

**Lutheran Social Services of Northern California  
and Subsidiary**

Consolidated Financial Statements  
and Single Audit Reports and Schedules

June 30, 2024  
(With Comparative Totals for 2023)



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Lutheran Social Services of Northern California and Subsidiary

### **Opinion**

We have audited the accompanying consolidated financial statements of Lutheran Social Services of Northern California (a California nonprofit corporation) and Subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lutheran Social Services of Northern California and Subsidiary as of June 30, 2024, and the changes in their net assets and their 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 States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lutheran Social Services of Northern California and Subsidiary 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 opinion.

### **Change in Accounting Principle**

As described in Note 2 to the financial statements, the Organization has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 326, *Financial Instruments - Credit Losses*. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lutheran Social Services of Northern California and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Services of Northern California and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lutheran Social Services of Northern California and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

We have previously audited Lutheran Social Services of Northern California and Subsidiary's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 3, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



San Francisco, California

February 19, 2025

Lutheran Social Services of Northern California and Subsidiary  
Consolidated Statement of Financial Position  
June 30, 2024  
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 117,177	\$ 201,376
Restricted cash - cash held for agencies in trust	1,913,317	2,022,159
Investments	141,042	131,010
Grants and contributions receivables, net	4,470,241	3,666,574
Prepaid expenses and other assets	211,219	194,030
Operating lease right-of-use assets, net	3,583,491	3,499,760
Property and equipment, net	<u>7,132,030</u>	<u>3,010,028</u>
Total assets	<u>\$ 17,568,517</u>	<u>\$ 12,724,937</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 873,570	\$ 569,762
Accrued expenses	694,417	670,593
Amounts payable to agencies in trust	1,913,317	2,022,159
Refundable advances	788,758	691,770
Revolving line of credit	1,223,643	1,012,843
Note payable	4,092,957	147,548
Operating lease liabilities	<u>3,128,320</u>	<u>3,166,405</u>
Total liabilities	<u>12,714,982</u>	<u>8,281,080</u>
Net assets		
Without donor restrictions		
Undesignated	3,408,522	3,195,447
Board designated	<u>250,000</u>	<u>250,000</u>
Total without donor restrictions	3,658,522	3,445,447
With donor restrictions	<u>1,195,013</u>	<u>998,410</u>
Total net assets	<u>4,853,535</u>	<u>4,443,857</u>
Total liabilities and net assets	<u>\$ 17,568,517</u>	<u>\$ 12,724,937</u>

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

Lutheran Social Services of Northern California and Subsidiary  
Consolidated Statement of Activities  
For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues, gains (losses), and other support				
Contract revenue	\$ 16,441,695	\$ 88,699	\$ 16,530,394	\$ 14,892,194
Grants and contributions	1,470,389	350,000	1,820,389	1,612,125
In-kind contributions	587,243	-	587,243	329,498
Investment income (loss), net	16,265	5,283	21,548	6,430
Other revenue	192,771	-	192,771	343,519
Rental income	72,945	-	72,945	69,772
Net assets released from restrictions	<u>247,379</u>	<u>(247,379)</u>	<u>-</u>	<u>-</u>
Total revenues, gains (losses), and other support	<u>19,028,687</u>	<u>196,603</u>	<u>19,225,290</u>	<u>17,253,538</u>
Functional expenses				
Program services	17,223,539	-	17,223,539	16,085,566
Management and general	1,248,708	-	1,248,708	1,151,595
Fundraising	<u>343,365</u>	<u>-</u>	<u>343,365</u>	<u>329,358</u>
Total functional expenses	<u>18,815,612</u>	<u>-</u>	<u>18,815,612</u>	<u>17,566,519</u>
Change in net assets	213,075	196,603	409,678	(312,981)
Net assets, beginning of year	<u>3,445,447</u>	<u>998,410</u>	<u>4,443,857</u>	<u>4,756,838</u>
Net assets, end of year	<u><u>\$ 3,658,522</u></u>	<u><u>\$ 1,195,013</u></u>	<u><u>\$ 4,853,535</u></u>	<u><u>\$ 4,443,857</u></u>

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

Lutheran Social Services of Northern California and Subsidiary  
Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)

