

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

FINANCIAL STATEMENTS

JUNE 30, 2023

**(WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2022)**

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

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**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Lutheran Social Mission Society D/B/A
Lutheran Settlement House
Philadelphia, Pennsylvania**

Opinion

We have audited the accompanying financial statements of Lutheran Social Mission Society D/B/A Lutheran Settlement House (a nonprofit organization), which comprise the statement of financial position as of June 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lutheran Social Mission Society D/B/A Lutheran Settlement House as of June 30, 2023, 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.

Basis for Opinion

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 State. 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 Lutheran Social Mission Society D/B/A Lutheran Settlement House and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

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 Lutheran Social Mission Society D/B/A Lutheran Settlement House 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.

**To the Board of Directors
Lutheran Social Mission Society D/B/A
Lutheran Settlement House
Philadelphia, Pennsylvania**

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 Lutheran Social Mission Society D/B/A Lutheran Settlement House'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 Lutheran Social Mission Society D/B/A Lutheran Settlement House'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.

Report on Summarized Comparative Information

We have previously audited Lutheran Social Mission Society D/B/A Lutheran Settlement House's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

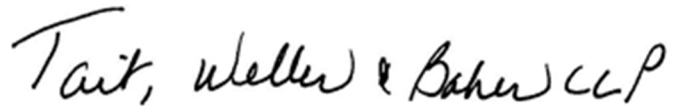
Supplementary Information

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, state and city awards, located on pages 25-27, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, PCADV audit guidelines and the City of Philadelphia Subrecipient Audit Guide is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying contract schedules located on pages 29 – 40 are presented for purposes of additional analysis, as required by PCADV and the City of Philadelphia Subrecipient Audit Guide and are not a required part of the basic 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

To the Board of Directors
Lutheran Social Mission Society D/B/A
Lutheran Settlement House
Philadelphia, Pennsylvania

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2024, on our consideration of Lutheran Social Mission Society D/B/A Lutheran Settlement House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lutheran Social Mission Society D/B/A Lutheran Settlement House's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lutheran Social Mission Society D/B/A Lutheran Settlement House's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "Tait, Weller & Baker LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania
January 10, 2024

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 1,227,883	\$ 1,659,709
Cash - agency fund	11,111	6,489
Grants and contracts receivable	1,117,006	1,411,310
Prepaid expenses and security deposits	98,021	98,199
Operating right-of-use asset	332,014	-
Finance right-of-use asset	<u>11,935</u>	<u>-</u>
Total current assets	<u>2,797,970</u>	<u>3,175,707</u>
OTHER NON-CURRENT ASSETS		
Investments	1,134,627	94,923
Operating right-of-use asset	3,828,671	-
Finance right-of-use asset	30,110	-
Land, building and improvements, furniture and fixtures, net	<u>1,338,310</u>	<u>1,455,457</u>
Total non-current assets	<u>6,331,718</u>	<u>1,550,380</u>
Total Assets	<u>\$ 9,129,688</u>	<u>\$ 4,726,087</u>
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 22,310	\$ 21,409
Accounts payable	176,717	157,793
Accrued salaries	137,809	128,010
Accrued vacation	81,367	195,825
Other accrued liabilities	58,107	8,065
Refundable advance	-	181,009
Operating lease liability	296,890	-
Finance lease liability	11,935	-
Loan from Philadelphia Redevelopment Authority	23,749	23,749
Funds held in agency	<u>23,856</u>	<u>20,751</u>
Total current liabilities	<u>832,740</u>	<u>736,611</u>
LONG-TERM LIABILITIES		
Deferred rent	-	217,366
Operating lease liability	4,116,284	-
Finance lease liability	31,668	-
Loan from Philadelphia Redevelopment Authority	-	23,749
Long term debt, net of current portion	<u>508,101</u>	<u>530,411</u>
Total long-term liabilities	<u>4,656,053</u>	<u>771,526</u>
Total liabilities	<u>5,488,793</u>	<u>1,508,137</u>
NET ASSETS		
Without donor restrictions - undesignated	2,272,120	2,858,641
Without donor restrictions – board designated	<u>1,042,734</u>	<u>-</u>
Total without donor restrictions	3,314,854	2,858,641
With donor restrictions	<u>326,041</u>	<u>359,309</u>
Total net assets	<u>3,640,895</u>	<u>3,217,950</u>
Total Liabilities and Net Assets	<u>\$ 9,129,688</u>	<u>\$ 4,726,087</u>

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

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2023

(With Summarized Comparative Totals For The Year Ended June 30, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023</u>	<u>2022</u>
OPERATING REVENUE AND SUPPORT				
Government contracts	\$ 4,521,955	\$ -	\$ 4,521,955	\$ 4,117,970
Non-government contracts	354,412	-	354,412	343,334
Foundation and corporation grants	53,498	222,075	275,573	339,547
Individual support	321,946	-	321,946	297,045
Special events, net of direct expenses of \$26,126 and \$29,889 for 2023 and 2022, respectively	102,305	-	102,305	61,488
Investment income (loss)	55,330	-	55,330	(11,971)
Other income	87,320	-	87,320	210,111
In-kind contributions	67,322	-	67,322	51,117
Net assets released from restrictions:				
Satisfaction of restrictions	<u>255,343</u>	<u>(255,343)</u>	<u>-</u>	<u>-</u>
Total operating revenue and support	<u>5,819,431</u>	<u>(33,268)</u>	<u>5,786,163</u>	<u>5,408,641</u>
EXPENSES				
Program services	4,743,271	-	4,743,271	4,787,382
Management and general	412,941	-	412,941	462,917
Fundraising	<u>207,006</u>	<u>-</u>	<u>207,006</u>	<u>183,634</u>
Total expenses	<u>5,363,218</u>	<u>-</u>	<u>5,363,218</u>	<u>5,433,933</u>
Change in net assets from operations	<u>456,213</u>	<u>(33,268)</u>	<u>422,945</u>	<u>(25,292)</u>
OTHER CHANGE				
PPP SBA grant revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,496</u>
Changes in net assets	<u>456,213</u>	<u>(33,268)</u>	<u>422,945</u>	<u>245,204</u>
Net assets, beginning of year	<u>2,858,641</u>	<u>359,309</u>	<u>3,217,950</u>	<u>2,972,746</u>
Net assets, end of year	<u>\$ 3,314,854</u>	<u>\$ 326,041</u>	<u>\$ 3,640,895</u>	<u>\$ 3,217,950</u>

