,066	1,669	23,712	71,759	82,289
Utilities and other occupancy	20,360	18,322	535	39,217	40,242	47,178	2,871	90,291	129,508	172,197
Rent	4,000	36,660	-	40,660	-	-	-	-	40,660	47,438
Supplies	1,887	23,438	-	25,325	1,982	3,577	115	5,674	30,999	24,811
Summer camp	7,226	207	-	7,433	-	-	11,573	11,573	19,006	29,133
Pre-employment expense	1,803	5,894	-	7,697	1,812	209	633	2,654	10,351	5,039
Vehicle expense	4,888	7,407	3	12,298	123	32	60	215	12,513	26,943
Travel	10,786	29,565	417	40,768	393	112	1	506	41,274	48,693
Bank service charges/other fees	4,817	17,723	-	22,540	12,483	-	2,266	14,749	37,289	38,213
Printing and copying	1,113	3,764	-	4,877	9,884	119	9,570	19,573	24,450	33,765
Postage	188	-	-	188	1,898	-	864	2,762	2,950	10,121
Equipment leases	-	359	-	359	921	610	-	1,531	1,890	4,906
Equipment	103	1,896	-	1,999	15,397	515	2,623	18,535	20,534	23,592
Staff development	5,515	1,344	-	6,859	149	-	79	228	7,087	6,197
Advertising	30	-	-	30	-	-	-	-	30	80
Dues and subscriptions	13,767	56	-	13,823	3,718	-	1,227	4,945	18,768	17,939
Meetings	1,811	2,509	-	4,320	3,706	-	288	3,994	8,314	24,058
Other	4,658	-	-	4,658	7,377	-	5,911	13,288	17,946	42,883
Bad debt	-	-	-	-	50,675	-	-	50,675	50,675	20,033
Total other expenses	1,455,907	2,972,226	21,821	4,449,954	1,019,922	249,257	232,621	1,501,800	5,951,754	7,412,298
Indirect costs	354,635	687,541	-	1,042,176	(852,039)	(248,269)	58,132	(1,042,176)	-	-
Total expenses	$ 1,810,542	$ 3,659,767	$ 21,821	$ 5,492,130	$ 167,883	$ 988	$ 290,753	$ 459,624	$ 5,951,754	$ 7,412,298

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

Lutheran Social Services – National Capital Area
Statement of Cash Flows
Year Ended September 30, 2019
(With Comparative Totals for 2018)

	2019	2018 (Comparative)
Cash flows from operating activities		
Change in net assets	**$ 729,280**	$ (987,905)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**59,264**	74,485
Unrealized (gain) loss on investments	**30,939**	(25,199)
Unrealized gain on interest rate swap agreement		
Change in allowance for doubtful accounts	**50,675**	20,033
Change in net present value for pledges		
Disposal of property, plant and equipment	**1,095**	-
Decrease (increase) in assets		
Contract, grant and pledge receivable, net	**(476,582)**	855,517
Prepaid expenses	**20,300**	15,652
Deposits	**-**	3,506
Increase (decrease) in liabilities		
Accounts payable	**(294,929)**	107,684
Accrued expenses	**16,841**	(61,166)
Deferred revenue	**41,126**	8,719
Net cash provided by operating activities	**178,009**	11,326
Cash flows from investing activities		
Proceeds from sale of investments	**543,791**	222,401
Purchases of investments	**(300,000)**	-
Reinvested dividends	**(17,820)**	-
Purchases of property, plant and equipment	**-**	(12,114)
Net cash provided by investing activities	**225,971**	210,287
Cash flows from financing activities		
Payments on the line of credit	**(99,700)**	(100,300)
Payments under capital lease payable	**-**	(16,000)
Principal payments on mortgage	**(79,692)**	(60,541)
Net cash used in financing activities	**(179,392)**	(176,841)
Net increase in cash and cash equivalents	**224,588**	44,772
Cash and cash equivalents, beginning of year	**314,360**	269,588
Cash and cash equivalents, end of year	**$ 538,948**	$ 314,360
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	**$ 83,099**	$ 86,765