	Money Management Services	Housing for Youth	Housing for Families and Adults	Other Program	Total Program Services	Management and General	Fundraising	2024 Total	2023 Total
Salaries and benefits	\$ 1,328,202	\$ 1,530,135	\$ 4,179,420	\$ -	\$ 7,037,757	\$ 599,206	\$ 264,069	\$ 7,901,032	\$ 7,623,024
Client assistance	-	1,764,086	4,714,345	8,798	6,487,229	20,349	-	6,507,578	6,198,125
Professional fees	60,966	141,365	785,554	-	987,885	31,693	8,930	1,028,508	961,378
Occupancy	274,241	134,789	270,664	-	679,694	85,743	23,450	788,887	654,399
Supplies	56,048	12,017	313,346	-	381,411	11,593	248	393,252	261,447
Equipment and building repairs	37,399	140,732	106,245	-	284,376	16,661	11,599	312,636	263,011
Depreciation	53,213	24,759	61,579	9,381	148,932	235,023	11,014	394,969	279,780
Telephone	24,614	31,096	116,384	-	172,094	65,461	2,225	239,780	241,783
Other	49,203	24,218	645,108	25	718,554	45,295	1,613	765,462	565,742
Insurance	15,525	16,275	61,087	-	92,887	16,990	2,842	112,719	108,075
Travel	8,916	36,543	55,736	-	101,195	5,183	4,380	110,758	107,368
Printing and duplicating	6,798	8,661	34,983	-	50,442	11,909	1,383	63,734	78,077
Outreach and education	-	8,497	6,784	-	15,281	1,581	8,637	25,499	26,305
Postage	10,217	1,822	4,439	-	16,478	7,220	1,864	25,562	32,798
Staff and Board	8,133	7,716	19,840	-	35,689	4,212	1,111	41,012	35,545
Dues and subscriptions	-	2,382	3,201	-	5,583	4,853	-	10,436	9,015
Interest	-	8,052	-	-	8,052	85,736	-	93,788	70,736
Bad debt expense	-	-	-	-	-	-	-	-	49,911
	<u>\$ 1,933,475</u>	<u>\$ 3,893,145</u>	<u>\$ 11,378,715</u>	<u>\$ 18,204</u>	<u>\$ 17,223,539</u>	<u>\$ 1,248,708</u>	<u>\$ 343,365</u>	<u>\$ 18,815,612</u>	<u>\$ 17,566,519</u>

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



Lutheran Social Services of Northern California and Subsidiary  
Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 409,678	\$ (312,981)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	394,969	279,780
Net realized and unrealized gain on investments	(10,032)	(5,441)
Amortization of operating lease right-of-use assets	1,050,608	793,206
Changes in operating assets and liabilities		
Grants and contributions receivables, net	(803,667)	858,280
Prepaid expenses and other assets	(17,189)	(69,277)
Accounts payable and accrued expenses	327,632	(194,596)
Amounts payable to agencies in trust	(108,842)	734,857
Refundable advances	96,988	(212,470)
Operating lease liabilities	(1,172,424)	(1,126,561)
Net cash provided by operating activities	<u>167,721</u>	<u>744,797</u>
Cash flows from investing activities		
Purchases of property and equipment	(564,178)	(464,012)
Net cash used in investing activities	<u>(564,178)</u>	<u>(464,012)</u>
Cash flows from financing activities		
Principal payments on note payable	(7,384)	(11,760)
Net borrowings on revolving line of credit	210,800	562,843
Net cash provided by financing activities	<u>203,416</u>	<u>551,083</u>
Net increase (decrease) in cash and restricted cash	(193,041)	831,868
Cash and restricted cash, beginning of year	<u>2,223,535</u>	<u>1,391,667</u>
Cash and restricted cash, end of year	<u><u>\$ 2,030,494</u></u>	<u><u>\$ 2,223,535</u></u>
Cash and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 117,177	\$ 201,376
Restricted cash - cash held for agencies in trust	<u>1,913,317</u>	<u>2,022,159</u>
	<u><u>\$ 2,030,494</u></u>	<u><u>\$ 2,223,535</u></u>