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

STATEMENTS OF CASH FLOWS

For The Years Ended June 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 422,945	\$ 245,204
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	146,598	130,233
Unrealized (gain) loss	(32,939)	13,370
Amortization of right-of-use asset	323,595	-
Operating lease liability payments	(420,091)	-
Interest on lease liability	131,619	-
Forgiveness of PPP SBA loan	-	(270,496)
Donated securities	-	(59,083)
Satisfaction of self-amortizing loan requirements	(23,749)	(23,749)
(Increase) decrease in:		
Grants and contracts receivable	294,304	(241,556)
Prepaid expenses	178	(61,118)
Increase (decrease) in		
Accounts payable	18,924	(13,401)
Accrued salaries	9,799	18,682
Accrued vacation	(114,458)	80,099
Other accrued liabilities	50,042	(3,515)
Deferred revenue	-	(15,000)
Deferred rent	-	15,207
Funds held in agency	<u>3,105</u>	<u>4,776</u>
Net cash provided by (used in) operating activities	<u>809,872</u>	<u>(180,347)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments, net	(1,006,765)	(748)
Capital expenditures	<u>(16,837)</u>	<u>(98,580)</u>
Net cash used in investing activities	<u>(1,023,602)</u>	<u>(99,328)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on finance lease liability	(11,056)	-
Payments on long-term debt	<u>(202,418)</u>	<u>(20,487)</u>
Net cash used in financing activities	<u>(213,474)</u>	<u>(20,487)</u>
Net decrease in cash	(427,204)	(300,162)
CASH		
Beginning of year	<u>1,666,198</u>	<u>1,966,360</u>
End of year	<u>\$ 1,238,994</u>	<u>\$ 1,666,198</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Interest paid	<u>\$ 24,584</u>	<u>\$ 26,612</u>
RECONCILIATION TO CASH AND CASH – AGENCY FUNDS ON THE STATEMENT OF FINANCIAL POSITION:		
Cash	\$ 1,227,883	\$ 1,659,709
Cash – agency fund	<u>11,111</u>	<u>6,489</u>
	<u>\$ 1,238,994</u>	<u>\$ 1,666,198</u>

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

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2023

(With Summarized Comparative Totals For The Year Ended June 30, 2022)

	Total			2023	2022
	Program	Management		Total	Total
	Services	And General	Fundraising		
Salaries and wages	\$2,434,387	\$ 187,217	\$ 139,816	\$2,761,420	\$2,814,612
Payroll taxes and benefits	448,558	44,932	33,555	527,045	522,303
Building maintenance	124,105	21,796	9,783	155,684	132,415
Rent	454,379	-	835	455,214	419,561
Direct assistance	143,530	-	-	143,530	163,956
Emergency Funds	286,642	-	-	286,642	377,607
Conferences and meetings	35,136	440	-	35,576	17,002
Donated goods and services	34,547	32,775	-	67,322	51,117
Dues	13,665	2,595	89	16,349	15,748
Equipment maintenance	19,693	12,125	-	31,818	48,490
Food and beverage	45,669	3,557	682	49,908	34,710
Independent consultants	95,350	8,090	5,707	109,147	109,268
Insurance	14,038	1,025	457	15,520	19,763
Interest expense	6,146	18,438	-	24,584	26,612
Miscellaneous expense	5,102	7,539	-	12,641	22,272
Office supplies and postage	616	2,210	215	3,041	3,123
Printing and advertising	2,898	15,090	1,168	19,156	40,593
Professional fees	128,752	12,465	9,695	150,912	160,396
Supplies	132,347	-	-	132,347	127,090
Telephone & internet connectivity	46,143	14,965	1,247	62,355	67,058
Travel	20,979	679	110	21,768	19,305
Utilities	123,049	10,877	715	134,641	110,699
Depreciation	<u>127,540</u>	<u>16,126</u>	<u>2,932</u>	<u>146,598</u>	<u>130,233</u>
Total expenses	<u>\$4,743,271</u>	<u>\$ 412,941</u>	<u>\$ 207,006</u>	<u>\$ 5,363,218</u>	<u>\$ 5,433,933</u>

LUTHERAN SOCIAL MISSION SOCIETY D/B/A LUTHERAN SETTLEMENT HOUSE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(1) NATURE OF ACTIVITIES AND PROGRAMS

Lutheran Social Mission Society D/B/A Lutheran Settlement House (the “*Settlement*”) is a Philadelphia-based, non-profit and an affiliate of the Evangelical Lutheran Church of America (“*ELCA*”). The Settlement exists to provide free professional, social and educational services that support individuals and families in achieving their goals of self-sufficiency, to assist community members in improving their quality of life, and to promote community and individual empowerment. The Settlement receives its support primarily from government contracts, individuals, foundations and corporate contributions.

The Settlement provides the following programs:

- **Bilingual Domestic Violence Services**

The Settlement’s Bilingual Domestic Violence Program (BDVP) provides free counseling to victims and survivors of domestic violence (DV) and dating abuse. It also provides transitional housing; on-site medical advocacy at CHOP, Jefferson, Temple, Penn Family Care, and Einstein; child therapy; and, in collaboration with three other local organizations, 24-hour crisis hotline services. The community education team leads both youth and adult initiatives, including Students Talking About Relationships (STAR) and the Masculinity Action Project (MAP). The community education team also provides DV awareness, prevention, and intervention trainings to a variety of professionals, including healthcare workers, social workers, and educators.

- **Homeless Services**

Located in North Philadelphia, Jane Addams Place (JA) family shelter serves families experiencing homelessness. At any given time, up to 30 adults and 70 children call JA home and families typically stay an average of five months. The Settlement’s trauma-informed approach makes JA unique among Philadelphia shelters; all residents have access to a full-time on-site trauma therapist who helps parents and children develop the skills they need to thrive. In a typical year, JA provides safe shelter, services, and support to nearly 300 people.

- **Senior Services**

The Settlement’s Center for older adults is a hub for many longtime residents of the River Wards neighborhoods. The Center provides low-income older adults with daily meals and regular programming, including everything from cardio drumming and health coaching to art workshops, bingo, yoga and regional trips. The Settlement offers more than 20 classes and events each week and as many as 50 people come through the Center doors every day. The Center currently has 175 active members and is an important community anchor in a rapidly gentrifying section of the city.

- **Food Access and Nutrition Services**

The Settlement’s food pantry offers fresh, nutritious, culturally responsive food to community members in-need. The food pantry is open year-round Monday-Friday, 9AM-3PM, and fresh produce is available daily. Between April and October, the Settlement also hosts a weekly farm stand and choice pantry, inviting visitors to select their own items. Food access initiatives also include nutrition and cooking classes, monthly free community meals, SNAP referrals, and holiday food baskets. Last year, the Settlement’s food access programs helped thousands of Philadelphians avoid hunger and stay healthy.