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

Note 1 Nature of Organization

Lutheran Social Services – National Capital Area ("LSS-NCA") 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

The accompanying financial statements include the accounts of LSS-NCA's programs and supporting services. LSS-NCA presents its financial statements on the accrual basis of accounting. 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

The financial statements of LSS-NCA have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which requires LSS-NCA 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. These net assets may be used at the discretion of LSS-NCA's management and board of directors.
- 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 LSS-NCA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. LSS-NCA has no net assets with donor restriction in perpetuity at September 30, 2019.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Cash and Cash Equivalents

LSS-NCA 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 LSS-NCA's investment policy, are excluded from cash and cash equivalents as reported in the financial statements.

Note 2 Summary of Significant Accounting Policies (continued)

Investments and Investment Income
Investments are stated at fair value, based on quoted market prices. Gains and losses on the sale of investments, investment income and interest and dividends are recorded as operating activities and are recognized as increases and decreases in net assets in the statement of activities and changes in net assets.

Fair Value Measurements
LSS-NCA adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement.* In accordance with FASB ASC 820, LSS-NCA 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, which may include assumptions made by the board of directors or persons acting at their direction that are used in determining the fair market value of the asset or liability.

Contract and Grant Receivables
Receivables are generated from service fees, and prime and subgrant arrangements with governmental agencies and private foundations. The amounts represent invoices that have been prepared and sent to the customer. The provision for doubtful accounts is based on management's evaluation of the collectability of receivables. Accounts receivable are considered past due if the invoice has been outstanding for more than 30 days. LSS-NCA does not charge interest on outstanding accounts receivable balances.

Note 2 Summary of Significant Accounting Policies (continued)

Pledges Receivable and Promises to Give
Unconditional promises to give are recognized as revenue in the period promises to give are received. Conditional promises to give are only recognized when the conditions on which they depend are substantially met and the promise becomes unconditional.

Promises to give, which are to be received in a future period, are discounted to their net present value at the time the promise is received. The provision for doubtful accounts is based on management's evaluation of the collectability of promises to give.

Property, Plant and Equipment
Property, plant and equipment are recorded at cost and are depreciated using the straight-line method over their estimated useful lives which range from 3 years to 25 years. LSS-NCA capitalizes all property and equipment purchased with a cost of $3,000 or more.

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

Deferred Financing Costs
Deferred financing costs relate to debt issuance costs incurred in connection with obtaining debt. These costs are being amortized over the respective loan periods. The unamortized balance is reported as a reduction of long-term debt. Amortization of debt issuance costs was $2,874 for each of the years ended September 30, 2019 and 2018, and is included in interest expense.

Financial Risk
LSS-NCA invests and manages a portfolio that may contain 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.

Valuation of Long-Lived Assets
LSS-NCA accounts for the valuation of long-lived assets under FASB ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*. FASB ASC 360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets 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 estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Note 2 Summary of Significant Accounting Policies (continued)

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as with donor restrictions or without donor restrictions 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 and changes in net assets as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the support is received, LSS-NCA reports the support as net assets without donor restrictions.

Revenue from foster care and other service fees is recognized as the services are performed. LSS-NCA reports gifts of equipment as unrestricted support unless explicit stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit stipulations about how long those long-lived assets must be maintained, LSS-NCA reports expirations of restrictions when the assets are placed in service.

Grants and Contract Awards

LSS-NCA has contracts with U.S. Government agencies, as well as with state and local governments and private sources, in exchange for services. Revenue from these contracts 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. Revenue recognized on grants that are unpaid is reflected as receivables in the accompanying statement of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of LSS-NCA have been summarized on a functional basis in the accompanying statement of functional expenses. Costs that can be identified with a particular program or support function are charged directly to that program or function. LSS-NCA 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.

