

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Financial Statements and
Supplementary Information

June 30, 2021 and 2020

Lutheran Social Services of Illinois and Subsidiary Corporations

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Independent Auditors' Report

To the Board of Directors of
Lutheran Social Services of Illinois and Subsidiary Corporations

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Lutheran Social Services of Illinois and Subsidiary Corporations (the Organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, cash flows and functional expenses and directly related program services revenue by Illinois Department of Children and Family Services Program for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and supplementary information identified in the table of contents on pages 58 - 63, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, the Illinois Department of Children and Family Services and the Illinois Department of Human Services, are presented for purposes of additional analysis and are 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.

Disclaimer of Opinion on Unaudited Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The unaudited information identified in the table of contents on pages 64 - 69, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Milwaukee, Wisconsin
November 9, 2021

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Financial Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 26,817,439	\$ 14,763,763
Accounts receivable, net	12,126,764	11,226,926
Unconditional promises to give	10,499	38,500
Prepaid expenses and other assets	1,051,260	294,283
Short-term investments	<u>8,048,080</u>	<u>5,784,936</u>
Total current assets	<u>48,054,042</u>	<u>32,108,408</u>
Investments Held for Long-Term Purposes	<u>2,962,147</u>	<u>2,585,576</u>
Property and Equipment		
Land	4,187,672	4,220,672
Buildings and other improvements	107,986,377	108,236,219
Furniture and equipment	18,025,712	17,631,226
Construction in progress	<u>140,265</u>	<u>566,459</u>
Property and equipment, at cost	130,340,026	130,654,576
Less allowance for depreciation	<u>(73,513,473)</u>	<u>(70,795,672)</u>
Property and equipment, net	<u>56,826,553</u>	<u>59,858,904</u>
Other Assets		
Unconditional promises to give, less current portion above	175,467	-
Escrow deposit accounts	8,336,947	8,391,804
Security deposits	80,476	79,676
Cash surrender value of life insurance contracts	<u>246,432</u>	<u>252,766</u>
Total other assets	<u>8,839,322</u>	<u>8,724,246</u>
Total assets	<u>\$ 116,682,064</u>	<u>\$ 103,277,134</u>

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Financial Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Liabilities and Net Assets		
Current Liabilities		
Refundable advance	\$ 9,985,367	\$ 9,985,367
Current maturities of long-term debt:		
Mortgages payable	234,860	279,549
Capital lease obligations	263,641	258,611
Accounts payable and other accrued expenses	6,772,706	5,057,924
Cash advances for special purposes	2,254,879	975,309
Accrued interest payable	30,918	36,230
Accrued salaries and wages	5,423,013	4,504,868
Accrued and withheld taxes	1,048,625	935,907
Deferred gain on sale of property, current	143,439	143,439
Deferred lease incentive, current	41,744	41,744
Residents' special deposits	35,247	42,258
Liability for pension benefits	1,964,894	-
	<u>28,199,333</u>	<u>22,261,206</u>
Long-Term Liabilities		
Long-term debt, less current maturities above:		
Mortgages payable	11,174,443	11,395,810
Capital lease obligations	3,781,611	4,043,295
Conditional capital advance agreements	39,472,662	39,472,662
Conditional assisted living conversion grant agreement	3,602,995	3,602,995
Conditional federal home loan agreements	66,004	66,004
Deferred gain on sale of property, less current portion	1,326,806	1,470,244
Deferred lease incentive, less current portion	386,130	427,873
Liability for split interest gift arrangements	483,928	500,114
Liability for pension benefits	-	3,862,282
Other long-term liabilities	1,125,216	1,025,976
Tenant security deposits held in trust	377,743	368,821
Due to HUD, residual receipts	429,584	353,152
	<u>62,227,122</u>	<u>66,589,228</u>
Total long-term liabilities	<u>62,227,122</u>	<u>66,589,228</u>
Total liabilities	<u>90,426,455</u>	<u>88,850,434</u>
Net Assets		
Without donor restrictions	19,428,223	8,235,351
With donor restrictions	6,827,386	6,191,349
	<u>26,255,609</u>	<u>14,426,700</u>
Total net assets	<u>26,255,609</u>	<u>14,426,700</u>
Total liabilities and net assets	<u>\$ 116,682,064</u>	<u>\$ 103,277,134</u>

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statement of Activities

Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Public support:			
Lutheran church support	\$ 455,352	\$ 6,000	\$ 461,352
United Way	27,200	15,875	43,075
Contributions	4,854,706	420,225	5,274,931
Bequests	257,471	160,000	417,471
	<u>5,594,729</u>	<u>602,100</u>	<u>6,196,829</u>
Total public support			
Other revenue:			
Fees and grants from government agencies	85,339,395	-	85,339,395
Program service fees	20,705,515	-	20,705,515
Public sales	31,865	-	31,865
Rents and investment return, net	1,881,286	352,590	2,233,876
Loss on disposal of property and equipment	(150,463)	-	(150,463)
Miscellaneous	344,198	-	344,198
	<u>108,151,796</u>	<u>352,590</u>	<u>108,504,386</u>
Total other revenue			
Net assets released from restrictions	<u>259,598</u>	<u>(259,598)</u>	<u>-</u>
Total public support and revenue	<u>114,006,123</u>	<u>695,092</u>	<u>114,701,215</u>
Expenses			
Program services	<u>94,174,260</u>	<u>-</u>	<u>94,174,260</u>
Supporting services:			
Management and general	7,628,277	-	7,628,277
Fundraising	1,708,101	-	1,708,101
	<u>9,336,378</u>	<u>-</u>	<u>9,336,378</u>
Total supporting services			
Total program and supporting services expenses	<u>103,510,638</u>	<u>-</u>	<u>103,510,638</u>
Change in net assets before other items	10,495,485	695,092	11,190,577
Other Items			
Actuarial loss on annuity obligations	-	(59,055)	(59,055)
Decrease in actuarial pension costs	697,387	-	697,387
	<u>11,192,872</u>	<u>636,037</u>	<u>11,828,909</u>
Change in net assets			
Net Assets, Beginning	<u>8,235,351</u>	<u>6,191,349</u>	<u>14,426,700</u>
Net Assets, Ending	<u>\$ 19,428,223</u>	<u>\$ 6,827,386</u>	<u>\$ 26,255,609</u>

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statement of Activities

Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Public support:			
Lutheran church support	\$ 444,872	\$ -	\$ 444,872
United Way	30,312	38,500	68,812
Contributions	3,291,620	157,980	3,449,600
Bequests	1,545,961	-	1,545,961
Total public support	<u>5,312,765</u>	<u>196,480</u>	<u>5,509,245</u>
Other revenue:			
Fees and grants from government agencies	63,911,332	-	63,911,332
Program service fees	19,224,082	-	19,224,082
Public sales	9,326	-	9,326
Rents and investment return, net	518,918	65,924	584,842
Gain on disposal of property and equipment	117,065	-	117,065
Miscellaneous	481,813	-	481,813
Total other revenue	<u>84,262,536</u>	<u>65,924</u>	<u>84,328,460</u>
Net assets released from restrictions	<u>237,398</u>	<u>(237,398)</u>	<u>-</u>
Total public support and revenue	<u>89,812,699</u>	<u>25,006</u>	<u>89,837,705</u>
Expenses			
Program services	<u>81,485,054</u>	<u>-</u>	<u>81,485,054</u>
Supporting services:			
Management and general	7,464,693	-	7,464,693
Fundraising	1,694,429	-	1,694,429
Total supporting services	<u>9,159,122</u>	<u>-</u>	<u>9,159,122</u>
Total program and supporting services expenses	<u>90,644,176</u>	<u>-</u>	<u>90,644,176</u>
Change in net assets before other items	(831,477)	25,006	(806,471)
Other Items			
Actuarial loss on annuity obligations	-	(42,917)	(42,917)
Increase in actuarial pension costs	(747,078)	-	(747,078)
Change in net assets	(1,578,555)	(17,911)	(1,596,466)
Net Assets, Beginning	<u>9,813,906</u>	<u>6,209,260</u>	<u>16,023,166</u>
Net Assets, Ending	<u>\$ 8,235,351</u>	<u>\$ 6,191,349</u>	<u>\$ 14,426,700</u>

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ 11,828,909	\$ (1,596,466)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	4,252,401	4,381,413
Actuarial loss on annuity obligations	59,055	42,917
Amortization of prepaid debt financing costs	13,404	13,404
Loss (gain) on disposal of property and equipment	150,463	(117,065)
Reinvestment of investment income	(197,560)	(164,419)
Net realized and unrealized gain on investments	(1,977,887)	(297,008)
Decrease (increase) in cash surrender value of life insurance	6,334	(11,862)
Increase (decrease) in actuarial pension costs	(697,387)	747,078
Provision for bad debt	33,273	61,504
Changes in assets and liabilities:		
Accounts receivable	(899,838)	(76,415)
Unconditional promises to give	(180,739)	87,380
Prepaid expenses and other assets	(756,977)	(102,330)
Refundable advance	-	9,985,367
Accounts payable and other accrued expenses	1,714,782	254,427
Other current liabilities	2,256,367	1,576,635
Liability for pension benefits	(1,200,001)	(1,200,002)
Other long-term liabilities	108,162	73,198
Due to HUD, residual receipts	76,432	(237,359)
Net cash flows from operating activities	14,589,193	13,420,397
Cash Flows From Investing Activities		
Purchases of property and equipment	(1,513,951)	(2,203,596)
Purchases of investments	(2,196,840)	(2,760,055)
Proceeds from sales of investments	1,732,572	13,596,382
Proceeds from surrendering life insurance policies	-	36,407
Net cash flows from investing activities	(1,978,219)	8,669,138
Cash Flows From Financing Activities		
Proceeds from split interest agreements relinquished	-	2,200
Payments on split interest gift arrangements	(75,241)	(75,241)
Repayment of other debt	(536,114)	(589,551)
Net draws (payments) on line of credit	-	(9,303,189)
Net cash flows from financing activities	(611,355)	(9,965,781)
Net change in cash and cash equivalents and restricted cash	11,999,619	12,123,754
Cash and Cash Equivalents and Restricted Cash, Beginning	23,235,243	11,111,489
Cash and Cash Equivalents and Restricted Cash, Ending	\$ 35,234,862	\$ 23,235,243

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash to the Statements of Financial Position		
Cash and cash equivalents	\$ 26,817,439	\$ 14,763,763
Escrow deposits	8,336,947	8,391,804
Security deposits	<u>80,476</u>	<u>79,676</u>
Total cash and cash equivalents and restricted cash	<u>\$ 35,234,862</u>	<u>\$ 23,235,243</u>
Supplemental Cash Flow Disclosures		
Cash paid for interest	<u>\$ 702,784</u>	<u>\$ 868,427</u>
Noncash Investing and Financing Activities		
Leasehold improvements acquired with tenant lease incentive	<u>\$ -</u>	<u>\$ 420,925</u>

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Functional Expenses and Directly Related Program Services
 Revenue by Illinois Department of Children and Family Services Program
 Year Ended June 30, 2021