LUTHERAN SOCIAL MISSION SOCIETY D/B/A LUTHERAN SETTLEMENT HOUSE

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Settlement utilizes the accrual basis of accounting which is in conformity with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded when earned and expenditures are recorded when incurred.

BASIS OF PRESENTATION

The financial statements include only the accounts of the Settlement. The Settlement's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Settlement and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. In addition this category also includes board designated endowment funds.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Settlement and/or the passage of time. Net assets with donor restrictions also include net assets that must be maintained permanently by the Settlement.

For the years ended June 30, 2023 and 2022, the Settlement had no net assets with donor restrictions required to be held in perpetuity.

USE OF ESTIMATES

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

REVENUE RECOGNITION

The Settlement recognizes contributions when cash, securities or other assets, and unconditional promise to give is received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before the Settlement is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. The Settlement recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as "***net assets released from restrictions.***" The Settlement records unconditional promises to give (pledges) as a receivable and revenue in the year pledged. As of June 30, 2023 and 2022, there were no pledges receivable.

LUTHERAN SOCIAL MISSION SOCIETY D/B/A LUTHERAN SETTLEMENT HOUSE

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023

A portion of the Settlement's revenue is derived from cost-reimbursable federal and other grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Settlement has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable are stated at the amount management expects to collect from outstanding balances. On a periodic basis, the Settlement evaluates their grants and contracts receivable and establishes an allowance for doubtful accounts based on their history of past write-offs, economic conditions, and conditions surrounding contracts and disallowed costs. At year end, an allowance for doubtful accounts was deemed not necessary.

DONATED SERVICES AND FACILITIES

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Settlement. Donated facilities are recorded at their estimated fair value at the date of donation.

Volunteers provided approximately 7,275 hours of service to the Settlement throughout the year that are not recognized as contributions in the accompanying financial statements.

INVESTMENTS

Investments are recorded at fair value with resulting gains and losses reported in the statement of activities.

PROPERTY AND EQUIPMENT

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Normal repair and maintenance expenses are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives of assets for financial reporting purposes are as follows: Building and improvements, 10 to 40 years and furniture and fixtures, 3 to 10 years.

EXPENSE ALLOCATION

The costs of completing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

PRIOR-YEAR SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Settlement's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

LUTHERAN SOCIAL MISSION SOCIETY D/B/A LUTHERAN SETTLEMENT HOUSE

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023

LEASES

Operating leases are included in operating lease right-of-use (“ROU”) assets and ROU operating lease liabilities in the statement of financial position. The Settlement determines whether an agreement is or contains a lease at lease inception.

Finance leases are included in finance lease right-of-use (“ROU”) assets and ROU finance lease liabilities in the statement of financial position. The Settlement determines whether an agreement is or contains a lease at lease inception and whether the lease qualifies as an operating or finance lease.

ROU assets represent the Settlement’s right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Settlement’s leases do not provide an implicit interest rate, the incremental borrowing rate based on the information available at commencement date is used in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

ADVERTISING

The Settlement expenses advertising production costs as they are incurred. Advertising expense for the years ended June 30, 2023 and 2022 was \$135 and \$105, respectively, and is included in printing and advertising on the statement of functional expenses.

INCOME TAXES

The Settlement has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”), and has been classified as an organization, which is not a private foundation under Section 509(a) of the Code. In addition, the Settlement qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

The Settlement has reviewed their tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal and state tax returns for the open fiscal tax years (2020 – 2022) or expected to be taken in Settlement’s fiscal 2023 tax year.

GRANT REVENUE

The Settlement receives a part of its grant revenue from Federal, State, and City agencies. The Settlement recognizes grant revenue from its contracts to the extent of expenses incurred or on a fee for service basis. These grants are, at times, subject to special audit. Such audits could result in claims against the Settlement for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined.

NEW ACCOUNTING PRONOUNCEMENT ADOPTED

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The Settlement adopted this ASU in 2023 and applied the transition method allowed by ASU 2016-02 to adopt this standard as of July 1, 2022.

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023

(3) INVESTMENTS

Investments at June 30, 2023 and 2022, consist of the following:

	<u>2023</u>		
	<u>Market Value</u>	<u>Cost</u>	<u>Appreciation (Depreciation)</u>
Cash and cash equivalents	\$ 771,255	\$ 771,255	\$ -
Common Stocks	49,927	34,725	15,202
Mutual Funds	<u>313,445</u>	<u>294,798</u>	<u>18,647</u>
	<u>\$1,134,627</u>	<u>\$1,100,778</u>	<u>\$ 33,849</u>
	<u>2022</u>		
	<u>Market Value</u>	<u>Cost</u>	<u>Appreciation (Depreciation)</u>
Common Stocks	\$ 46,178	\$ 34,930	\$ 11,248
Mutual Funds	<u>48,745</u>	<u>59,083</u>	<u>(10,338)</u>
	<u>\$ 94,923</u>	<u>\$ 94,013</u>	<u>\$ 910</u>

Returns on the securities, net of expenses, are as follows:

	<u>2023</u>	<u>2022</u>
Unrealized gains (losses)	\$ 32,939	\$ (13,370)
Interest and dividends, net	<u>22,391</u>	<u>1,399</u>
	<u>\$ 55,330</u>	<u>\$ (11,971)</u>

(4) FAIR VALUE OF FINANCIAL INSTRUMENTS INVESTMENTS

The Settlement utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles established a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Settlement has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instruments on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Settlement’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

At June 30, 2023 and 2022 all of the Settlement’s investments are being measured using Level 1 inputs.

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023

(5) LEASEHOLD IMPROVEMENTS, FURNITURE AND EQUIPMENT

Leasehold improvements, furniture and equipment at June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 265,140	\$ 265,140
Furniture and equipment	3,063,408	3,046,571
Construction in progress	<u>504,143</u>	<u>504,143</u>
	3,832,691	3,815,854
Accumulated depreciation	<u>(2,494,381)</u>	<u>(2,360,397)</u>
	<u>\$ 1,338,310</u>	<u>\$ 1,455,457</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$146,598 and \$130,233, respectively.

(6) LINE OF CREDIT

The Settlement has a \$250,000 line of credit with Truist Bank, which bears interest at 1% over the Wall Street Journal prime rate (8.5% at year-end), was secured by the Settlement’s land and building, and which was extended to October 17, 2023. The line of credit had no balance outstanding as of June 30, 2023 and 2022.