Supplemental disclosures of cash flow information

Cash paid during the year for		
Interest	\$ 93,788	\$ 70,182

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

Lutheran Social Services of Northern California and Subsidiary  
Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Supplemental schedule of noncash investing and financing activities		
Right-of-use lease assets obtained in exchange of lease obligations	\$ 1,134,339	\$ 4,292,966
Acquisition of property through assumption of notes payable	\$ 3,952,793	\$ -

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

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

1. NATURE OF OPERATIONS

Lutheran Social Services of Northern California ("LSSNC") was founded in July 1968 as a California non-profit organization headquartered in Concord, California. LSSNC serves as a social service agency to all of Northern California by providing professional counseling and promotion of welfare work to all persons within society. LSSNC's principal sources of funding are contract service fees from governmental agencies and contributions.

Lutheran Housing Development Company LLC ("LHDC"), is a single member California limited liability company of which LSSNC is the single member. LHDC's purpose is to hold real property for use in LSSNC's services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP") applicable to nonprofit organizations. The assets, liabilities and operations of LHDC are consolidated with LSSNC (collectively, the "Organization"). All significant inter-company transactions have been eliminated in consolidation.

The Organization reports information regarding its financial position and activities based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Includes net assets available for use in general operations and not subject to donor restrictions. The Organization's board may designated net assets without donor restrictions for specific purposes. Donor restricted contributions whose restrictions are met in the same reporting period, are reported as unrestricted support.
- *Net assets with donor restrictions* - Includes net assets subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents

Cash and cash equivalents of cash and all highly liquid instruments with an original maturity of three months or less.

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash held for agencies in trust

The Organization has established a relationship with social security recipients (the "Recipients") through city and county contracts, whereby the Recipients' social security checks are deposited into specific Organization bank accounts and are withdrawn by the Recipients in accordance with budgets established by the Recipient with the counsel of the Organization. The cash is legally owned by the Recipients, and they may withdraw their cash from the program at any time. Cash held by the Organization on behalf of the Recipients is presented on the accompanying consolidated statements of financial position as cash held for agencies in trust with a corresponding liability presented as amounts payable to agencies in trust.

Investments

Investments are valued at fair value with realized and unrealized gains and losses reflected in the accompanying consolidated statements of activities.

Grants and contributions receivable

Grants and contributions receivable consists primarily of amounts due from government funding agencies and donors. Based on historical write-offs, overall economic conditions, the current aging status of its receivables, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, the Organization establishes an allowance for doubtful receivables at a level considered adequate to cover anticipated credit losses on outstanding receivables. There was no allowance as of June 30, 2024 as the Organization considers all amounts to be fully collectible.

Property and equipment

The Organization capitalizes property and equipment acquisitions with a cost greater than \$1,000 and an estimated useful life in excess of one year. Property and equipment are reported at cost. Donated items are carried at estimated fair value when received.

Depreciation of both purchased and donated items is computed using the straight-line method over the estimated useful lives:

Buildings and improvements	5 - 30 years
Furniture and equipments	10 years
Automobiles	5 years

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provision was recorded by the Organization during the year.

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

In accordance with financial accounting standards, fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Such standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value within a fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

- *Level 1* - instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.
- *Level 2* - instrument valuations are obtained from readily-available pricing sources for comparable instruments.
- *Level 3* - instrument valuations are obtained without observable market values and require a high level of judgment to determine the fair value.

Revenue recognition

Contributions are recognized at their fair value when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor, and grants and contracts are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions, grants and contracts are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows only when material and are discounted at an appropriate discount rate. Amortization of the discounts is included in contribution revenue. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

The Organization's contract revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or incurring qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has not been awarded cost reimbursable grants that have not been recognized at June 30, 2024 because qualifying expenditures have not yet been incurred.

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind contributions

Donated goods and property are recognized as contributions based on the estimated fair value at the date the contribution is made. Donated services are recognized as contributions at their estimated fair value in those instances in which they enhance non-financial assets or the Organization would have had to acquire such services if they had not been donated and are provided by individuals with specialized skills.

Income taxes

LSSNC and LHDC are organized under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, the Organization is exempt from paying Federal and California income taxes except on any unrelated business income. The Organization had no unrelated business income for the year ended June 30, 2024.