	2021				
	Program Services				
	Behavioral Health Services	013005-110-1 System of Care	013005-116-1 Intact Rockford	013005-204-1 Intact Canton	013005-412-1 Performance FC Downstate HMR/T
Functional Expenses					
Salaries	\$ 15,012,073	\$ 189,184	\$ 712,965	\$ 1,338,959	\$ 11,151,779
Employee health and retirement benefits, payroll taxes, etc.	3,062,906	40,912	151,713	234,184	2,206,991
Total salaries and related expenses	18,074,979	230,096	864,678	1,573,143	13,358,770
Professional fees and contract service payments	1,435,351	-	70,258	84,980	8,799,446
Supplies	629,207	1,499	518	3,477	35,343
Communications	641,052	4,990	9,483	25,268	344,281
Occupancy	1,011,838	7,572	38,882	133,551	1,190,059
Advertising and printing	41,983	130	-	187	1,559
Local transportation	118,265	8,313	27,896	64,900	812,756
Meetings, seminars and education	14,918	1,444	522	1,204	7,949
Specific assistance to individuals	223,230	437	88,901	131,746	936,430
Elderly and congregated expenses	-	-	-	-	-
Equipment rental and maintenance	798,858	8,725	14,982	26,516	311,326
Miscellaneous and other operating	25,462	-	-	-	-
Interest expense	29,267	-	-	-	-
Total functional expenses	23,044,410	263,206	1,116,120	2,044,972	25,797,919
Depreciation	249,310	923	1,144	12,083	87,989
Total Program and Supporting Services Expenses	\$ 23,293,720	\$ 264,129	\$ 1,117,264	\$ 2,057,055	\$ 25,885,908
Directly Related Program Services Revenue					
Fees and grants from governmental agencies	\$ 18,321,378	\$ 266,915	\$ 1,280,872	\$ 2,409,077	\$ 28,926,648
Program service fees	10,549,915	-	-	271	321,994
Public sales	-	-	-	-	-
Rents and investment return	(61,663)	-	-	-	13,800
Gain (loss) on disposal of property and equipment	(94,512)	-	-	(1,198)	(6,364)
Miscellaneous	217,916	-	-	-	65
Total Directly Related Program Services Revenue	\$ 28,933,034	\$ 266,915	\$ 1,280,872	\$ 2,408,150	\$ 29,256,143

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Functional Expenses and Directly Related Program Services
 Revenue by Illinois Department of Children and Family Services Program
 Year Ended June 30, 2021

	2021				
	Program Services				
	013005-414-1 Spec Foster Care Nonstandardized MH	013005-415-1 Spec Foster Care Nonstandard MD	013005-417-1 Therapeutic Foster Care	013005-421-1 Performance FC - Cook HMR/Trad	013005-422-1 Intact North
Functional Expenses					
Salaries	\$ 1,064,002	\$ 433,118	\$ 881,430	\$ 69,911	\$ 647,698
Employee health and retirement benefits, payroll taxes, etc.	189,691	64,129	175,883	5,351	136,187
Total salaries and related expenses	<u>1,253,693</u>	<u>497,247</u>	<u>1,057,313</u>	<u>75,262</u>	<u>783,885</u>
Professional fees and contract service payments	1,687,681	785,937	776,543	32	7,697
Supplies	3,282	1,293	9,562	164	3,296
Communications	28,325	10,850	20,383	1,881	16,696
Occupancy	123,188	52,985	146,621	11,180	40,923
Advertising and printing	138	41	705	-	-
Local transportation	80,762	25,518	24,092	3,487	20,931
Meetings, seminars and education	635	291	1,391	27	298
Specific assistance to individuals	49,753	24,586	17,921	(946)	63,770
Elderly and congregated expenses	-	-	-	-	-
Equipment rental and maintenance	30,339	12,716	32,823	2,938	11,936
Miscellaneous and other operating	-	-	1,750	-	-
Interest	-	-	-	-	7,632
Bond costs	-	-	-	-	-
Total functional expenses	<u>3,257,796</u>	<u>1,411,464</u>	<u>2,089,104</u>	<u>94,025</u>	<u>957,064</u>
Depreciation	8,248	3,078	4,905	428	17,945
Total Program and Supporting Services Expenses	<u>\$ 3,266,044</u>	<u>\$ 1,414,542</u>	<u>\$ 2,094,009</u>	<u>\$ 94,453</u>	<u>\$ 975,009</u>
Directly Related Program Services Revenue					
Fees and grants from governmental agencies	\$ 4,258,891	\$ 1,846,577	\$ 2,142,352	\$ 78,155	\$ 1,113,827
Program service fees	7,162	330	54,924	-	12,498
Grant revenue from deferred grant agreements	-	-	-	-	-
Public sales	-	-	-	-	-
Rents and investment return	-	-	-	-	-
Gain (loss) on disposal of property and equipment	-	-	-	-	(219)
Miscellaneous	-	-	-	-	-
Total Directly Related Program Services Revenue	<u>\$ 4,266,053</u>	<u>\$ 1,846,907</u>	<u>\$ 2,197,276</u>	<u>\$ 78,155</u>	<u>\$ 1,126,106</u>

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Functional Expenses and Directly Related Program Services
 Revenue by Illinois Department of Children and Family Services Program
 Year Ended June 30, 2021

	2021					
	Program Services					
	253644-801-1 Medicaid Counseling	013005-805-1 Intact Family Marion	013005-905-1 Adoption Preservation	013005-906-1 Adoption Respite Services	013005-907-1 Intact Family Recovery Prj Cook	013005-909-1 Intact Family Recovery Prj Cooks
Functional Expenses						
Salaries	\$ 82	\$ 930,549	\$ 343,307	\$ 28,320	\$ 433,844	\$ 497,340
Employee health and retirement benefits, payroll taxes, etc.	184	235,696	73,890	9,355	75,698	110,480
Total salaries and related expenses	266	1,166,245	417,197	37,675	509,542	607,820
Professional fees and contract service payments	-	27	682	3,288	1,202	976
Supplies	-	2,398	1,497	-	2,800	3,529
Communications	14	32,022	7,328	-	13,593	17,714
Occupancy	184	62,252	42,393	1,246	27,254	38,903
Advertising and printing	-	115	84	-	-	-
Local transportation	-	73,235	21,737	21	23,842	12,048
Meetings, seminars and education	-	426	10,450	-	-	-
Specific assistance to individuals	-	78,445	17,619	24,954	6,275	4,626
Elderly and congregated expenses	-	-	-	-	-	-
Equipment rental and maintenance	-	38,950	6,501	-	7,135	7,446
Miscellaneous and other operating	-	-	-	-	-	-
Interest	-	-	-	-	9,413	-
Bond costs	-	-	-	-	-	-
Total functional expenses	464	1,454,115	525,488	67,184	601,056	693,062
Depreciation	-	2,093	4,188	-	18,989	2,047
Total Program and Supporting Services Expenses	\$ 464	\$ 1,456,208	\$ 529,676	\$ 67,184	\$ 620,045	\$ 695,109
Directly Related Program Services Revenue						
Fees and grants from governmental agencies	\$ 380	\$ 1,591,017	\$ 578,231	\$ 71,400	\$ 680,616	\$ 785,667
Program service fees	-	534	-	-	-	-
Grant revenue from deferred grant agreements	-	-	-	-	-	-
Public sales	-	-	-	-	-	-
Rents and investment return	-	-	-	-	-	-
Gain (loss) on disposal of property and equipment	-	(530)	-	-	2,299	-
Miscellaneous	-	-	-	-	-	-
Total Directly Related Program Services Revenue	\$ 380	\$ 1,591,021	\$ 578,231	\$ 71,400	\$ 682,915	\$ 785,667

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Functional Expenses and Directly Related Program Services
 Revenue by Illinois Department of Children and Family Services Program
 Year Ended June 30, 2021

	2021				
	Program Services				
	All Other Contracts for Children's Community Services	Total for All Children's Community Services	Developmental Disabilities Services	Senior Community Services	Housing Services
Functional Expenses					
Salaries	\$ 2,038,705	\$ 20,761,193	\$ 3,907,090	\$ 875,622	\$ 4,592,422
Employee health and retirement benefits, payroll taxes, etc.	405,968	4,116,312	894,476	100,482	1,240,171
Total salaries and related expenses	<u>2,444,673</u>	<u>24,877,505</u>	<u>4,801,566</u>	<u>976,104</u>	<u>5,832,593</u>
Professional fees and contract service payments	101,798	12,320,547	549,578	21,004	582,348
Supplies	8,482	77,140	310,300	19,416	536,929
Communications	43,385	576,213	65,311	6,363	444,416
Occupancy	145,439	2,062,632	790,045	10,434	5,728,609
Advertising and printing	26,397	29,356	4,801	-	4,165
Local transportation	6,633	1,206,171	137,125	5,199	81,097
Meetings, seminars and education	13,805	38,442	3,478	745	21,998
Specific assistance to individuals	190	1,444,707	25,217	2,304	13,712
Elderly and congregated expenses	-	-	-	-	75,231
Equipment rental and maintenance	212,395	724,728	61,327	16,121	112,508
Miscellaneous and other operating	16,061	17,811	284,598	1,439	1,840,798
Interest	14,634	31,679	-	3,345	501,901
Total functional expenses	<u>3,033,892</u>	<u>43,406,931</u>	<u>7,033,346</u>	<u>1,062,474</u>	<u>15,776,305</u>
Depreciation	92,409	256,469	97,405	9,946	2,884,797
Total Program and Supporting Services Expenses	<u>\$ 3,126,301</u>	<u>\$ 43,663,400</u>	<u>\$ 7,130,751</u>	<u>\$ 1,072,420</u>	<u>\$ 18,661,102</u>
Directly Related Program Services Revenue					
Fees and grants from governmental agencies	\$ 968,675	\$ 46,999,300	\$ 7,468,012	\$ 899,186	\$ 9,084,717
Program service fees	1,456	399,169	1,005,556	472,949	8,277,926
Public sales	31,865	31,865	-	-	-
Rents and investment return	-	13,800	-	-	7,198
Gain (loss) on disposal of property and equipment	(183,932)	(189,944)	(98)	(98)	(2,683)
Miscellaneous	-	65	44,181	7,865	30,723
Total Directly Related Program Services Revenue	<u>\$ 818,064</u>	<u>\$ 47,254,255</u>	<u>\$ 8,517,651</u>	<u>\$ 1,379,902</u>	<u>\$ 17,397,881</u>

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Functional Expenses and Directly Related Program Services
 Revenue by Illinois Department of Children and Family Services Program
 Year Ended June 30, 2021