(7) PAYCHECK PROTECTION PROGRAM

On April 16, 2020, the Settlement received a \$451,505 loan under the Small Business Administration’s (“SBA”) Payment Protection Program (the “PPP Loan”). The Settlement considered this to be a conditional contribution as it expected to meet the criteria for loan forgiveness upon incurring eligible expenditures and when its application for forgiveness was accepted by the SBA. As of June 30, 2021, the PPP Loan was not forgiven and as such was presented on the statement of financial position as a refundable advance. On June 14, 2022, the Settlement was granted forgiveness by the SBA for \$270,496 at which time the Settlement recognized income on the PPP Loan which is included in PPP SBA grant revenue on the statement of activities.

The remaining balance of the PPP Loan of \$181,009 was not forgiven and was payable in monthly installments of \$3,095 beginning in July 2022 with a maturity of April 16, 2025. The loan bears a 1% annual interest rate and was presented on the statement of financial position as a refundable advance at June 30, 2022. The loan was paid off by the Settlement in August 2022.

(8) LONG-TERM DEBT

On January 18, 2019 the Settlement refinanced their existing debt, including the line of credit (see note 6) into a new mortgage in the amount \$601,360.

Long term debt is as follows at June 30, 2023:

Open-end ten year adjustable term loan to Truist Bank in monthly installments of \$3,777 including interest at 4.35%, due January 18, 2029, secured by the building and certain assets pertaining to the building.	<u>\$ 530,411</u>
Less: Current portion of long-term debt	<u>(22,310)</u>
	<u>\$ 508,101</u>

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023

Long term debt is as follows at June 30, 2022:

Open-end ten year adjustable term loan to Truist Bank in monthly installments of \$3,777 including interest at 4.35%, due January 18, 2029, secured by the building and certain assets pertaining to the building.	<u>\$ 551,820</u>
Less: Current portion of long-term debt	<u>(21,409)</u>
	<u>\$ 530,411</u>

Aggregate maturities of long-term debt as of June 30, 2023 are as follows:

Years Ending June 30,

2024	\$ 22,761
2025	23,771
2026	24,826
2027	25,927
2028	27,078
2029 and thereafter	<u>406,048</u>
Total	<u>\$ 530,411</u>

(9) LOAN FROM PHILADELPHIA REDEVELOPMENT AUTHORITY

The Settlement borrowed \$237,493 from Philadelphia Redevelopment Authority through a mortgage which is non-interest bearing and self-amortizing. On each anniversary of the loan, the principal balance of the loan will be reduced without payment by an amount equal to 10% of the original principal balance of the loan or \$23,749, provided the Settlement uses the premises in conformance with the terms of the Mortgage. If the Settlement does not comply with the agreement, interest will accrue at 4% and monthly principal and interest will be owed based on the amortized balance at the time of default. The mortgage is secured by the land and property on North Front Street. For the years ended June 30, 2023 and 2022, \$23,749 was amortized and is included in other income on the accompanying Statement of Activities. The balance outstanding on the loan at June 30, 2023 and 2022 is \$23,749 and \$47,498, respectively.

(10) NET ASSETS

Without Donor Restrictions - Board Designated

Net assets designated by the Board consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Fund Functioning as Endowment	<u>\$1,042,734</u>	<u>\$ -</u>

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023

With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
Operating Expenses		
Domestic violence	\$ 53,017	\$ 72,055
General operations	25,000	-
Development	40,813	40,813
Hungry 2 Healthy Initiative	40,156	22,649
Senior Center	46,767	117,254
Shelter	76,710	82,876
Medical advocacy	<u>43,578</u>	<u>23,662</u>
	<u>\$ 326,041</u>	<u>\$ 359,309</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the year ended June 30, 2023:

	<u>2023</u>
Domestic violence	\$ 42,039
Hungry 2 Healthy Initiative	22,493
Senior Center	116,562
Shelter	74,167
Medical advocacy	<u>82</u>
	<u>\$ 255,343</u>

Endowment net asset composition by type of fund as of June 30, 2023:

	<u>2023</u>	
	<u>Without Donor Restrictions</u>	<u>Total</u>
Funds functioning as endowment	\$1,042,734	\$1,042,734

The Settlement set up a quasi-endowment fund (the **“Fund”**) in 2023 using the proceeds from the sale of the Aria Nursing School building. The goal of the Fund is to provide long-term security for the agency while also generating income to support the Settlement’s operations and capital needs. The Settlement’s investments will be managed by a third-party based on direction from the Settlement’s Finance Committee regarding the desired asset mix, risk profile, and any investment exclusions of special inclusions. The Settlement uses the total return concept in accounting for the Fund. Under the total return method, investments are recorded at market value and the Settlement annually determines a spending percentage based upon 4% of the average of the 12 quarter market values.

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023

Changes in endowment net assets for the years ended June 30, 2023:

	<u>2023</u>	
	<u>Without Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2022	\$ -	\$ -
Investment return:		
Investment income, net	18,493	18,493
Net realized/unrealized gains	24,241	24,241
Transfer to endowment	1,000,000	1,000,000
Endowment income designated for current operations	<u>-</u>	<u>-</u>
Endowment net assets, June 30, 2023	<u>\$1,042,734</u>	<u>\$1,042,734</u>

(11) OPERATING LEASES

On August 9, 2018 the Settlement signed a lease for the Shelter. The lease is for 10 years and 3 months (free rent period) and will expire in November 2028. The Settlement can extend the lease for one additional five-year period and is expected to exercise this option. The lease calls for initial monthly payments of \$31,825. On each 3-year anniversary of the commencement date during the initial and any exercised renewal term of the lease, the rent shall be adjusted in incremental installments.

The following is quantitative data related to the Settlement’s operating leases for the year ended June 30, 2023:

Operating Lease Amounts:

Right-of-use asset	\$ 4,160,685
Lease liability	4,413,174

Other Information:

Operating outgoing cash flows for operating leases	\$ 420,091
Weighted-average remaining lease term	10.33 years
Weighted average discount rate	2.88%

Lease cost information for the year ended June 30, 2023 is as follows:

Operating lease cost	<u>\$ 455,214</u>
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LUTHERAN SOCIAL MISSION SOCIETY D/B/A LUTHERAN SETTLEMENT HOUSE

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023

Aggregate minimum annual rentals for the future years at June 30, 2023 are as follows:

Years Ending June 30,

2024	\$ 420,091
2025	448,097
2026	462,100
2027	462,100
2028	492,848
2029 and thereafter	<u>2,862,985</u>
Total undiscounted cash flows	\$ 5,148,221
Less: present value adjustment	<u>(1,005,047)</u>
Lease liability	<u>\$ 4,413,174</u>

Rent expense for the shelter lease for the years ended June 30, 2023 and 2022 was \$455,214 and \$419,561, respectively.