The Organization has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions taken for all open tax years. In management's judgment there are no uncertain tax positions as of June 30, 2024.

Accrued vacation

Accrued vacation represents vacation earned, but not taken as of year end. Accrued vacation at June 30, 2024 amounted to \$318,022.

Leases

The Organization leases facilities under operating leases. The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities on the statement of financial position.

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

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Organization has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise. The Organization has entered into various short-term leases for property used in its programs.

Functional allocation of expenses

Costs of providing the Organization's programs and other activities have been presented in the accompanying consolidated statement of functional expenses. Expenses are charged to programs and supporting services on the basis of the Organization's estimates. Direct identification of specific expenses is the Organization's preferred method of charging expenses to various functions. The Organization has a number of expenses which relate to more than one program or supporting activity, or to a combination of programs and supporting activities. Expenses are allocated by management among programs and supporting services based on salary expense, staff time, square footage, or direct charges.

Concentrations and credit risk

Occasionally the Organization's bank and investment balances exceed Federal Deposit Insurance Corporation and Securities Investor Protection Corporation insured limits. The Organization has not experienced and does not anticipate any losses related to these accounts.

The Organization's contributions and grants receivable are unsecured and the Organization is at-risk to the extent that such amounts become uncollectible.

Use of estimates

The preparation of accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses as of the date and for the period presented. Accordingly, actual events and results could differ from those assumptions and estimates.

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, *Financial Instruments - Credit Losses* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements.

Subsequent events

The Organization has evaluated subsequent events through February 19, 2025, the date the accompanying consolidated financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the accompanying consolidated financial statements.

3. INVESTMENTS AND FAIR VALUE

The Organization's investments are held in a pooled trust account. The asset allocation of the investments in the pooled trust account as of June 30, 2024 is as follows:

Domestic equities	\$ 4,231
International equities	46,544
Bond funds	38,081
Alternative investments	19,746
Real estate securities	25,388
Money market	<u>7,052</u>
	<u><u>\$ 141,042</u></u>



Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

3. INVESTMENTS AND FAIR VALUE (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Investments in pooled trust account	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ -
Investments in pooled trust account measured at net asset value				<u>141,042</u>
				<u>\$ 141,042</u>

The fair value of investments held in a pooled trust account is based on the Organization's proportionate share of funds held by a third party. The funds are fully redeemable and there are no unfunded commitments as of June 30, 2024.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

Buildings and improvements	\$ 6,875,895
Leasehold improvements	1,332,500
Land	753,070
Computer equipment	462,596
Furniture and equipment	317,766
Vehicles	<u>75,637</u>
	9,817,464
Accumulated depreciation	<u>(2,685,434)</u>
	<u>\$ 7,132,030</u>

Depreciation expense for the year ended June 30, 2024 was \$394,969.

5. REVOLVING LINE OF CREDIT

The Organization has a revolving line of credit ("line of credit") with a maximum borrowing amount of \$1,650,000, maturing June 2026. The line of credit is secured by real property of the Organization. The variable interest rate is subject to a minimum rate of no less than 7.50% (7.75% at June 30, 2024). The rate will update monthly through maturity. Interest payments on outstanding principal are due monthly. The Organization had an outstanding balance of \$1,223,643 on the line of credit as of June 30, 2024.

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

6. NOTE PAYABLE

The Organization's debt obligations as of June 30, 2024 are as follows:

Note payable to a bank; interest rate at the U.S. three-year treasury constant maturity plus 0.125% adjusted weekly, plus 3% (7.6% at June 30, 2024); principal and interest payments based on a 300 month amortization ending December 2024 are due monthly, with all outstanding principal and interest due December 2024; collateralized by the Organization's real property.	\$ 140,164
Note payable to Department of Housing and Community Development; initial maturity date is 2032, at which point the note payable will be restructured in accordance with the Portfolio Reinvestment Program ("PRP"); in accordance with the PRP the property located at 7733 Coral Lane in Stockton, California is to be operated as an emergency shelter or transitional housing for a period of 55 years; no payment of principal or interest at 3% is required on the loan and all outstanding principal and interest subject to forgiveness if the property is operated in compliance with the PRP requirements.	1,307,762
Note payable to Department of Housing and Community Development; initial maturity date is 2032, at which point the note payable will be restructured in accordance with the PRP; in accordance with the PRP the property located at 940 Edan Avenue in Stockton, California is to be operated as an emergency shelter or transitional housing for a period of 55 years; no payment of principal or interest at 3% is required on the loan and all outstanding principal and interest subject to forgiveness if the property is operated in compliance with the PRP requirements.	1,521,330
Note payable to Department of Housing and Community Development; initial maturity date is 2032, at which point the note payable will be restructured in accordance with the PRP; in accordance with the PRP the property located at 1320 North Hunter Street in Stockton, California is to be operated as an emergency shelter or transitional housing for a period of 55 years; no payment of principal or interest at 3% is required on the loan and all outstanding principal and interest subject to forgiveness if the property is operated in compliance with the PRP requirements.	1,123,701
	<u>\$ 4,092,957</u>

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

6. NOTE PAYABLE (continued)

The future maturities of the notes payable are as follows:

<u>Year ending June 30,</u>	
2025	\$ 140,164
2026	-
2027	-
2028	-
2029	-
Thereafter	<u>3,952,793</u>
	<u><u>\$ 4,092,957</u></u>

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Polk Street	\$ 15,708
Volunteer Program	26,216
Lutheran Hunger Network	50,065
Disaster relief	16,616
Pilot program	206,028
Sacramento program	61,081
Mi Casa	247,325
OES program	8,991
Dignity Health	<u>350,000</u>
	<u>982,030</u>
Endowment	
Unappropriated earnings on endowment	55,587
Endowment subject to be held in perpetuity	<u>157,396</u>
	<u>212,983</u>
	<u><u>\$ 1,195,013</u></u>

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

7. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year were as follows:

Polk Street	\$ 5,282
San Francisco programs	6,034
Lutheran Hunger Network	8,798
Senior services	153,107
Disaster relief	51
Sacramento program	42,925
Mi Casa	17,574
OES program	7,561
Other program purposes	<u>6,047</u>
	<u>\$ 247,379</u>

8. ENDOWMENT

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments to generally support the operational needs of the Organization. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Organization's Board has interpreted the California enacted versions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not to be held-in-perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

8. ENDOWMENT (continued)

Interpretation of relevant law (continued)

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the Organization diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2024.

Spending policy

Income from the endowment is available to subsidize operating or other costs at the discretion of the board of directors. The goal of the Organization's spending policy is to maintain the endowment's purchasing power while also supporting the Organization's mission.

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

8. ENDOWMENT (continued)

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment fund corpus	\$ -	\$ 157,396	\$ 157,396
Unexpended endowment earnings	-	55,587	55,587
Board designated endowment funds	<u>250,000</u>	<u>-</u>	<u>250,000</u>
	<u><u>\$ 250,000</u></u>	<u><u>\$ 212,983</u></u>	<u><u>\$ 462,983</u></u>

Changes in endowment net assets for the fiscal year ended June 30, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2023	<u>\$ 250,000</u>	<u>\$ 212,983</u>	<u>\$ 462,983</u>
Investment return			
Investment income	<u>-</u>	<u>5,283</u>	<u>5,283</u>
Total investment return	<u>-</u>	<u>5,283</u>	<u>5,283</u>
Appropriation of net assets	<u>-</u>	<u>(5,283)</u>	<u>(5,283)</u>
Balance, June 30, 2024	<u><u>\$ 250,000</u></u>	<u><u>\$ 212,983</u></u>	<u><u>\$ 462,983</u></u>

Strategies employed for achieving objectives

The Organization has adopted an investment policy that attempts to maximize capital appreciation within reasonable levels of risk, and to preserve the long-term inflation adjusted value of the portfolio. Endowment assets are invested in a diversified mix of domestic and international fixed income and equity securities.

9. LEASES

The Organization has entered into operating leases for facilities. The leases have terms expiring through October 2029 and monthly lease payments ranging from approximately \$7,600 to \$71,400.

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

9. LEASES (continued)

Right-of-use lease assets and liabilities are as follows:

Right-of-use lease assets - operating	\$ 3,583,491
Operating lease liabilities	\$ 3,128,320

Amortization of right-of-use assets amounted to \$1,050,608 for the year ended June 30, 2024.