	2021								
	Program Services				Supporting Services				
	Other Operating	Matins, Inc.	Vesper Mgmt Corporation	Subtotal Program Services	Management and General	Resource Development	The Cornerstone Foundation, Inc.	Subtotal Fundraising	Total
Functional Expenses									
Salaries	\$ -	\$ -	\$ -	\$ 45,148,400	\$ 3,878,222	\$ 1,021,982	\$ -	\$ 1,021,982	\$ 50,048,604
Employee health and retirement benefits, payroll taxes, etc.	100,420	-	-	9,514,767	693,085	197,270	-	197,270	10,405,122
Total salaries and related expenses	100,420	-	-	54,663,167	4,571,307	1,219,252	-	1,219,252	60,453,726
Professional fees and contract service payments	-	1,715	1,830	14,912,373	672,280	110,967	53,946	164,913	15,749,566
Supplies	-	-	-	1,572,992	44,456	7,876	-	7,876	1,625,324
Communications	-	-	-	1,733,355	165,846	11,563	36	11,599	1,910,800
Occupancy	-	-	-	9,603,558	475,926	35,914	-	35,914	10,115,398
Advertising and printing	-	-	-	80,305	336,624	127,909	2,807	130,716	547,645
Local transportation	-	-	-	1,547,857	21,247	3,318	-	3,318	1,572,422
Meetings, seminars and education	-	-	-	79,581	68,876	6,105	920	7,025	155,482
Specific assistance to individuals	-	-	-	1,709,170	-	20,000	-	20,000	1,729,170
Elderly and congregated expenses	-	-	-	75,231	-	-	-	-	75,231
Equipment rental and maintenance	-	-	-	1,713,542	389,815	14,009	630	14,639	2,117,996
Miscellaneous and other operating	-	-	-	2,170,108	289,064	35,199	230	35,429	2,494,601
Interest	-	-	-	566,192	126,392	18,292	-	18,292	710,876
Total functional expenses	100,420	1,715	1,830	90,427,431	7,161,833	1,610,404	58,569	1,668,973	99,258,237
Depreciation	-	-	248,902	3,746,829	466,444	39,128	-	39,128	4,252,401
Total Program and Supporting Services Expenses	\$ 100,420	\$ 1,715	\$ 250,732	\$ 94,174,260	\$ 7,628,277	\$ 1,649,532	\$ 58,569	\$ 1,708,101	\$ 103,510,638
Directly Related Program Services Revenue									
Fees and grants from governmental agencies	\$ -	\$ -	\$ -	\$ 82,772,593	\$ 2,060,760	\$ 506,042	\$ -	\$ 506,042	\$ 85,339,395
Program service fees	-	-	-	20,705,515	-	-	-	-	20,705,515
Resale shops and public sales	-	-	-	31,865	-	-	-	-	31,865
Rents and investment return	205,959	-	-	165,294	11,976	-	2,056,606	2,056,606	2,233,876
Gain (loss) on disposal of property and equipment	-	-	-	(287,335)	140,870	(3,998)	-	(3,998)	(150,463)
Miscellaneous	1,250	-	-	302,000	42,198	-	-	-	344,198
Total Directly Related Program Services Revenue	\$ 207,209	\$ -	\$ -	\$ 103,689,932	\$ 2,255,804	\$ 502,044	\$ 2,056,606	\$ 2,558,650	\$ 108,504,386

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Functional Expenses and Directly Related Program Services
 Revenue by Illinois Department of Children and Family Services Program
 Year Ended June 30, 2020

	2020					
	Program Services					
	Behavioral Health Services	013005-417-0 Therapeutic Foster Care	013005-110-0 System of Care	013005-116-0 Intact Rockford	013005-204-0 Intact Family Services	013005-412-0 Performance FC Downstate HMR/T
Functional Expenses						
Salaries	\$ 13,615,727	\$ 665,897	\$ 162,861	\$ 612,719	\$ 922,044	\$ 8,022,188
Employee health and retirement benefits, payroll taxes, etc.	2,876,904	151,990	29,488	155,792	226,571	1,960,204
Total salaries and related expenses	<u>16,492,631</u>	<u>817,887</u>	<u>192,349</u>	<u>768,511</u>	<u>1,148,615</u>	<u>9,982,392</u>
Professional fees and contract service payments	1,037,162	784,881	-	33,836	30,923	3,662,756
Supplies	593,247	12,660	3,650	4,058	4,545	44,899
Communications	451,357	9,849	3,066	15,863	17,425	198,051
Occupancy	944,679	57,579	4,251	46,030	99,003	777,443
Advertising and printing	2,647	923	59	141	203	1,618
Local transportation	279,809	26,500	12,953	73,758	63,869	938,543
Meetings, seminars and education	26,125	677	2,211	243	821	1,587
Specific assistance to individuals	145,036	25,188	3,096	35,761	33,502	558,912
Elderly and congregated expenses	-	-	-	-	-	-
Equipment rental and maintenance	454,376	4,315	1,275	2,192	6,714	48,149
Miscellaneous and other operating	58,240	2,496	-	1,906	-	5,920
Interest	106,395	-	-	-	-	-
Total functional expenses	<u>20,591,704</u>	<u>1,742,955</u>	<u>222,910</u>	<u>982,299</u>	<u>1,405,620</u>	<u>16,220,270</u>
Depreciation	286,132	4,899	7,697	4,079	10,758	81,826
Total Program and Supporting Services Expenses	<u>\$ 20,877,836</u>	<u>\$ 1,747,854</u>	<u>\$ 230,607</u>	<u>\$ 986,378</u>	<u>\$ 1,416,378</u>	<u>\$ 16,302,096</u>
Directly Related Program Services Revenue						
Fees and grants from governmental agencies	\$ 9,790,808	\$ 1,985,720	\$ 243,769	\$ 1,212,061	\$ 1,908,721	\$ 19,485,820
Program service fees	9,816,356	-	-	-	-	750
Grant revenue from deferred grant agreements	-	-	-	-	-	-
Public sales	-	-	-	-	-	-
Rents and investment return	108,821	-	-	-	-	13,777
Miscellaneous	27,941	-	100	-	-	3,758
Total Directly Related Program Services Revenue	<u>\$ 19,743,926</u>	<u>\$ 1,985,720</u>	<u>\$ 243,869</u>	<u>\$ 1,212,061</u>	<u>\$ 1,908,721</u>	<u>\$ 19,504,105</u>

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Functional Expenses and Directly Related Program Services
 Revenue by Illinois Department of Children and Family Services Program
 Year Ended June 30, 2020

	2020				
	Program Services				
	013005-414-0 Spec Foster Care Nonstandardized MH	013005-415-0 Spec Foster Care Nonstandard MD	013005-421-0 Performance Foster Care - Cook HMR/T	013005-422-0 Intact Family Services	253644-801-0 Medicaid Counseling
Functional Expenses					
Salaries	\$ 1,003,881	\$ 397,283	\$ 1,476,826	\$ 525,283	\$ 5,482
Employee health and retirement benefits, payroll taxes, etc.	250,605	102,561	403,707	144,441	3,058
Total salaries and related expenses	<u>1,254,486</u>	<u>499,844</u>	<u>1,880,533</u>	<u>669,724</u>	<u>8,540</u>
Professional fees and contract service payments	1,736,549	727,248	660,563	7,880	-
Supplies	5,240	1,857	7,830	1,820	-
Communications	26,257	10,048	38,815	10,919	-
Occupancy	131,059	55,560	278,139	30,208	-
Advertising and printing	254	128	577	401	-
Local transportation	125,620	31,913	148,323	34,813	1,647
Meetings, seminars and education	181	72	183	-	-
Specific assistance to individuals	46,463	4,861	45,584	14,705	-
Elderly and congregated expenses	-	-	-	-	-
Equipment rental and maintenance	4,523	1,718	6,289	3,259	87
Miscellaneous and other operating	515	184	22	-	-
Interest	-	-	-	10,933	-
Bond costs	-	-	-	-	-
Total functional expenses	<u>3,331,147</u>	<u>1,333,433</u>	<u>3,066,858</u>	<u>784,662</u>	<u>10,274</u>
Depreciation	8,478	3,327	21,163	25,297	-
Total Program and Supporting Services Expenses	<u>\$ 3,339,625</u>	<u>\$ 1,336,760</u>	<u>\$ 3,088,021</u>	<u>\$ 809,959</u>	<u>\$ 10,274</u>
Directly Related Program Services Revenue					
Fees and grants from governmental agencies	\$ 4,253,370	\$ 1,741,458	\$ 3,201,860	\$ 984,329	\$ 7,036
Grant revenue from deferred grant agreements	-	-	-	-	-
Public sales	-	-	-	-	-
Rents and investment return	-	-	-	-	-
Gain/(loss) on disposed of property and equipment	-	-	-	-	-
Miscellaneous	4	1	-	-	-
Total Directly Related Program Services Revenue	<u>\$ 4,253,374</u>	<u>\$ 1,741,459</u>	<u>\$ 3,201,860</u>	<u>\$ 984,329</u>	<u>\$ 7,036</u>

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Functional Expenses and Directly Related Program Services
 Revenue by Illinois Department of Children and Family Services Program
 Year Ended June 30, 2020

	2020					
	Program Services					
	013005-804-0 Extended Family Support	013005-805-0 Intact Family Services	013005-905-0 Adoption Preservation	013005-906-0 Adoption Respite Services	013005-907-0 Intact Family Recovery Prj Cook	013005-909-0 Intact Family Recovery Prj Cooks
Functional Expenses						
Salaries	\$ -	\$ 784,018	\$ 244,441	\$ 30,022	\$ 506,019	\$ 529,009
Employee health and retirement benefits, payroll taxes, etc.	25	234,814	42,071	9,394	101,580	136,688
Total salaries and related expenses	25	1,018,832	286,512	39,416	607,599	665,697
Professional fees and contract service payments	-	(115)	7,230	11,528	9,324	6,989
Supplies	-	3,371	5,606	-	812	1,218
Communications	-	16,164	8,008	-	9,032	13,130
Occupancy	-	61,226	43,145	204	22,321	34,273
Advertising and printing	-	-	240	-	374	165
Local transportation	-	73,535	30,745	619	33,782	20,220
Meetings, seminars and education	-	-	15,244	-	-	-
Specific assistance to individuals	-	60,545	52,912	17,940	5,952	4,357
Elderly and congregated expenses	-	-	-	-	-	-
Equipment rental and maintenance	-	7,030	3,759	-	3,300	3,381
Interest	-	-	-	-	6,281	-
Bond costs	-	-	-	-	-	-
Total functional expenses	25	1,240,588	453,401	69,707	698,777	749,430
Depreciation	-	1,619	4,861	-	12,012	3,235
Total Program and Supporting Services Expenses	\$ 25	\$ 1,242,207	\$ 458,262	\$ 69,707	\$ 710,789	\$ 752,665
Directly Related Program Services Revenue						
Fees and grants from governmental agencies	\$ 4,820	\$ 1,342,039	\$ 486,561	\$ 70,003	\$ 760,725	\$ 777,500
Program service fees	-	-	-	-	-	-
Grant revenue from deferred grant agreements	-	-	-	-	-	-
Public sales	-	-	-	-	-	-
Rents and investment return	-	-	-	-	-	-
Gain/(loss) on disposed of property and equipment	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Directly Related Program Services Revenue	\$ 4,820	\$ 1,342,039	\$ 486,561	\$ 70,003	\$ 760,725	\$ 777,500

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Functional Expenses and Directly Related Program Services
 Revenue by Illinois Department of Children and Family Services Program
 Year Ended June 30, 2020

	2020				
	Program Services				
	All Other Programs for Children's Community Services	Total for All Children's Community Services	Developmental Disabilities Services	Senior Community Services	Housing Services
Functional Expenses					
Salaries	\$ 2,070,682	\$ 17,958,655	\$ 3,681,532	\$ 537,710	\$ 4,740,093
Employee health and retirement benefits, payroll taxes, etc.	275,231	4,228,220	783,602	89,457	1,273,600
Total salaries and related expenses	<u>2,345,913</u>	<u>22,186,875</u>	<u>4,465,134</u>	<u>627,167</u>	<u>6,013,693</u>
Professional fees and contract service payments	318,511	7,998,103	301,320	796	450,740
Supplies	50,017	147,583	241,949	6,867	410,147
Communications	43,611	420,238	68,257	4,412	431,332
Occupancy	162,488	1,802,929	563,332	4,356	4,731,976
Advertising and printing	44,120	49,203	710	-	4,762
Local transportation	41,141	1,657,981	264,600	6,865	120,757
Meetings, seminars and education	25,785	47,004	11,509	679	8,895
Specific assistance to individuals	22,844	932,622	51,936	-	43,586
Elderly and congregated expenses	-	-	-	-	139,020
Equipment rental and maintenance	138,649	234,640	36,779	12,607	55,148
Miscellaneous and other operating	16,297	27,340	154,861	2,645	1,671,638
Interest	80,529	97,743	-	3,734	552,178
Total functional expenses	<u>3,289,905</u>	<u>35,602,261</u>	<u>6,160,387</u>	<u>670,128</u>	<u>14,633,872</u>
Depreciation	96,299	285,550	108,550	13,889	2,867,474
Total Program and Supporting Services Expenses	<u>\$ 3,386,204</u>	<u>\$ 35,887,811</u>	<u>\$ 6,268,937</u>	<u>\$ 684,017</u>	<u>\$ 17,501,346</u>
Directly Related Program Services Revenue					
Fees and grants from governmental agencies	\$ 1,318,713	\$ 39,784,505	\$ 5,919,981	\$ 345,513	\$ 8,070,525
Program service fees	443,643	444,393	720,872	198,857	8,043,604
Public sales	3,343	3,343	-	-	5,983
Rents and investment return	-	13,777	-	-	85,590
Gain (loss) on sale of fixed assets	(4,864)	(4,864)	-	-	(21,478)
Miscellaneous	10,926	14,789	24,668	82,554	4,252
Total Directly Related Program Services Revenue	<u>\$ 1,771,761</u>	<u>\$ 40,255,943</u>	<u>\$ 6,665,521</u>	<u>\$ 626,924</u>	<u>\$ 16,188,476</u>