(12) FINANCE LEASES

The Settlement leases equipment under a non-cancelable finance lease with monthly payments of \$1,239 until September 30, 2026.

Equipment rental expense for the years ended June 30, 2023 and 2022 was \$14,868 and \$20,795, respectively, and is included in printing and advertising in the statement of functional expenses.

The following is quantitative data related to the Settlement's finance leases for the year ended June 30, 2023:

Finance Lease Amounts:

Right-of-use asset	\$ 42,045
Lease liability	43,603

Other Information:

Outgoing cash flows for financing leases	\$ 14,868
Interest expense	3,812
Weighted-average remaining lease term	3.33 years
Weighted average discount rate	7.68%

Lease cost information for the year ended June 30, 2023 is as follows:

Finance lease cost	<u>\$ 11,056</u>
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(13) FUNDS HELD IN AGENCY

The Settlement holds funds in separate accounts for individuals who reside in the Shelter.

LUTHERAN SOCIAL MISSION SOCIETY D/B/A LUTHERAN SETTLEMENT HOUSE

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023

(14) IN-KIND DONATIONS

The value of donated services and goods included as contributions in the accompanying financial statements and the corresponding assets and expense for the year ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Legal services	\$ 32,775	\$ 20,068
Food	<u>34,547</u>	<u>31,049</u>
	<u>\$ 67,322</u>	<u>\$ 51,117</u>

(15) CREDIT RISK AND OTHER CONCENTRATIONS

The Settlement's principal financial instruments subject to credit risk are its cash, investments, and receivables.

The Settlement occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ("*ASC*") 825, "*Financial Instruments*" identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

(16) RETIREMENT PLAN

The Settlement established a 401(k) pension plan on behalf of employees who meet certain eligibility requirements. The Settlement provides a 1% matching contribution.

(17) PCADV MATCHING REQUIREMENTS

The Settlement appears to have met its community support involvement required by PCADV during the contract periods ended June 30, 2023 and 2022.

The Settlement's Domestic Violence Program had expenditures for the years ended June 30, 2023 and 2022 of \$1,165,150 and \$1,020,546, respectively. The Settlement is required to meet a community support requirement which requires a 20% match of the contract expenditures which amounted to \$233,030 and \$204,169 for the years ended June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, the match was met via various contributions and grants received by the Settlement.

(18) SELF-INSURANCE

The Settlement did not utilize any form of self-insurance during the years ended June 30, 2023 and 2022.

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023

(19) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the Settlement’s financial assets as of June 30, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor and/or contractual restrictions.

Financial Assets	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,227,883	\$ 1,659,709
Investments	1,134,627	94,923
Grants and contracts receivable	<u>1,117,006</u>	<u>1,411,310</u>
Total financial assets available within one year	3,479,516	3,165,942
Less:		
Purpose restricted net assets	(326,041)	(359,309)
Quasi endowment funds	<u>(1,042,734)</u>	<u>-</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 2,110,741</u>	<u>\$ 2,806,633</u>

The Settlement has \$1,042,734 of liquid quasi endowment funds as of June 30, 2023. Although the Settlement does not intend to spend from its quasi-endowment funds, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment funds could be made available if necessary. The Settlement strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. The Settlement also has a line of credit available for cash needs in the amount of \$250,000.

(20) SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 10, 2024, the date which the financial statements were available to be issued. There were no material subsequent events required to be disclosed.

SUPPLEMENTAL INFORMATION

**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 Mission Society
 D/B/A Lutheran Settlement House
 Philadelphia, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lutheran Social Mission Society D/B/A Lutheran Settlement House (a nonprofit organization), which comprise the statement of financial position as of June 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 January 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lutheran Social Mission Society D/B/A Lutheran Settlement House’s 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 Lutheran Social Mission Society D/B/A Lutheran Settlement House’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Lutheran Social Mission Society D/B/A Lutheran Settlement House’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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lutheran Social Mission Society D/B/A Lutheran Settlement House’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 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*.

To the Board of Directors
Lutheran Social Mission Society
D/B/A Lutheran Settlement House
Philadelphia, Pennsylvania

Purpose of this Report

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

Philadelphia, Pennsylvania
January 10, 2024

Tait, Weller & Baker LLP

**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 Mission Society
D/B/A Lutheran Settlement House
Philadelphia, Pennsylvania**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lutheran Social Mission Society D/B/A Lutheran Settlement House's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the City of Philadelphia Subrecipient Audit Guide that could have a direct and material effect on Lutheran Social Mission Society D/B/A Lutheran Settlement House's major federal program for the year ended June 30, 2023. Lutheran Social Mission Society D/B/A Lutheran Settlement House's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Lutheran Settlement Mission Society D/B/A Lutheran Settlement House complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major program for the year ended June 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 Lutheran Social Mission Society D/B/A Lutheran Settlement House 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 Lutheran Social Mission Society D/B/A Lutheran Settlement House'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 Lutheran Social Mission Society D/B/A Lutheran Settlement House's federal programs.

**To the Board of Directors
Lutheran Social Mission Society
D/B/A Lutheran Settlement House
Philadelphia, Pennsylvania**

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 Lutheran Social Mission Society D/B/A Lutheran Settlement House'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 Lutheran Social Mission Society D/B/A Lutheran Settlement House'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 Lutheran Social Mission Society D/B/A Lutheran Settlement House'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 Lutheran Social Mission Society D/B/A Lutheran Settlement House'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 Lutheran Social Mission Society D/B/A Lutheran Settlement House'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.