Future maturities of lease liabilities are as follows:

<u>Year ending June 30,</u>	
2025	\$ 1,241,990
2026	1,241,312
2027	388,743
2028	309,653
2029	284,756
Thereafter	<u>39,701</u>
	3,506,155
Less: imputed interest	<u>(377,835)</u>
	<u><u>\$ 3,128,320</u></u>

Lease costs for the year consisted of the following:

Operating lease costs	
Monthly scheduled rent	\$ 1,235,644
Month-to-month lease costs	<u>3,863,558</u>
	<u><u>\$ 5,099,202</u></u>

The weighted-average lease terms and discount rates are the following:

Weighted-average remaining lease term - operating lease	3.18 years
Weighted-average discount rate - operating lease	3.37%

10. IN-KIND CONTRIBUTIONS

In-kind contributions are reported as contributions at their estimated fair value on the date of receipt. The Organization's in-kind contributions are primarily comprised of donated goods and supplies. The valuation is based on the amounts provided by the donor and analysis of the fair market value of similar goods.

In-kind contributions for the year ended June 30, 2024 amounted to \$587,243 and consists of donated goods. The donated goods are used in the programs and are not monetized.

Lutheran Social Services of Northern California and Subsidiary  
Notes to Consolidated Financial Statements  
June 30, 2024

11. EMPLOYEE BENEFITS

The Organization participates in a multi-employer 403(b) retirement plan (the "Plan"). The Organization makes required contributions equal to 3% of salaries for eligible employees. The Organization also matches 100% of eligible employee's contributions to the Plan for the first 2% of compensation that eligible employees contribute. Eligibility is based on hours per week and length of employment. Contributions made for the year ended June 30, 2024 were \$175,179.

12. LIQUIDITY AND AVAILABILITY

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Although not expected to be needed, the perpetual portion of the Organization's endowed net assets could be used to meet cash needs if necessary. Prudent investment management, however, must be considered to ensure the preservation of the funds for future use.

The Organization also has access to a line of credit for additional liquidity needs.

The following reflects the Organization's financial assets reported on the accompanying consolidated statement of financial position as of June 30, 2024, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

Financial assets

Cash and cash equivalents	\$ 117,177
Restricted cash - cash held for agencies in trust	1,913,317
Investments	141,042
Grants and contributions receivables, net	4,470,241
	<u>6,641,777</u>

Less: amounts unavailable for general expenditures within one year, due to:

Net assets with donor restrictions	(1,195,013)
Board designated endowment	(250,000)
Restricted cash - cash held for agencies in trust	(1,913,317)
	<u>(3,358,330)</u>
	<u>\$ 3,283,447</u>



## SINGLE AUDIT REPORTS AND SCHEDULES



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Lutheran Social Services of Northern California and Subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Lutheran Social Services of Northern California (a California nonprofit corporation) and Subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated February 19, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

San Francisco, California

February 19, 2025



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

To the Board of Directors  
Lutheran Social Services of Northern California and Subsidiary

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Lutheran Social Services of Northern California (a California nonprofit corporation) and Subsidiary (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

**Responsibilities of Management for Compliance**

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

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Organization'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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness 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.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

San Francisco, California

February 19, 2025

Lutheran Social Services of Northern California and Subsidiary  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>			
U.S. Department of Health and Human Services			
HIV Emergency Relief Project Grants -Passed through the City and County of San Francisco Department of Public Health	93.914	DPHC0800331	\$ 613,966
Foster Care - Title IV-E - Passed through County of Sacramento	93.658	Title IV-E Sacramento	161,112
Foster Care - Title IV-E - Passed through County of Alameda	93.658	Title IV-E Alameda	2,772
Foster Care - Title IV-E - Passed through County of Contra Costa	93.658	Title IV-E Contra Costa	83,696
Foster Care – Title IV-E – Passed through County of San Joaquin	93.658	Title IV-E San Joaquin	30,411
Foster Care - Title IV-E - Passed through County of San Mateo	93.658	Title IV-E San Mateo	30,552
Foster Care - Title IV-E - Passed through County of Sonoma	93.658	Title IV-E Sonoma	<u>17,609</u>
Total U.S. Department of Health and Human Services			<u>940,118</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this schedule.