Indirect Costs

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

Note 2 Summary of Significant Accounting Policies (continued)

Measure of Operations

The statement of activities and changes in net assets reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to LSS-NCA's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Donated Goods and Services

LSS-NCA receives donated goods and services. Donated goods are recorded as contributions at their estimated fair value at the date of donation. LSS-NCA recognizes contribution revenue for certain contributed services received at the fair value of those services, based upon the requirements of FASB ASC 958, *Accounting for Contributions Received and Contributions Made*. During the years ended September 30, 2019 and 2018, LSS-NCA recognized $317,723 and $412,466, respectively, as in-kind goods and services.

Use of 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

LSS-NCA is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, LSS-NCA 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. LSS-NCA did not have any net unrelated business income for the years ended September 30, 2019 and 2018.

LSS-NCA has adopted FASB ASC 740, *Income Taxes*. FASB ASC 740 requires changes in recognition and measurement for uncertain tax positions. LSS-NCA has analyzed its tax positions, and has concluded that no liability should be recorded related to any uncertain tax positions. LSS-NCA is not aware of any tax positions which it believes will change materially in the next 12 months. If this position changes, LSS-NCA will assess the impact of any such matters on its financial position and results of operations.

LSS-NCA files its information returns for Federal, Virginia, and Maryland reporting purposes. LSS-NCA is not currently under audit by any tax jurisdiction.

Note 2 Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

LSS-NCA 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, LSS-NCA has not experienced any losses with respect to balances in excess of the FDIC or SIPC coverage. Management believes that no significant concentration of credit risk exists as of September 30, 2019 and 2018.

New Accounting Pronouncement Adopted

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Non-for-Profit Entities (Topic 958)*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include (i) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (ii) modifying the presentation of underwater endowment funds and related disclosures, (iii) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (iv) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (v) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (vi) presenting investment return net of external and direct internal investment expenses, and (vii) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. LSS-NCA has chosen a retrospective application for the prior year financial statements. In addition, LSS-NCA changed its presentation of its net assets classes and expanded the footnote disclosures as required by the ASU.

Note 3 Contract Grants and Pledges Receivable

Promises to give of $319,386 and $355,421 are outstanding as of September 30, 2019 and 2018, respectively. The promises due over future periods have been discounted using discount rates of 2.50% and 1.62%. The provision for doubtful accounts is based on management's evaluation of the collectability of the pledges.

	2019	2018
Contracts and grant receivables	**$ 1,244,585**	$ 748,387
Pledge receivables	**319,386**	355,421
Less:		
Allowance for doubtful accounts	**(60,200)**	(24,414)
Discount on promises to give	**(6,191)**	(7,721)
	$ 1,497,580	$ 1,071,673

Note 3 Contract Grants and Pledges Receivable (continued)

The contracts and grants are due within one year. The anticipated collections of the pledges based upon the stated payment terms are as follows:

Year Ending September 30,	
2020	$ 140,041
2021	121,383
2022	45,451
2023	6,750
2024	5,000
Thereafter	761
	$ 319,386

Note 4 Investments

Investments consisted of the following, at fair value, as of September 30:

	2019	2018
Money market funds	**$ 156,279**	$ 23,731
Certificate of deposit	**300,000**	-
Equities	**41,800**	100,552
Mutual funds	**247,516**	878,222
	$ 745,595	$ 1,002,505

The investments available for operating purposes are included in current assets.

Investment income, including interest and dividends, consisted of the following for the years ended September 30:

	2019	2018
Unrealized (loss) gain	**$ (30,939)**	$ 25,199
Interest and dividends	**22,854**	49,494
	$ (8,085)	$ 74,693

Note 5 Property, Plant and Equipment

Property, plant and equipment, and accumulated depreciation at September 30, 2019 and 2018 are as follows:

Asset Category	Estimated Useful Lives	**2019**	2018
Land	-	**$ 201,691**	$ 201,692
Buildings	25 years	**892,449**	892,449
Office and computer equipment	3 to 10 years	**217,107**	220,299
Leasehold improvements	10 to 25 years	**296,755**	296,757
Vehicles	5 years	**153,474**	153,474
		1,761,476	1,764,671
Less: accumulated depreciation		**(1,377,774)**	(1,320,610)
Property, plant and equipment, net		**$ 383,702**	$ 444,061