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Consolidated Statements of Functional Expenses and Directly Related Program Services
 Revenue by Illinois Department of Children and Family Services Program
 Year Ended June 30, 2020

	2020								
	Program Services				Supporting Services				
	Other Operating	Matins, Inc.	Vesper Mgmt Corporation	Subtotal Program Services	Management and General	Resource Development	The Cornerstone Foundation, Inc.	Subtotal Fundraising	Total
Functional Expenses									
Salaries	\$ -	\$ -	\$ -	\$ 40,533,717	\$ 3,726,268	\$ 964,355	\$ -	\$ 964,355	\$ 45,224,340
Employee health and retirement benefits, payroll taxes, etc.	-	-	-	9,251,783	638,855	173,036	-	173,036	10,063,674
Total salaries and related expenses	-	-	-	49,785,500	4,365,123	1,137,391	-	1,137,391	55,288,014
Professional fees and contract service payments	-	15	30	9,788,166	524,713	202,626	55,812	258,438	10,571,317
Supplies	-	-	-	1,399,793	85,579	58,954	-	58,954	1,544,326
Communications	-	-	-	1,375,596	132,212	10,430	95	10,525	1,518,333
Occupancy	-	-	-	8,047,272	500,886	25,272	-	25,272	8,573,430
Advertising and printing	-	-	-	57,322	314,683	95,641	45	95,686	467,691
Local transportation	-	-	-	2,330,012	58,387	18,882	1,255	20,137	2,408,536
Meetings, seminars and education	-	-	-	94,212	116,753	3,057	4,225	7,282	218,247
Specific assistance to individuals	-	-	-	1,173,180	-	15	-	15	1,173,195
Elderly and congregated expenses	-	-	-	139,020	-	-	-	-	139,020
Equipment rental and maintenance	-	-	-	793,550	358,209	4,522	-	4,522	1,156,281
Miscellaneous and other operating	-	-	-	1,914,724	355,386	30,841	1,480	32,321	2,302,431
Interest	-	-	-	760,050	127,378	14,514	-	14,514	901,942
Total functional expenses	-	15	30	77,658,397	6,939,309	1,602,145	62,912	1,665,057	86,262,763
Depreciation	-	-	265,062	3,826,657	525,384	29,372	-	29,372	4,381,413
Total Program and Supporting Services Expenses	\$ -	\$ 15	\$ 265,092	\$ 81,485,054	\$ 7,464,693	\$ 1,631,517	\$ 62,912	\$ 1,694,429	\$ 90,644,176
Directly Related Program Services Revenue									
Fees and grants from governmental agencies	\$ -	\$ -	\$ -	\$ 63,911,332	\$ -	\$ -	\$ -	\$ -	\$ 63,911,332
Program service fees	-	-	-	19,224,082	-	-	-	-	19,224,082
Public sales	-	-	-	9,326	-	-	-	-	9,326
Rents and investment return	36,430	-	-	244,618	247	-	339,977	339,977	584,842
Gain (loss) on sale of fixed assets	-	-	-	(26,342)	143,407	-	-	-	117,065
Miscellaneous	290,634	-	-	444,838	36,975	-	-	-	481,813
Total Directly Related Program Services Revenue	\$ 327,064	\$ -	\$ -	\$ 83,807,854	\$ 180,629	\$ -	\$ 339,977	\$ 339,977	\$ 84,328,460

See notes to consolidated financial statements

Lutheran Social Services of Illinois and Subsidiary Corporations

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. Summary of Significant Accounting Policies

Nature of Activities

Lutheran Social Services of Illinois (LSSI), including the subsidiary corporations included herein (the Organization), is a multi-functional social service organization which is the social ministry expression of the three Illinois Synods of the Evangelical Lutheran Church in America. It is a corporation organized under the laws of the State of Illinois pursuant to the provisions of the "General Not-For-Profit Corporation Act." It is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and is not a private foundation under Section 509(a)(2). The Organization receives a significant portion of its operating funds from public support, fees and grants from government agencies and program service fees. The Organization's fiscal year ends on June 30. Significant accounting policies followed by the Organization are presented below.

In accordance with authoritative accounting guidance related to reporting of related entities by not-for-profit organizations, twenty-one (21) affiliated not-for-profit corporations incorporated under the Illinois "General Not-For-Profit Corporation Act" are included as subsidiaries in the consolidated financial statements. These corporations are considered subsidiary corporations because LSSI has control over and an economic interest in these corporations. In addition, LSSI Rockford Property, Inc., which is a for-profit subsidiary, is also consolidated as the Organization owns 100 percent of that company. These subsidiary corporations are:

Assisi Homes-Downer Place, Inc.	Luther Center, Inc. **
Aurora Senior Housing, Inc.	Matins, Inc.
Batavia Council on Aging, Inc.	Northwest Chicago Group Homes, Inc.
The Cornerstone Foundation, Inc. (Foundation)	Our Savior's Senior Housing
Deer Creek Manor, Inc.	Rochelle Senior Housing, Inc.
Dekalb Housing for the Handicapped, Inc.	Rolling Meadows Senior Living, Inc.
Forsberg Christian Retirement Center, Inc. (Forsberg)*	Salem Village III, Inc.
Freeport Senior Housing, Inc.	Spring Ridge Housing for Seniors, Inc.
Freeport Senior Housing II, Inc.	Tabor Lutheran Senior Housing, Inc.
Fox Hill Senior Housing, Inc.	Vesper Management Corporation
LSSI Rockford Property, Inc.	Victorian Woods Senior Living

* In 2016, the building that Forsberg operated from was sold and Forsberg did not have any activity after transferring the net proceeds to the Organization.

** In April 2017, the building Luther Center, Inc. operated was sold and Luther Center, Inc. did not have any activity after transferring the net proceeds to the Organization.

Services that the Organization provides include:

Children's Community Services

Foster Care Services: Foster care placement and case management for children who have been removed from their birth families due to abuse and/or neglect, to achieve permanency through reunification with families or through adoption.

Behavioral Health Services

Counseling, mental health and crisis intervention, drug and alcohol treatment for youth and adults, and services for formerly incarcerated individuals.

Lutheran Social Services of Illinois and Subsidiary Corporations

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Senior and Disability Services

In-Home Services: Non-medical assistance to older adults.

Housing and Assisted Living: Affordable housing and assisted living for older adults. Residential housing for adults with developmental disabilities.

Consolidated Financial Statement Presentation

The accompanying consolidated financial statements include the accounts of the Organization. All significant transactions among these corporations have been eliminated.

Basis of Accounting

The consolidated financial statements have been prepared using the accrual basis of accounting.

Cash and Cash Equivalents and Restricted Cash

The Organization defines cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Restricted cash includes escrow deposits accounts and tenant deposits in trust. The Organization does not have the ability to use these funds for operations without HUD approval due to contractual requirements or HUD imposed regulations.

Accounts Receivable

Receivables consist of outstanding balances from contracts with patients and their caregivers, the government and other grants due to the Organization.

Receivables Prior to July 1, 2020

Contracts with patients and their caregivers are considered exchange transactions. At June 30, 2020, these receivables were recorded when the services were provided. The Organization used an allowance method to account for uncollectible receivables. The allowance for these receivables was \$1,000,346 and the accounts receivable, net of the allowance was \$2,302,433 at June 30, 2020.

Receivables Beginning July 1, 2020

In 2021, with the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), revenue from contracts that are considered exchange transactions are recorded at an amount that management expects to receive from the net transaction price. Balances are recorded net of contractual adjustments for Medicaid, Medicare and other third-party payors under terms of third-party reimbursement agreements in effect as well as any implied discounts. These receivables are uncollateralized funding source obligations, which generally are payable within 30 days from the invoice or billing date. Payments are applied to the specific invoices identified on the funding source's remittance advice or, if unspecified, to the earliest unpaid invoices. The Organization follows up on past due amounts to reduce its exposure to potential uncollectible accounts. At June 30, 2021, the net realizable value of these receivables are \$3,136,029. The adequacy of the Organization's estimate of net realizable receivable is reviewed on an ongoing basis, using historical payment trends, write-off experience, analysis of receivables by payor and aging of receivables, along with a review of specific accounts. Adjustments are made as necessary.

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Receivables from the government and other grants due to the Organization are based upon costs incurred, services completed and terms identified in the grant awards. Management determines the need for an allowance for doubtful accounts based on historical collection experience and a review of current grants receivable balances. Accounts written-off are charged against the allowance. The allowance for doubtful accounts is \$997,570 and \$1,136,749 at June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, receivables from the government and other grants, net of the allowance for doubtful accounts, are \$8,990,735 and \$8,924,493, respectively.

Total accounts receivable, net at June 30, 2021 and 2020 are \$12,126,764, and \$11,226,926, respectively.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenue in the period received and as assets or decreases in liabilities, depending on the form of the benefits to be received.

The carrying amount of unconditional promises to give is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Amounts that are expected to be collected after one year have been discounted at the time the pledge is recorded. The allowance for uncollectible amounts is based on management's assessment of the collectibility of specific promises to give. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful promises to give. There is no allowance for doubtful accounts at June 30, 2021 and 2020.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, whether received or made, are recognized only when the conditions on which they depend are met and the promises become unconditional. As of June 30, 2021 the Organization has several contracts in place to provide services during fiscal year 2022, but the amount of revenue to be received from these agreements depends on the volume of service provided by the Organization during fiscal year 2022.

Income Taxes

The Organization is recognized by the Internal Revenue Service as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes.

The Organization follows current accounting guidance which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business income. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes.

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With few exceptions, the Organization is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for the years before 2017. The Organization is not currently under examination by any taxing jurisdiction. It is the Organization's policy to recognize interest and penalties related to unrecognized tax expense when paid.

LSSI Rockford Property, Inc. has a tax year ending December 31. During 2010, LSSI Rockford Property, Inc. completed a sale that was treated for income tax purposes as an installment sale. The deferred tax liability of \$520,475 is included in other long-term liabilities as of June 30, 2021 and 2020 in the consolidated statements of financial position.

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value with gains and losses, net of fees, included in the consolidated statements of activities. Donated securities are recorded at fair value on the date received or at an estimate of fair value when the fair value is not readily available. Investments in partnerships that the Organization does not control are recorded based on the equity method. The Organization considers money market funds held for investment purposes to be investments on the consolidated statements of financial position.