Lutheran Social Services of Northern California and Subsidiary  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development:			
Housing Opportunities for Persons with AIDS	14.241	CA-H2001W058	431,768
Continuum of Care Program - Passed through City and County of San Francisco Department of Social Services	14.267	HS117/18-028	187,670
Continuum of Care Program – Passed through Sacramento County Department of Human Assistance	14.267	CAO150L9T032	
Continuum of Care Program – Passed through Sacramento County Department of Human Assistance	14.267	215	374,133
Continuum of Care Program - Passed through Sacramento County Department of Human Assistance	14.267	CAO150L9T032	
Continuum of Care Program - Passed through San Joaquin County Department of Human Assistance	14.267	316	178,536
Continuum of Care Program - Passed through San Joaquin County Department of Human Assistance	14.267	CAO252L9T112	
Continuum of Care Program - Passed through San Joaquin County Department of Human Assistance	14.267	012	40,190
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CAO252L9T112	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	214	397,017
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CAO132L9T032	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	215	219,574
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CAO132L9T032	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	316	120,432
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CAO135L9T032	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	215	445,679
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CAO135L9T032	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	316	97,363
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CAO828L9T032	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	109	72,476
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CAO828L9T032	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	210	567,796
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CA1152L9T0321	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	10	15,710
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CA1152L9T0322	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	11	409,024
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CA1829L9T0321	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	02	151,868
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CA1829L9T0322	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	03	206,952
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CA1830L9T0321	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	02	263,964
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	CA1830L9T0322	
Continuum of Care Program - Passed through Sacramento Steps Forward	14.267	03	362,949
Continuum of Care Program - Crossroads	14.267	CA1829L9T1821	
Continuum of Care Program - Crossroads	14.267	00	64,304
Continuum of Care Program - Crossroads	14.267	CA1829L9T1822	
Continuum of Care Program - Passed through Next move	14.267	01	38,858
Continuum of Care Program - Passed through Next move	14.267	CA1303L9T0321	
Continuum of Care Program - Passed through Next move	14.267	07	63,695
Continuum of Care Program - Passed through Next move	14.267	CA1303L9T0322	
Continuum of Care Program - Stop Plus	14.267	08	969,225
Continuum of Care Program - Stop Plus	14.267	CA0301L9T1822	
Continuum of Care Program - Stop Plus	14.267	15	265,937
Continuum of Care Program - Stop Plus	14.267	CA0301L9T1823	
Continuum of Care Program - Stop Plus	14.267	16	162,487

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this schedule.



Lutheran Social Services of Northern California and Subsidiary  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Continuum of Care Program - Lavender Court	14.267	CA1978L9T0321 00	185,343
Continuum of Care Program - Lavender Court	14.267	CA1978L9T0323 02	31,919
Continuum of Care Program - College Initiative	14.267	CA2215Y9T032 100	132,362
Continuum of Care Program - Inspiring Youth Voice	14.267	CA2216Y9T032 100	105,070
Continuum of Care Program - Cornerstone Blvd.	14.267	CA2120L9T0322 00	120,333
Total U.S. Department of Housing and Urban Development:			<u>6,682,634</u>
U.S. Program Department of Justice:			
Crime Victim Assistance - Passed through the California Governors Office of Emergency Assistance	16.575	013-90014-00	283,861
Total U.S. Program Department of Justice:			<u>283,861</u>
Total Expenditures of Federal Awards			<u>\$ 7,906,613</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this schedule.

Lutheran Social Services of Northern California and Subsidiary  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Lutheran Social Services of Northern California (a California nonprofit corporation) and Subsidiary (the "Organization") under programs of the federal government for the year ended June 30, 2024. 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 operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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 limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

The Organization has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The Organization applies indirect costs in accordance with the specific terms of its federal award agreements.

Lutheran Social Services of Northern California and Subsidiary  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Continuum of Care Program	14.267
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Lutheran Social Services of Northern California and Subsidiary  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Lutheran Social Services of Northern California and Subsidiary  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2024

There were no prior year findings.