**To the Board of Directors
Lutheran Social Mission Society
D/B/A Lutheran Settlement House
Philadelphia, Pennsylvania**

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.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
January 10, 2024**

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

For The Year Ended June 30, 2023

Federal Grantor Pass-Through Grantor Program Title	CFDA Number	Award / Contract / Grant Number	Grant Period	Program Award Amount	Expenditures
FEDERAL FINANCIAL ASSISTANCE					
U.S. Department of Health and Human Services					
Pass-through Philadelphia Corporation for the Aging Special Programs for the Aging-Title III, Part B Grants for Supportive Services and Senior Centers	93.044	18-20232-02	7/1/22-6/30/23	\$	<u>\$ 210,975</u>
Disease Prevention and Health Promotion Services	93.043	18-20232-02	7/1/22-6/30/23		<u>5,900</u>
Pass-through Pennsylvania Coalition Against Domestic Violence Social Services Block Grant (SSBG)	93.667	6030-2023	7/1/22-6/30/23		21,515
SSBG – Medical Advocacy	93.667	6030-2023	7/1/22-6/30/23		59,975
SSBG – Relocation Funds	93.667	6030-2023	7/1/22-6/30/23		<u>36,540</u>
Pennsylvania Coalition Against Domestic Violence					<u>118,030</u>
Pass-through City of Philadelphia, Office of Homeless Services Homeless Assistance Program (HAP) Bridge Housing – Shelia Brown	93.667	23-20138	7/1/22-6/30/23		<u>37,703</u>
Total CFDA 93.667					<u>155,733</u>
Pass-through Pennsylvania Coalition Against Domestic Violence Family Violence Prevention and Services (<i>Note 4</i>)	93.671	6030-2023	7/1/22-6/30/23		68,358
Family Violence Prevention and Services	93.671	6030-2023	7/1/22-6/30/23		65,679
DHS FVPSA ARP Mobile	93.671		7/1/22-6/30/23		<u>328,060</u>
Total CFDA 93.671					<u>462,097</u>
Pass-through Philadelphia Youth Network Temporary Assistance for Needy Families (TANF)	93.558		7/1/22-6/30/23		<u>8,544</u>
Total CFDA 93.558					<u>8,544</u>
Total U.S. Department of Health and Human Services					<u>843,249</u>

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

For The Year Ended June 30, 2023

Federal Grantor Pass-Through Grantor Program Title	CFDA Number	Award / Contract / Grant Number	Grant Period	Program Award Amount	Expenditures
U.S. Department of Justice					
Pass-through Pennsylvania Commission on Crime and Delinquency Crime Victim Assistance	16.575	33090	10/1/20-9/30/23	\$ 1,501,937	<u>\$ 557,504</u>
Total CFDA 16.575					<u>557,504</u>
Byrne Community Project Funding Congressionally Recommended Awards	16.573		3/15/22-9/30/23	150,000	<u>108,176</u>
Total CFDA 16.573					<u>108,176</u>
Total U.S. Department of Justice					<u>665,680</u>
U.S. Department of Treasury					
Pass-through Pennsylvania Commission on Crime and Delinquency Coronavirus State and Local Fiscal Recovery Funds	21.027	39772	2/1/23 – 6/30/25	725,832	<u>5,300</u>
Total CFDA 21.027					<u>5,300</u>
U.S. Department of Housing and Urban Development (HUD)					
Pass-through Pennsylvania Coalition Against Domestic Violence Emergency Solutions Grant Program	14.231		7/1/22-6/30/23	550,234	<u>267,807</u>
Pass-through City of Philadelphia, Office of Homeless Services Housing Trust Fund Prevention & Diversion	14.275	2320313	7/1/22-6/30/23	150,000	<u>147,580</u>
Total U.S. Department of Housing and Urban Development (HUD)					<u>415,387</u>
Total Federal Financial Assistance					<u>1,929,616</u>

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

For The Year Ended June 30, 2023

Federal Grantor Pass-Through Grantor Program Title	CFDA Number	Award / Contract / Grant Number	Grant Period	Program Award Amount	Expenditures
State Awards					
State Financial Assistance	NA	22-20060	7/1/22 – 6/30/23		150,975
State Financial Assistance	NA	22-20285	7/1/22 – 6/30/23		178,967
State Financial Assistance	NA	23-20610	7/1/22 – 6/30/23		68,731
State Financial Assistance	NA	6030-2023	7/1/22 – 6/30/23		284,107
State Financial Assistance	NA	6030-2023	7/1/22 – 6/30/23		<u>1,359</u>
Total State Awards					<u>684,139</u>
City Awards					
City of Philadelphia Community Bases Prevention Service and LSH	NA	22-20060	7/1/22 – 6/30/23		37,692
City of Philadelphia Pennsylvania Coalition Against Domestic Violence PHARE	NA		7/1/22 – 6/30/23		16,500
City of Philadelphia Emergency and Temporary Housing and LSH	NA	23-20138	7/1/22 – 6/30/23		30,000
City of Philadelphia Emergency and Temporary Housing and LSH	NA	23-20610	7/1/22 – 6/30/23		761,803
City of Philadelphia Emergency and Temporary Housing and LSH	NA	22-20285	7/1/22 – 6/30/23		<u>847,783</u>
Total City Awards					<u>1,693,778</u>
Total Federal, State, and City Awards					<u>\$ 4,307,533</u>

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

For The Year Ended June 30, 2023

(1) GENERAL INFORMATION

The accompanying schedule of expenditures of federal, state and city awards includes the grant activity of Lutheran Social Mission Society D/B/A Lutheran Settlement House ("**Settlement**") under programs of the federal, state and city governments for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of 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). Because the Schedule presents only a selected portion of the operations of the Settlement, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Settlement.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(3) INDIRECT COST RATE

Management has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(4) SUBRECIPIENTS

The Settlement passed through \$22,465 of PCADV grant 6030-2023, CFDA #93.671, to subrecipients. There were no other amounts passed through to subrecipients during the year ended June 30, 2023.

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

PCADV – SUMMARY SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS

For The Year Ended June 30, 2023

<u>Budget Categories</u>	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs Per Audit</u>		
			<u>Total</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Title XX					
Personnel	\$ 15,867	\$ 15,860	\$ 15,860	\$ 7	\$ -
Operations	5,655	5,655	5,655	-	-
Title 222					
Operations	1,359	1,359	1,359	-	-
Act 44					
Personnel	232,104	231,881	231,881	223	-
Operations	52,226	52,226	52,226	-	-
FVPSA					
Personnel	65,655	65,553	65,553	102	-
Operations	68,801	68,485	68,485	316	-
SSBG/Medical Advocacy					
Personnel	40,854	40,854	40,854	-	-
Operations	19,146	19,121	19,121	25	-
SSBG /Relocation	36,540	36,540	36,540	-	-
FVPSA ARP Mobile					
Personnel	287,853	287,853	287,853	-	-
Operations	40,207	40,207	40,207	-	-
Emergency Solutions Grant					
Homelessness Prevention	224,845	155,769	155,769	69,076	-
Emergency Shelter	315,090	101,739	101,739	213,351	-
Other	<u>10,299</u>	<u>10,299</u>	<u>10,299</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,416,501</u>	<u>\$1,133,401</u>	<u>\$1,133,401</u>	<u>\$ 283,100</u>	<u>\$ -</u>

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

***PCADV – SUMMARY SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS
(Continued)***

For The Year Ended June 30, 2023

Funding Reconciliation

Approved contracted received as of June 30, 2023	\$ 1,133,401
Approved contracted receivable as of June 30, 2023	<u>(271,820)</u>
	<u>\$ 861,581</u>

Allowable Costs

Allowable costs	\$ 1,133,401
Questioned costs	<u>-</u>
Due to (from) PCADV	<u>\$ (271,820)</u>

See Auditor's Report.