The Organization's external investment advisors are engaged to monitor and report on portfolio performance and to make recommendations to the Foundation's investment committee as to investment manager selection and or replacement and asset allocations. Once those recommendations are approved, Organization management executes the necessary transactions to cause the investment portfolio to conform to the asset allocation percentages as approved. Monitoring and rebalancing of the investment portfolio is conducted on an on-going basis by management subject to the tolerances within the approved investment policy.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value at the date of the gift, if donated. All acquisitions of property and equipment generally in excess of \$3,000 and all expenditures for repairs, maintenance, improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in the change in net assets.

Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	25 - 40 years
Other improvements	5 - 25 years
Furniture and equipment	3 - 7 years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. To date, there have been no such losses recorded due to impairment.

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Sale and Lease-Back of Property

In September 2017, the Organization entered an agreement to sell one of its properties and lease that property from the purchaser through September 2024. The lease of the property met the criteria for capitalization and is included in property on the consolidated statements of financial position at June 30, 2021 and 2020. The capitalized cost, accumulated depreciation, future minimum lease payments and interest are included in Note 7.

The sale price was \$3,000,000 and resulted in a deferred gain of \$2,262,902 at the time of the sale. The gain is recognized in proportion to the amortization of the leased asset. During 2021 and 2020, \$143,439 was recognized in gain (loss) on disposal of property on the consolidated statements of activities. The total remaining deferred gain of \$1,470,245 and \$1,613,683 is reported as a liability on the consolidated statements of financial position at June 30, 2021 and 2020, respectively.

In February 2019, the lease was amended to decrease the amount of space leased, extend the lease term and adjust the lease payments. At the time of the amendment, the capitalized asset and related lease obligation were revalued to reflect the present value of the future minimum payments under the amended lease and a corresponding increase in the asset and liability was recorded of \$2,306,855. In addition to amending the lease terms, the Organization received a lease incentive of \$500,925 to be used for improvements of the leased property. The lease incentive was used for construction and a leasehold improvement asset of \$500,925 was placed into service during 2020. A deferred lease incentive liability is reported in the consolidated financial statements. The deferred lease incentive is recognized straight-line over the life of the leased asset. The deferred lease incentive is \$427,874 and \$469,617 at June 30, 2021 and 2020, respectively.

Escrow Deposit Accounts

At June 30, 2021 and 2020, the Organization had restricted cash totaling \$- and \$-, respectively, mainly related to replacement reserves, tenant security deposits, residual receipts and minimum capital investments required by the U.S. Department of Housing and Urban Development (HUD). HUD regulations require these funds be held in segregated accounts. HUD has provided guidance to the Organization on the repayment terms of residual receipts reserve balances. All amounts greater than \$250 per unit, totaling \$0 and \$0 at June 30, 2021 and 2020, respectively, are reflected as a liability.

Advertising

Non-direct advertising and promotion costs are charged to management and general when incurred and for the years ended June 30, 2021 and 2020 the amounts included were \$180,740 and \$104,133, respectively.

Conditional Capital Advance and Assisted Living Conversion Grant Agreements

The deferred grant revenue from the capital advance and assisted living conversion grants agreements with HUD were being amortized over the terms of the agreements using the straight-line method through June 30, 2019. Effective July 1, 2019, the Organization adopted ASU No. 2018-08. As required by the standard, the Organization is no longer recognizing revenue over the term of the agreements and will recognize the remaining revenue at the time all conditions are met by the Organization.

Split Interest Gift Arrangements

The Organization has entered into split interest gift arrangements that are mainly comprised of gift annuities and charitable trusts. Gift annuities provide that the annuitants will receive payments for life. The payments will continue even if related assets have been exhausted. At the death of the annuitants, all remaining assets, if any, are directed in accordance with the related agreements.

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Charitable trusts provide that the income beneficiaries will receive payments for life, so long as there are assets available in the trust. At the death of the income beneficiaries, all remaining assets are directed in accordance with the related agreements.

At June 30, 2021 and 2020, the Organization held investments of \$1,931,953 and \$1,628,109, respectively, associated with these split interest agreements, which are recorded as investments held for long-term purposes on the consolidated statements of financial position.

The liability for split interest gift arrangements represents the present value of these obligations due to the annuitants and income beneficiaries. The present value was calculated based on life expectancies using discount rates determined at the date of the gift that range from 1.9 percent to 14.9 percent.

Net Assets

The Organization presents its consolidated financial statements in accordance with current accounting guidance, under which the Organization is required to report information regarding its financial position and activities according to classes of net assets as follows:

Net Assets Without Donor Restrictions. Net assets that are not subject to donor-imposed stipulations or time restrictions. The Organization's Board of Directors has the ability to designate net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. There were no net assets designated by the Board of Directors as of June 30, 2021 and 2020.

Net Assets With Donor Restrictions. Net assets subject to donor-imposed stipulations that expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those stipulations, or that they be maintained in perpetuity by the Organization.

Distributions

The Organization's regulatory agreements with HUD stipulate among other things, that the Organization will not make distributions of assets or income to any of its officers or directors.

Support and Revenues

Contracts From Customers

Program service fees and certain fees from government agencies result from contracts with customers and are considered to be exchange transactions. Prior to the adoption of ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related amendments, these fees were recognized when the services were provided net of billing adjustments. With the adoption of ASU No. 2014-09, program service fees and certain government fees are reported at the amount that reflects the consideration the Organization expects to receive in exchange for the services provided.

Revenue under contracts with customers is recognized when the customer obtains control of the good or service and is recognized to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

A performance obligation is a distinct good, service or a bundle of goods and services promised in a contract. The Organization identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to appropriately depict the Organization's performance in transferring control of the promised goods or services to the customer. Contracts with customers do not include a significant financing component.

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Revenue from contracts with customers relate to the Organization's behavioral health, senior, and disability services. The performance obligation is to perform the indicated services for the customers under the contract. Depending on the contract, revenues are recognized either at a point in time or over the time that services are provided to the customer, which are then billed by the Organization to the customer or third party payor. Revenue from contracts with customers consist of contracts with individual patients and their caregivers that are mostly insured by Medicaid, Medicare, or managed care organizations. The other contracts within program service fees are for commercially insured individuals and private pay individuals. The Organization reviewed contracts using a portfolio approach by payor and service type due to similarities in contracts.

The transaction prices are generally listed in the contracts or individual client agreements. The Organization determines the net transaction price based on contractual adjustments under terms of third-party reimbursement agreements, a review of patient balances and the likelihood of payment based on historical experience as well as specific patient circumstances. Revenue is recorded net of contractual allowances and implied price concessions.

The Organization determined that net revenue recognized and the timing of when the revenue is recognized under the new standard is materially the same as under the previous guidance. There are no expressed or implied warranties. There is no revenue recognized for services performed in prior periods. There are no contract assets or liabilities with these revenue sources. Total revenues from contracts with customers were \$13,270,171 for the year ending June 30, 2021 and included in program service fees and fees and grants from government agencies on the consolidated statements of activities.

Contributions and Grants

The Organization receives a significant portion of its operating funds from grants and awards. Grants are recognized as revenue in the period barriers are overcome. Grants where the conditions and restrictions are met simultaneously are presented as without donor restrictions on the consolidated statements of activities.

The Organization recognizes unconditional contributions received, including unconditional promises to give, as revenue in the period the promises are received at their fair values. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are recognized when they become unconditional, that is, when the conditions are met. As of June 30, 2021, the Organization has one conditional contribution which is reflected as a refundable advance on the consolidated statements of financial position (see Note 6).

The Organization receives contributions through unconditional promises to give, bequests, life insurance premium payments, split interest gift arrangements and outright cash gifts. Contributions are classified as with donor restrictions or without donor restrictions based on donor instructions. Split interest gift arrangement receipts are classified partially as contributions and partially as a liability for the present value of the obligation. Upon the death of the annuitants or income beneficiaries, the remaining amount is classified as with donor restrictions or without donor restrictions based on stipulations of the donor.

Contributions that are restricted by the donor are reported as contributions with donor restrictions. When a restriction expires, the net assets with donor restrictions are reclassified to net assets without donor restrictions.

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Other Income

Investment income is presented net of fees. Investment income and realized and unrealized gains (losses) resulting from contributions are reported as with donor restrictions or without donor restrictions, as directed by the donor. Investment income and realized and unrealized gains (losses) restricted by a donor are reported as increases (decreases) in net assets with donor restrictions and released when the restrictions are met.

Donated Services, Materials and Property

The Organization uses the services of volunteers who contribute their time and materials to provide services to the various programs. Volunteer hours utilized in 2021 and 2020 are not reflected in the consolidated financial statements as they generally do not require specialized skills.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Functional Expense Allocation

Directly identifiable expenses are charged to program services, management and general, and fundraising. Salaries are allocated based on time and effort. Certain employee health and retirement benefits are allocated based on number of employees and direct labor costs. Occupancy is allocated based on square footage. Interest expense that is not directly charged is allocated based on square footage. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Operations

The Organization's operating revenues and expenses include all activities that are an integral part of its programs and supporting activities. The measure of operations excludes actuarial gains or losses on annuity obligations and increases or decreases in actuarial pension costs on the consolidated statements of activities, because management does not consider them integral to its operations.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for cash needs within one year for general use because of contractual or donor-imposed restrictions.

	<u>2021</u>	<u>2020</u>
Total assets, at year-end	\$ 116,682,064	\$ 103,277,134
Less nonfinancial assets:		
Property and equipment, net	(56,826,553)	(59,858,904)
Prepaid expenses and other assets	(1,051,260)	(294,283)
Cash surrender value for life insurance	<u>(246,432)</u>	<u>(252,766)</u>
Financial assets, at year-end	58,557,819	42,871,181
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	(3,916,412)	(3,361,555)
Investments held in annuity trust	(1,931,953)	(1,628,109)
Permanently endowed funds	(2,910,974)	(2,829,794)
Tenant deposits	(80,476)	(79,676)
Escrow deposits	<u>(8,336,947)</u>	<u>(8,391,804)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 41,381,057</u>	<u>\$ 26,580,243</u>

The Organization's liquidity management practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization is substantially supported by government contracts. The Organization has renewed all significant grants and contracts for the next fiscal year. Housing Services program subsidies and rent payments are received monthly. Children's Community Services receives funding monthly for children in care. Behavioral Health Services, Developmental Disabilities Services and Senior Community Services fees are billed for and paid on an ongoing basis throughout the year. Fundraising by the Organization and the Foundation is also used to support operations. As part of the Organization's liquidity management, the Organization invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Organization has up to \$6,250,000 available on an additional line of credit (Note 5).

Adopted Accounting Pronouncements

In 2021, the Organization adopted FASB ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and related amendments. ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. Adopting ASU No. 2014-09 on the modified retrospective basis did not have a significant impact on the consolidated financial statements of the Organization but disclosures related to revenue recognition were enhanced.

In 2021, the Organization adopted FASB ASU No. 2018-13, *Fair Value Measurement (Topic 820)*. The new guidance removes and/or modifies the disclosure requirements on fair value measurements, specifically the three levels of hierarchy (Levels 1, 2 and 3) that prioritize the inputs to valuation techniques used to measure fair value and the timing of transfers between levels. The fair value measurements disclosure for the change in Level 3 assets was updated by adopting ASU No. 2018-13.