Note 6 Line of Credit

LSS-NCA has a line of credit in the amount of $300,000. The line of credit is secured by a deed of trust, and assignment of rents and security agreements. Borrowings accrue interest at the financial institution's prime rate plus 0.5%. This line of credit was available until February 26, 2016 and was subsequently renewed on February 1, 2016, with an expiration date of December 31, 2016. The line of credit was subsequently renewed until December 30, 2020 and new terms were agreed upon and signed on November 30, 2018 with the financial institution. The line of credit is secured by accounts receivable, inventory and machinery, and furniture and fixtures owned and acquired by LSS-NCA. The market rate of interest at September 30, 2019 and 2018 was 5.50% and 3.49% per annum, respectively. As of September 30, 2019 and 2018, the outstanding balance on the line of credit was $300,000 and $399,700, respectively.

Note 7 Mortgage Payable

On April 17, 2006, LSS-NCA entered into a modified promissory note agreement with a principal balance of $1,880,000. This mortgage note was payable in monthly installments of principal and interest of $15,042. All remaining principal and interest was due and payable on April 15, 2016. This note bore interest at the one-month LIBOR plus 2%. The mortgage was collateralized by a first deed of trust on property located at 4406 Georgia Avenue, NW, Washington, DC. On March 30, 2016, the mortgage note was refinanced to extend the maturity date to March 30, 2026. The extended note has an interest rate of 4% and is payable in monthly installments of principal and interest payments of $10,965. The mortgage is collateralized by a first deed of trust on property located at 4406 Georgia Avenue NW, Washington, DC.

Note 7 Mortgage Payable (continued)

The scheduled future principal payments under the mortgage payable at September 30, 2019 are as follows:

Year Ending September 30,	
2020	$ 68,566
2021	71,576
2022	74,532
2023	74,613
2024	80,676
Thereafter	1,210,495
Total long-term debt	1,580,458
Deferred financing costs	(18,680)
Long-term debt	$ 1,561,778

Note 8 Capital Lease Payable

LSS-NCA entered into lease agreements for copier equipment. The leases are interest free and payable in 60 monthly installments ranging from $200 to $775, with various maturities, through February 2021.

The cost of equipment under capital leases included in property and equipment was $82,500 at both September 30, 2019 and 2018. Accumulated depreciation of the leased equipment at September 30, 2019 and 2018 was $33,950 and $33,950, respectively. Total depreciation expense on the equipment under capital leases was $16,000 for each of the years ended September 30, 2019 and 2018.

The future minimum lease payments under these capital leases are as follows:

Year Ending September 30,	
2020	$ 12,300
2021	3,700
Total capital lease payable	$ 16,000

Note 9 Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at September 30, 2019:

	2019	2018
United Way	**$ -**	$ 79,847
Stronger Together Campaign	**-**	70,966
	$ -	$ 150,813

Net assets released from restrictions during the years ended September 30, 2019 and 2018 pertain to time restricted promises to give from United Way and the Stronger Together campaign in the amounts of $150,813 and $49,107, respectively.

Note 10 Without Donor Restricted Net Assets - Board Designated

Board-designated net assets represent amounts established 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 LSS-NCA and to enable it to continuously carry out its mission.

Note 11 401(k) Plan

LSS-NCA 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, LSS-NCA 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 $40,196 and $57,367 for the years ended September 30, 2019 and 2018, respectively.

Note 12 Major Grantors

LSS-NCA 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 LSS-NCA programs.

Note 13 Risks and Contingencies

Federal Awards
LSS-NCA 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)
LSS-NCA has acquired certain equipment for use in its programs with funding obtained as a pass-through from DHHS and from the Maryland Office of Refugees and Asylees (MORA) of the Department of Human Resources of the State of Maryland. Under the grant agreement, title of any assets purchased by LSS-NCA 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 LSS-NCA to deliver these assets to MORA. The assets purchased using these grant proceeds are included in the accompanying statement of functional expenses under the caption "Equipment."

Note 14 Lease Commitments

LSS-NCA leases office space in Bowie, Maryland. The monthly rent in fiscal year 2019 under this lease was $417. Either party may request a termination of this relationship at any time with a 90-day written notice to the other.