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

PCADV – SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS – TITLE XX

For The Year Ended June 30, 2023

<u>Budget Categories</u>	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs Per Audit</u>		
			<u>Total</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Personnel					
Salaries	\$ 11,752	\$ 11,745	\$ 11,745	\$ 7	\$ -
Fringe benefits	<u>4,115</u>	<u>4,115</u>	<u>4,115</u>	<u>-</u>	<u>-</u>
	<u>15,867</u>	<u>15,860</u>	<u>15,860</u>	<u>7</u>	<u>-</u>
Operations					
Audit	55	55	55	-	-
Communications	185	193	193	(8)	-
Food	218	174	174	44	-
Insurance	176	176	176	-	-
Maintenance	743	740	740	3	-
Postage	11	3	3	8	-
Printing	103	66	66	37	-
Professional fees	814	888	888	(74)	-
Rent	13	-	-	13	-
Staff development	427	453	453	(26)	-
Supplies	2,003	2,005	2,005	(2)	-
Travel	732	732	732	-	-
Utilities	<u>175</u>	<u>170</u>	<u>170</u>	<u>5</u>	<u>-</u>
Total operations	<u>5,655</u>	<u>5,655</u>	<u>5,655</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 21,522</u>	<u>\$ 21,515</u>	<u>\$ 21,515</u>	<u>\$ 7</u>	<u>\$ -</u>

See Auditor's Report.

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

PCADV – SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS – TITLE 222

For The Year Ended June 30, 2023

<u>Budget Categories</u>	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs Per Audit</u>		
			<u>Total</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Operations					
Staff development	\$ 1,359	\$ 1,359	\$ 1,359	\$ -	\$ -
Total	\$ 1,359	\$ 1,359	\$ 1,359	\$ -	\$ -

See Auditor's Report.

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

PCADV – SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS – ACT 44

For The Year Ended June 30, 2023

<u>Budget Categories</u>	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Total</u>	<u>Allowable Costs Per Audit</u>	
				<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Personnel					
Salaries	\$ 187,105	\$ 186,882	\$ 186,882	\$ 223	\$ -
Fringe benefits	<u>44,999</u>	<u>44,999</u>	<u>44,999</u>	<u>-</u>	<u>-</u>
	<u>232,104</u>	<u>231,881</u>	<u>231,881</u>	<u>223</u>	<u>-</u>
Operations					
Audit	730	730	730	-	-
Communications	3,282	3,246	3,246	36	-
Food	1,099	1,099	1,099	-	-
Insurance	1,947	1,758	1,758	189	-
Maintenance	4,447	4,440	4,440	7	-
Postage	106	30	30	76	-
Printing	888	685	685	203	-
Contracted services	5,375	5,375	5,375	-	-
Rent	110	-	-	110	-
Staff development	8,430	8,901	8,901	(471)	-
Supplies	11,950	12,201	12,201	(251)	-
Travel	8,304	8,329	8,329	(25)	-
Utilities	<u>5,558</u>	<u>5,432</u>	<u>5,432</u>	<u>126</u>	<u>-</u>
	<u>52,226</u>	<u>52,226</u>	<u>52,226</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 284,330</u>	<u>\$ 284,107</u>	<u>\$ 284,107</u>	<u>\$ 223</u>	<u>\$ -</u>

See Auditor's Report.

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

PCADV – SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS – FVPS

For The Year Ended June 30, 2023

<u>Budget Categories</u>	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs Per Audit</u>		
			<u>Total</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Personnel					
Salaries	\$ 52,598	\$ 52,598	\$ 52,598	\$ -	\$ -
Fringe benefits	<u>13,057</u>	<u>12,955</u>	<u>12,955</u>	<u>102</u>	<u>-</u>
	<u>65,655</u>	<u>65,553</u>	<u>65,553</u>	<u>102</u>	<u>-</u>
Operations					
Audit	188	188	188	-	-
Communications	926	949	949	(23)	-
Food	490	485	485	5	-
Insurance	477	477	477	-	-
Maintenance	1,463	1,463	1,463	-	-
Postage	47	11	11	36	-
Printing	3,261	2,704	2,704	557	-
Professional fees	47,654	47,422	47,422	232	-
Staff development	5,011	5,134	5,134	(123)	-
Supplies	6,204	6,465	6,465	(261)	-
Travel	2,443	2,550	2,550	(107)	-
Utilities	<u>637</u>	<u>637</u>	<u>637</u>	<u>-</u>	<u>-</u>
	<u>68,801</u>	<u>68,485</u>	<u>68,485</u>	<u>316</u>	<u>-</u>
Total	<u>\$ 134,456</u>	<u>\$ 134,038</u>	<u>\$ 134,038</u>	<u>\$ 418</u>	<u>\$ -</u>

See Auditor's Report.

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

***PCADV – SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS –
SSBG/MEDICAL ADVOCACY***

For The Year Ended June 30, 2023

<u>Budget Categories</u>	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs Per Audit</u>		
			<u>Total</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Personnel					
Salaries	\$ 33,061	\$ 33,061	\$ 33,061	\$ -	\$ -
Fringe benefits	<u>7,793</u>	<u>7,793</u>	<u>7,793</u>	<u>-</u>	<u>-</u>
	<u>40,854</u>	<u>40,854</u>	<u>40,854</u>	<u>-</u>	<u>-</u>
Operations					
Audit	186	186	186	-	-
Communications	2,407	2,093	2,093	314	-
Food	193	205	205	(12)	-
Insurance	879	879	879	-	-
Maintenance	1,850	1,939	1,939	(89)	-
Postage	28	11	11	17	-
Printing	290	218	218	72	-
Professional Fees	2,344	2,578	2,578	(234)	-
Staff Development	3,788	3,781	3,781	7	-
Supplies	4,043	4,043	4,043	-	-
Travel	2,551	2,604	2,604	(53)	-
Utilities	<u>587</u>	<u>584</u>	<u>584</u>	<u>3</u>	<u>-</u>
	<u>19,146</u>	<u>19,121</u>	<u>19,121</u>	<u>25</u>	<u>-</u>
Total	<u>\$ 60,000</u>	<u>\$ 59,975</u>	<u>\$ 59,975</u>	<u>\$ 25</u>	<u>\$ -</u>

See Auditor's Report.