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New Accounting Pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)* that amends the treatment for leases. The new accounting model for leases capitalizes all leases greater than twelve months, both capital and operating, as assets and liabilities on the consolidated statement of financial position. The Organization will be required to apply the standard for annual periods beginning after December 15, 2021 (2023). Early adoption is permitted. Management is currently assessing the effect that ASU No. 2016-02 will have on its consolidated financial statements.

In September 2020, FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). Management is currently assessing the effect that ASU No. 2020-07 will have on its consolidated financial statements.

2. Fair Value Measurements

The Organization follows authoritative accounting guidance relating to fair value measurements, which provides a framework for measuring, reporting and disclosing fair value under generally accepted accounting principles. This guidance applies to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis.

As defined in current authoritative guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various valuation methods including the market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated or generally unobservable inputs. Whenever possible the Organization attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

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The table below presents the balances of assets at June 30, 2021 measured at fair value on a recurring basis by level within the hierarchy.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 9,297,507	\$ -	\$ -	\$ 9,297,507
Beneficial interest in funds held in trust	-	-	992,037	992,037
Other investments	-	-	38,106	38,106
	<u>9,297,507</u>	<u>-</u>	<u>1,030,143</u>	
Total assets measured at fair value	<u>\$ 9,297,507</u>	<u>\$ -</u>	<u>\$ 1,030,143</u>	10,327,650
Money market funds				<u>682,577</u>
Total investments				<u>\$ 11,010,227</u>

The table below presents the balances of assets at June 30, 2020 measured at fair value on a recurring basis by level within the hierarchy.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 6,896,116	\$ -	\$ -	\$ 6,896,116
Beneficial interest in funds held in trust	-	-	808,622	808,622
Other investments	-	-	148,794	148,794
	<u>6,896,116</u>	<u>-</u>	<u>957,416</u>	
Total assets measured at fair value	<u>\$ 6,896,116</u>	<u>\$ -</u>	<u>\$ 957,416</u>	7,853,532
Money market funds				<u>516,980</u>
Total investments				<u>\$ 8,370,512</u>

Mutual funds are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market.

Beneficial interest in funds held in trust, funds that the Foundation is named as the beneficiary in which they are not the trustee of the assets, are considered Level 3 items as the valuation is based on significant unobservable inputs that are not corroborated by market data. The fair value of the beneficial interest in ELCA endowment fund is based on information provided by ELCA. Net realized and unrealized gains (losses) included in the change in net assets are \$183,415 and \$(24,654) for the years ended June 30, 2021 and 2020, respectively. There were no deposits or withdrawals for the years ended June 30, 2021 and 2020.

Other investments consist of ownership of a non-publicly traded company and is considered a Level 3 item as the valuation is based on significant unobservable inputs that is not corroborated by market data. The fair value of the other investments is based on information provided by the non-publicly traded company. Net unrealized gains (losses) included in the change in net assets are \$(110,688) and \$108,794 for the years ended June 30, 2021 and 2020, respectively.

The valuation of money market funds are determined using cost. As a result they are excluded from the fair value hierarchy level disclosures.

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3. Short-Term Investments

Investments and related unrealized appreciation (depreciation) as of June 30, 2021 are summarized as follows:

	<u>Cost or Gift Value</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Total Investments at Fair Value</u>
LSSI funds:			
Mainstay Marketfield Fund	\$ 417,441	\$ 327,723	\$ 745,164
Foundation funds:			
Schwab Money Market Fund	666,715	-	666,715
American Funds EuroPacific Growth Fund	923,043	338,080	1,261,123
Vanguard Emerging Markets Stock Index	254,763	54,255	309,018
Baird Aggregate Bond Fund	1,509,309	9,253	1,518,562
Vanguard Total Stock Market Fund	1,849,040	1,698,458	3,547,498
Subtotal Foundation funds	<u>5,202,870</u>	<u>2,100,046</u>	<u>7,302,916</u>
Total short-term investments	<u>\$ 5,620,311</u>	<u>\$ 2,427,769</u>	<u>\$ 8,048,080</u>

Investments and related unrealized appreciation (depreciation) as of June 30, 2020 are summarized as follows:

	<u>Cost or Gift Value</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Total Investments at Fair Value</u>
LSSI funds:			
Mainstay Marketfield Fund	\$ 416,872	\$ 135,155	\$ 552,027
Foundation funds:			
Schwab Money Market Fund	466,385	-	466,385
American Funds EuroPacific Growth Fund	770,352	53,573	823,925
Vanguard Emerging Markets Stock Index	219,144	(20,130)	199,014
Baird Aggregate Bond Fund	1,068,440	41,825	1,110,265
Vanguard Short Term Bond	404,317	10,799	415,116
Vanguard Total Stock Market Fund	1,515,566	702,638	2,218,204
Subtotal Foundation funds	<u>4,444,204</u>	<u>788,705</u>	<u>5,232,909</u>
Total short-term investments	<u>\$ 4,861,076</u>	<u>\$ 923,860</u>	<u>\$ 5,784,936</u>

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4. Investments, Held for Long-Term Purposes

Investments related to life annuity contracts and for the Andrew E. Seaver Trust Fund are stated at fair value. Investments and unrealized appreciation (depreciation) at June 30, 2021 are summarized as follows:

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Fair Value</u>
Foundation investments related to life annuity contracts:			
Money market funds	\$ 15,862	\$ -	\$ 15,862
Bond mutual funds	700,526	20,720	721,246
Equity mutual funds	825,129	369,716	1,194,845
Subtotal	1,541,517	390,436	1,931,953
ELCA Endowment Fund	833,276	158,761	992,037
Other investments:			
Investment in partnership	40,000	(1,894)	38,106
Other mutual fund	51	-	51
Subtotal	40,051	(1,894)	38,157
Total investments held for long-term purposes	<u>\$ 2,414,844</u>	<u>\$ 547,303</u>	<u>\$ 2,962,147</u>

Investments and unrealized appreciation (depreciation) at June 30, 2020 are summarized as follows:

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Fair Value</u>
Foundation investments related to life annuity contracts:			
Money market funds	\$ 50,595	\$ -	\$ 50,595
Bond mutual funds	576,185	36,180	612,365
Equity mutual funds	910,060	55,089	965,149
Subtotal	1,536,840	91,269	1,628,109
ELCA Endowment Fund	833,276	(24,654)	808,622
Other investments:			
Investment in partnership	40,000	108,794	148,794
Other mutual fund	51	-	51
Subtotal	40,051	108,794	148,845
Total investments held for long-term purposes	<u>\$ 2,410,167</u>	<u>\$ 175,409</u>	<u>\$ 2,585,576</u>

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The following schedules summarize the investment return, which includes interest on cash and cash equivalents, short-term and long-term investments, and its classification in the consolidated statements of activities:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 206,469	\$ 36,364	\$ 242,833
Net realized and unrealized gains	1,661,661	316,226	1,977,887
Less: fees	(8,541)	-	(8,541)
Total investment return, net	<u>\$ 1,859,589</u>	<u>\$ 352,590</u>	<u>\$ 2,212,179</u>

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 165,433	\$ 29,632	\$ 195,065
Net realized and unrealized gains	260,716	36,292	297,008
Less: fees	(6,872)	-	(6,872)
Total investment return, net	<u>\$ 419,277</u>	<u>\$ 65,924</u>	<u>\$ 485,201</u>

5. Line of Credit

The Organization had a revolving line of credit agreement with Wintrust Bank for borrowings up to \$11,000,000. The line of credit was secured by a Foundation guaranty in a pledged asset account at Wintrust in a MaxSafe™ account. During 2020, the line of credit was paid down in full and the account was closed.

The Organization entered into a line of credit agreement on June 17, 2019 with Mission Investment Fund Evangelical Lutheran Church in America with availability up to \$3,000,000. The line of credit is renewable annually. The line of credit has an interest rate of 4.75 percent and is due monthly. The line of credit is secured by properties located at 5517 N. Kenmore, Chicago, Illinois and 4840 W. Byron St., Chicago, Illinois.

On October 8, 2020, the line of credit with Mission Investment Fund Evangelical Lutheran Church in America was increased from \$3,000,000 to \$6,250,000. The change in the agreement includes a decreased interest rate from 4.75 percent to 4.25 percent, two additional properties to secure the line of credit (675 Varsity Drive, Elgin, Illinois and 1640 W. Morse, Chicago, Illinois) and a new expiration date of October 1, 2021 (which has been renewed subsequently until October 1, 2022). All other terms remained the same.

As of June 30, 2021 and 2020, the Organization's borrowing under the line was \$0. Interest expense on the lines of credit was \$0 and \$159,563 in 2021 and 2020, respectively.

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6. Refundable Advance

In 2020, the Organization received proceeds in the amount of \$9,985,367 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying non-profit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying non-profit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25 percent during the covered period. The Organization initially recorded the funds as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance barrier or other barrier and no longer a right of return of the PPP loan, or when such conditions are explicitly waived. Any unforgiven portion is payable over 2 years if issued before, or 5 years if issued after, June 5, 2020 at an interest rate of 1 percent with payments deferred until the SBA remits the Organization's loan forgiveness amount to the lender, or, if the organization does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

As of June 30, 2021 and 2020, the Organization does not believe it has met all the conditions attached to the PPP funds, therefore, no grant revenue is recorded within its consolidated statements of activities for the years ending June 30, 2021 and 2020. The full amount of \$9,985,367 of PPP funds received are recorded as a refundable advance in the Organization's consolidated statements of financial position.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan is issued and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the consolidated financial statements.

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7. Long-Term Debt

Long-term debt at June 30 consists of the following:

	<u>2021</u>	<u>2020</u>
Mortgages payable:		
Mortgage payable to P/R Mortgage & Investment Corp. with monthly payments of \$64,828 including interest at 3.38 percent, until September 1, 2019. Starting October 1, 2019 payments were reduced to monthly payment of \$30,697 including interest at 3.38 percent. Any remaining principal or interest is due July 1, 2052. The mortgage payable is secured by a mortgage on the Project's building and land, is insured by HUD under Section 223(f) of the National Housing Act and is subject to a prepayment penalty through July 2027. The Project also had a HUD funded interest subsidy which offset interest expense until August 2019. (Salem Village III, Inc.)	\$ 7,081,324	\$ 7,207,919
Mortgage payable with P/R Mortgage & Investment Corp. in the amount of \$5,368,000. Monthly payments of \$23,607, including interest at 3.95 percent were required beginning September 1, 2013, balance due August 1, 2048. The mortgage payable is secured by a mortgage on the rental property, is insured by HUD under section 223(f) of the National Housing Act and is subject to a prepayment penalty through August 2023. (Batavia Council on Aging, Inc.)	4,715,110	4,810,107
Mortgage payable to HUD with monthly payments of \$5,056, including interest at 7.63 percent, due July 1, 2021, secured by land and building and cannot be prepaid. (DeKalb Housing for the Handicapped, Inc.)	<u>5,007</u>	<u>62,875</u>
Total mortgages payable	11,801,441	12,080,901
Less current maturities	<u>(234,860)</u>	<u>(279,549)</u>
Long-term portion of mortgages payable	11,566,581	11,801,352
Less loan costs, net of accumulated amortization	<u>(392,138)</u>	<u>(405,542)</u>
Total long-term portion of mortgages payable, net	<u>\$ 11,174,443</u>	<u>\$ 11,395,810</u>

Legal and accounting fees, printing costs and other expenses associated with the issuance of debt held by the Organization are included in mortgages payable and are amortized over the term of the mortgages on a straight line basis, which approximates the effective interest rate method. Amortization included in interest expense charged to the consolidated statements of activities for the years ended June 30, 2021 and 2020 was \$13,404. At June 30, 2021 and 2020, the remaining net amount of debt issuance costs was \$392,138 and \$405,542, respectively.