LSS-NCA leases office space in Hyattsville, Maryland. The monthly rent in fiscal year 2019 under this lease was $3,005. There is an annual review performed by the landlord of each space rented. Either party may request a termination of this relationship at any time with a 30-day written notice to the other.

LSS-NCA leases office space in Woodbridge, Virginia. The monthly rent in fiscal year 2019 was calculated at $35/days used. Either party may request a termination of this relationship at any time with a 60-day written notice to the other.

LSS-NCA also has lease arrangements with tenants to lease space from LSS-NCA in its main office building. The total rental income for the years ended September 30, 2019 and 2018 was $122,063 and $118,844, respectively. There is no future minimum rental income under these lease arrangements, as they may be terminated upon providing sufficient notice.

Total rent charged to operations for the years ended September 30, 2019 and 2018 was $40,660 and $47,438, respectively.

Note 14 Fair Value of Financial Instruments

The table below present LSS-NCA assets and liabilities measured at fair value on a recurring basis as of September 30, 2019 and 2018, aggregated by the level in the fair value hierarchy within which those measurements fall:

	Total	Fair Value Measurements Using		
	2019	(Level 1)	(Level 2)	(Level 3)
Assets				
Money Market Funds	**$ 156,279**	**$ 156,279**	**$ -**	**$ -**
Certificate of deposit	**300,000**	**-**	**300,000**	**-**
Trading securities				
Equities	**41,800**	**41,800**	**-**	**-**
Mutual Funds				
Fixed Income	**247,516**	**247,516**	**-**	**-**
Total assets	**$ 745,595**	**$ 445,595**	**$ 300,000**	**$ -**

	Total	Fair Value Measurements Using		
	2018	(Level 1)	(Level 2)	(Level 3)
Assets				
Money Market Funds	$ 23,731	$ 23,731	$ -	$ -
Trading securities				
Equities	44,565	44,565	-	-
Fixed income	55,987	55,987	-	-
Subtotal of trading securities	100,552	100,552	-	-
Mutual Funds				
Fixed Income	378,435	378,435	-	-
Equity funds	499,787	499,787	-	-
Subtotal of mutual funds	878,222	878,222	-	-
Total assets	$ 1,002,505	$ 1,002,505	$ -	$ -

LSS-NCA did not have any Level 3 investments as of September 30, 2019 and 2018.

LSS-NCA 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.

- Trading securities – 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.

Note 15 Liquidity

LSS-NCA has $2,802,381 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of $538,948, investments of $745,595, and contracts, grants and pledge receivables of $1,517,838. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The contract receivables are subject to implied time restrictions, but are expected to be collected within one year. LSS-NCA has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses. LSS-NCA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, LSS-NCA invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

Note 16 Subsequent Events

LSS-NCA evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was April 17, 2020 for these financial statements.

LSS-NCA is located in Washington, DC and our employees and facility have been partially shut down until March 30, 2020 or until the situation related to the recent outbreak of the Coronavirus (COVID-19) gets under control. The U.S. Center for Disease Control, or the CDC, has reported known cases of COVID-19 in Washington, DC area and specifically in our county and as such we are considered a hot zone. The spread of COVID-19 will result in losses in revenue for the fiscal year ended September 30, 2020. At this time, management cannot fully assess the amount of those losses.

During the 2017 fiscal year, the DC Child and Family Services Agency (“CFSA”) moved forward with plans to redesign its system to provide foster care services in-house for children placed in DC homes and to contract with only one private provider for foster care services for children placed in Maryland homes. This concluded two foster care service contracts at LSS-NCA. Traditional services ended on December 31, 2017, and therapeutic services ended on January 31, 2019.