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

***PCADV – SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS –
SSBG/RELOCATION***

For The Year Ended June 30, 2023

<u>Budget Categories</u>	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs Per Audit</u>		
			<u>Total</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Personnel					
Relocation expense	\$ 36,540	\$ 36,540	\$ 36,540	\$ -	\$ -
Total	\$ 36,540	\$ 36,540	\$ 36,540	\$ -	\$ -

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

***PCADV – SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS –
FVPS ARP MOBILE***

For The Year Ended June 30, 2023

<u>Budget Categories</u>	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs Per Audit</u>		
			<u>Total</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Personnel					
Salaries	\$ 230,745	\$ 230,745	\$ 230,745	\$ -	\$ -
Fringe benefits	<u>57,108</u>	<u>57,108</u>	<u>57,108</u>	<u>-</u>	<u>-</u>
	<u>287,853</u>	<u>287,853</u>	<u>287,853</u>	<u>-</u>	<u>-</u>
Operations					
Audit	347	347	347	-	-
Communications	4,104	4,104	4,104	-	-
Equipment maintenance	2,604	2,604	2,604	-	-
Insurance	5,494	5,494	5,494	-	-
Maintenance	5,590	5,590	5,590	-	-
Postage	953	953	953	-	-
Printing	2,133	2,133	2,133	-	-
Professional fees	14,303	14,303	14,303	-	-
Staff development	1,566	1,566	1,566	-	-
Supplies	61	61	61	-	-
Utilities	<u>3,052</u>	<u>3,052</u>	<u>3,052</u>	<u>-</u>	<u>-</u>
	<u>40,207</u>	<u>40,207</u>	<u>40,207</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 328,060</u>	<u>\$ 328,060</u>	<u>\$ 328,060</u>	<u>\$ -</u>	<u>\$ -</u>

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

**PCADV – SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS –
EMERGENCY SOLUTIONS GRANT**

For The Year Ended June 30, 2023

<u>Budget Categories</u>	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs Per Audit</u>		
			<u>Total</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Homelessness Prevention					
Rental Assistance/Rental Housing	\$145,233	\$ 121,905	\$ 121,905	\$ 23,328	\$ -
Relocation & Stabilization Services	67,129	33,864	33,864	33,265	-
Hazard Pay (unique activity)	<u>12,483</u>	<u>-</u>	<u>-</u>	<u>12,483</u>	<u>-</u>
	<u>224,845</u>	<u>155,769</u>	<u>155,769</u>	<u>69,076</u>	<u>-</u>
Emergency Shelter					
Essential Services	27,500	7,797	7,797	19,703	-
Operations	276,859	93,942	93,942	182,917	-
Hazard Pay (unique activity)	<u>10,731</u>	<u>-</u>	<u>-</u>	<u>10,731</u>	<u>-</u>
	<u>315,090</u>	<u>101,739</u>	<u>101,739</u>	<u>213,351</u>	<u>-</u>
Other					
Administrative Costs	<u>10,299</u>	<u>10,299</u>	<u>10,299</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 550,234</u>	<u>\$ 267,807</u>	<u>\$ 267,807</u>	<u>\$ 282,427</u>	<u>\$ -</u>

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

**CITY OF PHILADELPHIA OFFICE OF HOMELESS SERVICES
EMERGENCY HOUSING SERVICES CONTRACT NUMBER 23-20610
SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS**

For The Year Ended June 30, 2023

<u>Budget Categories</u>	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Total</u>	<u>Allowable Costs Per Audit</u>	
				<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Personnel					
Salaries	\$ 570,467	\$ 281,521	\$ 281,521	\$ 288,946	\$ -
Fringe benefits	130,711	68,192	68,192	62,519	-
Staff travel	1,030	1,055	1,055	(25)	-
Training/conference	3,000	397	397	2,603	-
Building maintenance/repairs	51,000	43,781	43,781	7,219	-
Insurance	12,500	4,697	4,697	7,803	-
Professional services	12,500	1,968	1,968	10,532	-
Supplies	2,000	3,430	3,430	(1,430)	-
Food	7,000	8,640	8,640	(1,640)	-
Participant transportation	1,546	217	217	1,329	-
Lines & other participant services	<u>17,000</u>	<u>9,741</u>	<u>9,741</u>	<u>7,259</u>	<u>-</u>
	<u>808,754</u>	<u>423,639</u>	<u>423,639</u>	<u>385,115</u>	<u>-</u>
Operations					
Salaries	191,117	78,307	78,307	112,810	-
Benefits	40,357	17,959	17,959	22,398	-
Rent/Occupancy	420,091	280,061	280,061	140,030	-
Utilities	112,963	65,303	65,303	47,660	-
Communications	22,816	10,555	10,555	12,261	-
Professional services	8,034	2,203	2,203	5,831	-
Consumable supplies/Office supplies	9,002	629	629	8,373	-
Printing	<u>15,768</u>	<u>4,606</u>	<u>4,606</u>	<u>11,162</u>	<u>-</u>
	<u>820,148</u>	<u>459,623</u>	<u>459,623</u>	<u>360,525</u>	<u>-</u>
Administrative					
Personnel	97,689	50,674	50,674	47,015	-
Benefits	<u>19,697</u>	<u>9,374</u>	<u>9,374</u>	<u>10,323</u>	<u>-</u>
	<u>117,386</u>	<u>60,048</u>	<u>60,048</u>	<u>57,338</u>	<u>-</u>
Total	<u>\$ 1,746,288</u>	<u>\$ 943,310</u>	<u>\$ 943,310</u>	<u>\$ 802,978</u>	<u>\$ -</u>

See Auditor's Report.

**LUTHERAN SOCIAL MISSION SOCIETY
D/B/A LUTHERAN SETTLEMENT HOUSE**

**CITY OF PHILADELPHIA OFFICE OF HOMELESS SERVICES – BUDGETED AND ACTUAL
REIMBURSEMENT FOR OVERFLOW EMERGENCY HOUSING**

For The Year Ended June 30, 2023

<u>Budget Categories</u>	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Total</u>	<u>Allowable Costs Per Audit</u>	
				<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Per diem @ \$20.60 per client per night	<u>\$ 90,228</u>	<u>\$50,859</u>	<u>\$50,859</u>	<u>\$ 39,369</u>	<u>\$ -</u>
Total	<u>\$ 90,228</u>	<u>\$50,859</u>	<u>\$50,859</u>	<u>\$ 39,369</u>	<u>\$ -</u>

See Auditor's Report.