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The following annual principal maturities of the above mortgages for the next five years and thereafter are as follows:

Years ending June 30:		
2022	\$	234,860
2023		238,324
2024		247,112
2025		256,225
2026		265,678
Thereafter		<u>10,559,242</u>
Total	\$	<u>11,801,441</u>

The Organization leased a building and certain equipment that qualify as capital leases during 2021 and 2020. At June 30, 2021 and 2020, the gross value of these assets was \$5,487,564 and \$5,606,969, respectively, and the related accumulated amortization was \$1,799,073 and \$1,556,428, respectively. The assets are included in property and equipment in the consolidated statements of financial position.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2021:

Years ending June 30:		
2022	\$	437,640
2023		448,581
2024		459,795
2025		471,290
2026		483,072
Thereafter		<u>2,740,143</u>
Total future minimum lease payments		5,040,521
Less interest		<u>(995,269)</u>
Present value of future minimum lease payments		4,045,252
Less current portion		<u>(263,641)</u>
Long-term capital lease obligations	\$	<u>3,781,611</u>

Total interest expense including amortization of debt issuance costs and other bank fees was \$710,876 and \$901,942 in 2021 and 2020, respectively.

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8. Capital Advance Agreements

The Organization has funded the construction of various housing projects through capital advance agreements with HUD, which provided for borrowings not to exceed \$64,779,300 at June 30, 2021 and 2020. The agreements are given to the HUD Projects in the form of mortgage notes and bear no interest and require no repayment provided that the housing to which it relates remains available for low-income elderly or developmentally disabled persons in accordance with the appropriate regulations. The amount drawn at June 30, 2021 and 2020 was \$0. If the Organization does not comply with the terms of the agreements, the entire capital advance amount plus interest would be required to be paid back to HUD. Grant revenue from the capital advance agreements was being recognized over the terms of the agreements on a straight-line basis through June 30, 2019. Effective July 1, 2019, the Organization adopted ASU No. 2018-08. As required by the standard, the Organization is no longer recognizing revenue over the terms of the agreements and will recognize the remaining revenue at the time all conditions are met by the Organization.

The conditional capital advance agreement recorded at June 30, 2021 and 2020 consists of conditional capital advance agreements for the following HUD Projects:

	Year of Expiration	Amount Drawn to Date	Grant Revenue Recognized Through June 30, 2021	Conditional Grant Revenue
Assisi Homes-Downer Place, Inc.	2039	\$ 7,057,900	\$ 3,407,265	\$ 3,650,635
Our Savior's Senior Housing	2035	6,059,600	3,623,088	2,436,512
Tabor Lutheran Senior Housing, Inc.	2038	5,884,600	2,903,488	2,981,112
Rochelle Senior Housing, Inc.	2036	3,531,400	2,005,184	1,526,216
Freeport Senior Housing, Inc.	2033	3,197,300	2,055,402	1,141,898
Northwest Chicago Group Homes, Inc.	2034	1,483,800	938,217	545,583
Freeport Senior Housing II, Inc.	2042	3,039,200	1,261,458	1,777,742
Aurora Senior Housing, Inc.	2040	3,895,500	1,755,390	2,140,110
Victorian Woods Senior Living	2046	6,524,200	2,115,595	4,408,605
Spring Ridge Housing for Seniors, Inc.	2048	7,759,800	2,179,912	5,579,888
Rolling Meadows Senior Living, Inc.	2049	3,290,600	816,417	2,474,183
Deer Creek Manor, Inc.	2049	3,568,300	861,672	2,706,628
Fox Hill Senior Housing, Inc.	2053	9,487,100	1,383,550	8,103,550
Total		<u>\$ 64,779,300</u>	<u>\$ 25,306,638</u>	<u>\$ 39,472,662</u>

9. Federal Home Loan Grant Agreements

The Organization received grants totaling \$190,000 from One Mortgage Partners Corporation, a member of the Federal Home Loan Bank of Chicago, to partially fund the construction of two housing projects. The grants are in the form of mortgage notes which bear no interest and require no repayment provided that the housing to which they relate remains available for low-income elderly persons in accordance with the appropriate regulations and other grant requirements. If the Organization does not comply with the terms of the agreements, the entire grant would be required to be paid back to One Mortgage Partners Corporation. Grant revenue from the federal home loan agreements was being recognized over the terms of the agreements on a straight-line basis through June 30, 2019. Effective July 1, 2019, the Organization adopted ASU No. 2018-08. As required by the standard, the Organization is no longer recognizing revenue over the terms of the agreements and will recognize the remaining revenue at the time all conditions are met by the Organization. The conditional federal home loan grant agreements recorded at June 30, 2021 and 2020 are \$66,004.

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10. Assisted Living Conversion Grant Agreement

The Organization has funded the conversion of 56 units at Salem Village III, Inc. (Salem Village) housing project to assisted living units through an Assisted Living Conversion Grant Agreement with HUD, which provided for borrowings not to exceed \$6,339,159. This agreement provides funding for physical costs of the conversion, legal, architectural and consulting fees, and temporary relocation costs, including vacancy losses. The agreement requires no principal and interest payments as long as Salem Village is used for approved purposes until July 1, 2039. The agreement is secured by the related building. If Salem Village does not comply with the terms of the agreement, the entire assisted living conversion grant amount would be required to be paid back to HUD.

Funding of \$514,240 was recognized in prior years relating to temporary relocation costs, including vacancy losses. Remaining grant revenue of \$5,824,919 from this agreement was being recognized over the term of the agreement on a straight-line basis through June 30, 2019. Effective July 1, 2019, the Organization adopted ASU No. 2018-08. As required by the standard, the Organization is no longer recognizing revenue over the term of the agreement and will recognize the remaining revenue at the time all conditions are met by the Organization. The conditional assisted living conversion grant agreement recorded at June 30, 2021 and 2020 were \$3,602,995.

11. Pension Plan

Prior to January 1, 2010 the Organization was a participant in the retirement plan for employees of the United Way of Metropolitan Chicago and participating agencies, which covered substantially all employees hired prior to July 1, 2006. As of January 1, 2010, the Pension Equity Plan for employees of Lutheran Social Services of Illinois was separated from the United Way plan. This change had no effect on plan assets, liabilities, employee benefits or Organization funding requirements. The Organization uses a June 30 measurement date for the plan.

As of July 1, 2006, entry by new employees into the Organization's pension plan was frozen. All Organization employees who were hired prior to July 1, 2006 became eligible to participate in the pension plan in accordance with the terms of the plan and all employees who were participants in the plan on July 1, 2006 shall continue as participants until their benefits are distributed in accordance with the terms of the plan.

During the year ended June 30, 2009, the Organization froze additional benefit accruals under the plan, resulting in a plan curtailment. Participants in the Organization's defined benefit plan became eligible for employer contributions under the Organization's defined contribution plan effective January 1, 2009.

On May 14, 2021, the Board of Directors of the Organization executed a resolution to terminate the Plan effective May 15, 2021. Upon termination of the Plan, the Organization has directed Comerica Bank and Trust, N.A., the trustee, to pay all liabilities and expenses of the Plan. The Organization has the right to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act (ERISA). Due to plan termination, all participants are 100 percent vested in their account balance.

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On September 28, 2021, Principal Life Insurance Company (Principal) and the Organization agreed that Principal will provide a nonparticipating single premium group annuity contract in connection with the settlement of liabilities associated with certain benefits arising under the Pension Equity Plan for LSSI retired employees and the active and terminated employees who have elected to receive annuities under the Plan, for a premium amount of \$24,377,748. On October 1, 2021, monthly benefit payments of \$195,454 were distributed to participants from the Plan. On October 6, 2021 the premium amount was transferred from the Plan to Principal. On November 1, 2021, The Plan distributed monthly benefit payments of \$158,849 to participants as well as payments of \$8,215,086 for participants who elected to receive a lump sums. There is a liability of \$923,619 due to participants who cannot be located that will be sent to the Pension Guarantee Corporation from the Plan by December 31, 2021 if unable to be found. Beginning December 1, 2021, Principal will distribute monthly benefit payments. The Organization contributed a total of \$4,226,132 to the Plan during the months of September and October 2021 to fund remaining pension liabilities upon settlement.

Included in net assets without donor restrictions at June 30, 2021 and 2020 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized actuarial net losses of \$8,347,022 and \$9,810,530, respectively.

The table below presents details about the Organization's plan including the changes in accumulated benefit obligations, the fair value of plan assets and funded status as of June 30 (actuarial values of the benefit obligation were calculated as of June 30, 2021 and 2020, respectively).

	<u>2021</u>	<u>2020</u>
Change in benefit obligation:		
Accumulated benefit obligation at beginning of year	\$ 34,611,505	\$ 36,904,519
Provision for expenses	400,000	400,000
Interest cost	741,086	1,048,148
Actuarial (gain) loss	(1,061,658)	1,733,210
Settlements**	-	(2,707,332)
Benefits paid	(2,426,352)	(2,368,832)
Administrative expenses paid	(244,869)	(398,208)
	<u>\$ 32,019,712</u>	<u>\$ 34,611,505</u>

Since benefit accruals have been frozen, the projected benefit obligation is equal to the accumulated benefit obligation at June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 30,749,223	\$ 32,589,313
Actual return on assets	776,816	2,434,282
Employer contribution	1,200,000	1,200,000
Settlements**	-	(2,707,332)
Benefits paid	(2,426,352)	(2,368,832)
Administrative expenses paid	(244,869)	(398,208)
	<u>\$ 30,054,818</u>	<u>\$ 30,749,223</u>
Funded status of the plan	<u>\$ -</u>	<u>\$ -</u>

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	<u>2021</u>	<u>2020</u>
Components of net periodic benefit costs:		
Provision for expense	\$ 400,000	\$ 400,000
Interest cost	741,086	1,048,148
Expected return on plan assets	(1,538,719)	(1,644,084)
Recognized actuarial loss	<u>1,163,751</u>	<u>1,072,520</u>
Net periodic benefit costs	766,118	876,584
Cost for settlements**	<u>-</u>	<u>777,405</u>
Total net periodic benefit costs	<u>\$ 766,118</u>	<u>\$ 1,653,989</u>

** There were no settlements in 2021. Settlements occurred during 2020 due to the amount of lump sum payments provided to plan participants exceeding the service and interest costs. The total effect of the settlements on the projected benefit obligation and fair value of plan assets was \$2,707,332. A portion of the effect of the settlements must be recognized within net periodic benefit costs. The cost for settlements recognized within net periodic pension cost during 2020 was \$777,405.

Service cost in 2021 and 2020 was \$0. The other components of the net periodic benefit cost are \$766,118 and \$1,653,989 in 2021 and 2020, respectively. The other components of the net periodic pension cost are included in increase (decrease) in actuarial pension costs on the consolidated statements of activities.

The underfunded status of the plan of \$- and \$- at June 30, 2021 and 2020, respectively, is recognized in the accompanying consolidated statements of financial position as liability for pension benefits.

The following are weighted average assumptions used to determine benefit obligations at June 30:

	<u>2021</u>	<u>2020</u>
Discount rate	2.50 %	2.25 %

There were no participant contributions made to the plan during the years ended June 30, 2021 and 2020.

The following are weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Discount rate	3.20 %	3.05 %
Expected return on plan assets	5.40 %	5.40 %

The Organization's expected long-term return on plan assets assumption is based on a periodic review and modeling of the plan's asset allocation over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on assets was selected from within the reasonable range of rates determined by historical real returns for the asset classes covered by the investment policy.