Supplementary Information

Lutheran Social Services – National Capital Area
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

FEDERAL GRANTOR/PASS-THROUGH ENTITY GRANTOR/PROGRAM TITLE	AGENCY OR FEDERAL CFDA NUMBER	PASS-THROUGH GRANT NUMBER	SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services:				
Maryland Office of Refugees & Asylees:				
Pass-through from Lutheran Immigration and				
Refugee Services – Matching grant program	93.567	90RV0071-02	$ -	$ 877,916
Administration for Children and Families, Office of Refugee Resettlement				
Pass-through from Lutheran Immigration and Refugee Services:				
Intensive Case Management – Refugee AmeriCorps	93.576	90RP0101-03	-	17,100
Commonwealth of Virginia, Department of Social Services, Division of				
Community and Volunteer Services, Office of Newcomer Services:				
Virginia Refugee School Achievement Program	93.576	CVS-14-060	-	46,998
Administration for Children and Families, Office of Refugee Resettlement				
Pass-through from Lutheran Immigration and Refugee Services:				
Safe Release Support Fingerprinting Services	93.676	90ZU0103-03	-	131,324
Refugee and Entrant Assistance State Administered Programs: Pass-through				
from the Commonwealth of Virginia Department of Social Services,				
Office of Newcomer Services:				
Employment services for refugees in Fairfax County	93.566	CVS-12-089-02	-	25,852
Virginia Refugee Preventive Health	93.566	CVS-14-060	-	59,584
Refugee Care Coordinator Program	93.566	PHPA 17-287	-	153,713
ONS-VA-RSS	93.566	CVS-17-072-02	-	250,354
Pass-through from the State of Maryland, Department of Human Resources,				
Office for New Americans:				
Employment services for refugees in the Baltimore area	93.566	FIA/ORA-16-498	-	155,172
Pass-through from the Maryland Office of Refugees & Asylees:				
Public & Private Partnership – Refugee Transitional Cash Assistance	93.566	FIA/ORA-16-505	-	123,396
Extensive Case Management Program	93.566	FIA/ORA-17-516	-	56,484
Pass-through from the Commonwealth of Virginia, Department of Social				
Services, Office of Newcomer Services:				
Virginia Refugee Resettlement Program Targeted Assistance Program	93.584	CVS-12-089-02	-	83,810
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	SPRMCO16CA1002	-	1,144,564
			$ -	$ 3,126,267

The accompanying notes to financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Note A Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of LSS-NCA under programs of the federal government for the year ended September 30, 2019. 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 LSS-NCA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of LSS-NCA.

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.

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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 of
Lutheran Social Services – National Capital Area

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 statement of Lutheran Social Services – National Capital Area ("LSS-NCA"), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities and changes in net assets, 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 April 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LSS-NCA internal control over financial reporting ("internal control") to determine the 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 LSS-NCA internal control. Accordingly, we do not express an opinion on the effectiveness of LSS-NCA 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 LSS-NCA 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.

INDEPENDENT MEMBER

An affiliate of Prager Metis International NORTH AMERICA EUROPE ASIA

Compliance and Other Matters

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

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
New York, New York
April 17, 2020

PragerMetis

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Lutheran Social Services – National Capital Area's ("LSS-NCA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of LSS-NCA's major federal programs for the year ended September 30, 2019. LSS-NCA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of LSS-NCA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States 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 the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LSS-NCA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of LSS-NCA's compliance.

GGi INDEPENDENT MEMBER

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Opinion on Each Major Federal Program

In our opinion, the LSS-NCA 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, 2019.

Report on Internal Control over Compliance

Management of LSS-NCA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LSS-NCA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LSS-NCA's internal control over compliance.

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

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

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
New York, New York
April 17, 2020

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 programs:

CFDA Numbers	Name of Federal Program or Cluster
93.567	Refugee Services - Matching grant program

Dollar threshold used to distinguish between Type A and Type B programs	$750,000	
Auditee qualified as low-risk auditee?	☒ Yes	☐ No

Section II - Financial Statement Findings

During our audit, we noted no material findings for the year ended September 30, 2019.

Section III - Federal Awards Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance, and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Section I - Financial Statement Findings

There were no prior audit findings.

Section II - Federal Awards Findings and Questioned Costs

There were no prior audit findings.

There were no prior audit findings and therefore no corrective action plan required.