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The Organization's plan assets at June 30, 2021, by asset category are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds measured at fair value	<u>\$ 28,872,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,872,813</u>
Cash and money market funds				<u>1,182,005</u>
Total investments				<u>\$ 30,054,818</u>

The Organization's plan assets at June 30, 2020, by asset category are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds measured at fair value	<u>\$ 28,096,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,096,787</u>
Cash and money market funds				<u>2,652,436</u>
Total investments				<u>\$ 30,749,223</u>

Mutual funds. These investments consist of Vanguard Long-Term Investment Grade Fund, Vanguard Intermediate Term Corporate Fund, and Vanguard Short-Term Corporate Fund and are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market.

The valuation of cash and money market funds are determined using cost. As a result, they are excluded from the fair value hierarchy level disclosures.

The Organization's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions.

The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions, and achieve asset returns that are competitive with like institutions employing similar investment strategies.

The investment policy is periodically reviewed by the Organization. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

The discount rate and expected rate of return on plan assets are critical assumptions which significantly affect pension accounting. Even relatively small changes in these rates would significantly change the recorded pension expense and accrued liability. The expected return on plan assets is computed based on an asset valuation method which recognizes gains/losses over a period of five years. Management believes the discount rate and expected rate of return on plan assets used in determining its year-end pension accounting are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.

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12. Defined Contribution Retirement Plan

The Organization has adopted a defined contribution retirement plan (Plan) under Internal Revenue code section 403(b). All Organization employees (except temporary employees) who have completed one year of service are eligible to participate in the Plan. All such eligible employees, who are at least age 21, may elect to make contributions to the Plan through salary deductions. There is no minimum service requirement to make employee contributions to the Plan. Under the Plan, the Organization may make a discretionary annual employer contribution to eligible participants. There was no Organization contribution to the Plan for the years ending June 30, 2021 and 2020.

13. Worker's Compensation Trust

The Organization has a self-funded Worker's Compensation Trust (the Trust) which is organized and operated under the provisions of the Illinois Religious and Charitable Risk Pooling Trust Act. The trustees of the Trust are appointed by the Organization.

The Organization makes monthly contributions to the Trust. The Organization has recorded a liability for unpaid contributions, which includes unpaid claims and claims incurred but not reported, of \$770,615 and \$718,856 at June 30, 2021 and 2020, respectively. The estimated liability is classified as accounts payable and other accrued expenses on the consolidated statements of financial position.

14. Accrued Salaries and Wages

Accrued salaries and wages include accrued vacation pay of \$2,474,279 and \$2,306,572 at June 30, 2021 and 2020, respectively.

15. Accrued Unemployment

The Organization pays for Illinois unemployment compensation on a claims-made basis. At June 30, 2021 and 2020, \$20,690 and \$110,677, respectively, was accrued as the estimated liability for these claims. These amounts are classified as accounts payable and other accrued expenses on the consolidated statements of financial position.

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16. Net Assets

Net assets have been received to be held in perpetuity for several programs. The amounts of these net assets as of June 30 are shown below by program:

	<u>2021</u>	<u>2020</u>
Adoption services	\$ 131,736	\$ 131,736
Behavioral health	16,248	16,248
Child and adolescent	203,223	203,223
Children and disabled individuals	302,802	302,802
Children and older adults	1,191,190	1,191,190
Endowment for general use	628,873	547,693
Leadership and awards	116,090	116,090
Older adults	267,875	267,875
Other programs	5,576	5,576
Services outside metropolitan Chicago	47,361	47,361
	<u> </u>	<u> </u>
Total net assets with donor restrictions to be held in perpetuity	<u>\$ 2,910,974</u>	<u>\$ 2,829,794</u>

The income from these assets must be used in support of the aforementioned programs and purposes.

Net assets with donor restrictions are available for the following programs or purposes as directed by the donors as of June 30:

	<u>2021</u>	<u>2020</u>
Adoption services	\$ 68,660	\$ 54,357
Administration	306,793	306,793
Behavioral health	165,701	129,441
Child and adolescent	218,464	266,807
Children and disabled individuals	703,489	631,665
Children and older adults	730,806	593,625
Disaster relief	850,060	853,878
Leadership and awards	134,374	117,539
Older adults	137,453	130,506
Other programs	600,612	276,944
	<u> </u>	<u> </u>
Total net assets with time and/or purpose restrictions	<u>\$ 3,916,412</u>	<u>\$ 3,361,555</u>

The total net assets with donor restrictions was \$0 and \$0 at June 30, 2021 and 2020, respectively.

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17. Endowment Funds

The endowment is held at the Foundation. The Foundation follows current authoritative accounting guidance relating to endowments of not-for-profit organizations and enhanced disclosures for all endowment funds. Guidance is provided on classifying net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA governs the treatment for endowment funds. A key component of the guidance and UPMIFA is a requirement to classify the portion of a donor-restricted endowment fund that is not yet appropriated as net assets with donor restrictions until appropriated for expenditure.

The Foundation's endowment consists of approximately 42 individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. Any restricted contributions to be held in perpetuity received from donors are included in the donor restricted endowment fund. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. The Foundation classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

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

1. The duration and preservation of the fund
2. The purposes of the Foundation 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 Foundation
7. The investment policies of the Foundation

Endowment net asset composition by type of fund consists of the following as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose	Held in Perpetuity	
Donor-restricted endowment funds	\$ -	\$ 1,315,241	\$ 2,910,974	\$ 4,226,215

Endowment net asset composition by type of fund consists of the following as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose	Held in Perpetuity	
Donor-restricted endowment funds	\$ -	\$ 1,082,284	\$ 2,829,794	\$ 3,912,078

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

	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose	Held in Perpetuity	
Endowment net assets, June 30, 2020	\$ -	\$ 1,082,284	\$ 2,829,794	\$ 3,912,078
Investment return:				
Investment income, net	-	25,831	-	25,831
Net appreciation realized and unrealized	-	207,126	-	207,126
Total investment return	-	232,957	-	232,957
Contributions	-	-	81,180	81,180
Endowment net assets, June 30, 2021	\$ -	\$ 1,315,241	\$ 2,910,974	\$ 4,226,215

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose	Held in Perpetuity	
Endowment net assets, June 30, 2019	\$ 13,347,263	\$ 3,021,005	\$ 2,828,294	\$ 19,196,562
Investment return:				
Investment income, net	111,821	29,632	-	141,453
Net appreciation realized and unrealized	102,527	36,292	-	138,819
Total investment return	214,348	65,924	-	280,272
Contributions*	382,872	-	1,500	384,372
Appropriation for expenditure	-	(75,582)	-	(75,582)
Board release of designated endowment without donor restrictions	(13,944,483)	-	-	(13,944,483)
Board release of designated endowment with donor restrictions**	-	(1,929,063)	-	(1,929,063)
Endowment net assets, June 30, 2020	\$ -	\$ 1,082,284	\$ 2,829,794	\$ 3,912,078

*Contributions include other deposits into the Board-designated endowment funds of \$89,218 in 2020.

Lutheran Social Services of Illinois and Subsidiary Corporations

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

**At June 30, 2019, the endowment included funds received from donors with restrictions for programs and purposes as directed by the donors, which were not required to be held in perpetuity. The Board of Trustees had designated these funds to be included within the endowment. In May 2020, the Board of Trustees authorized the release of all Board designated endowment funds including donor restricted funds for programs and purposes as directed by the donors of \$1,929,063. At June 30, 2020, the donor restricted funds that were released from the Board designated endowment are included in net assets with restrictions. These funds will be released from donor restrictions when the donor imposed-stipulations are met.

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 Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in net assets with donor restrictions. There were no funds with deficiencies at June 30, 2021 and 2020. These deficiencies would result from unfavorable market fluctuations that occur after the investment of new contributions to be held in perpetuity. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets with donor restrictions.

Return Objectives and Risk Parameters. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream for funding 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 Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the governing board, the endowment assets are invested in a manner that is intended to produce results that exceed 5 percent annually while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy. The Foundation has a policy of appropriating for distribution each year up to 4-5 percent of its endowment fund's average fair value of applicable assets over the lower of the prior 4 or 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is appropriated. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of approximately 3 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Lutheran Social Services of Illinois and Subsidiary Corporations

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

18. Lease Agreements

The Organization has entered into lease agreements for land and buildings, under which rental expense for 2021 and 2020 was \$1,423,365 and \$1,351,485, respectively.

Minimum future rental commitments for all operating leases in effect as of June 30, 2021 are summarized as follows:

Years ending June 30:	
2022	\$ 1,139,288
2023	703,069
2024	393,678
2025	248,389
2026	197,208
Thereafter	<u>675,117</u>
Total	<u>\$ 3,356,749</u>

Significant clauses contained in the lease agreements include the following:

- Escalation clauses not exceeding 5 percent on any given lease,
- Sharing of operation and maintenance costs,
- Ability to cancel a lease if funding for the related program is insufficient,
- Various options to extend the lease term, and
- Liability insurance requirements.

Minimum lease payments exclude rentals under renewal options which, as of June 30, 2021, are not reasonably assured of being exercised.

19. Contingencies

The Organization is a defendant in various lawsuits. The final results of such litigation cannot be determined at this time. In the opinion of management, any ultimate liability in these lawsuits would either be within insurance limits or would have no adverse effect on the consolidated financial statements.

As an employer, the Organization is subject to allegations of violation of various laws relating to employment. The Organization's attorneys have advised management that, relative to currently pending complaints, no judgment can be formed as to the likelihood of an unfavorable outcome. Management expects no material liability will be incurred as a result of these complaints.

The grants received by the Organization are subject to audit and the Organization could become liable for any expenditures disallowed upon audit. Management believes, however, that such disallowance, if any, would not be material.

20. Concentrations

Concentrations of Revenue and Support

The Organization receives a significant portion of its revenue and other support from several departments of the State of Illinois and various managed care organizations. If these providers terminated their support of the Organization, the Organization's ability to provide the services described in Note 1 could be significantly reduced.

Lutheran Social Services of Illinois and Subsidiary Corporations

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Concentrations of Credit

The Organization maintains its cash deposits at several financial institutions which, at times, may exceed federally insured limits of \$250,000. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on these deposits. The Organization also maintains cash deposits with Wintrust in a MaxSafe TM account, which disburses funds nightly below the federally insured limit of \$250,000 to each stand alone banking entity within the Wintrust banking system.

21. Subsequent Events

The Organization has evaluated subsequent events through November 9, 2021, which is the date that the consolidated financial statements were available to be issued, for events requiring disclosure or recording in the consolidated financial statements.

**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Board of Directors of
Lutheran Social Services of Illinois and Subsidiary Corporations

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 Services of Illinois and Subsidiary Corporations (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, cash flows and functional expenses and directly related program services revenue by Illinois Department of Children and Family Services Program for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2021.

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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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.

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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Milwaukee, Wisconsin
November 9, 2021

**Report on Compliance
for Each Major Federal Program and Report on
Internal Control Over Compliance Required
by the Uniform Guidance**

Independent Auditors' Report

To the Board of Directors of
Lutheran Social Services of Illinois

Report on Compliance for Each Major Federal Program

We have audited Lutheran Social Services of Illinois' (LSSI) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of LSSI's major federal programs for the year ended June 30, 2021. LSSI's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Lutheran Social Services of Illinois and Subsidiary Corporations' (the Organization) basic financial statements include the operations of the subsidiaries of the Organization, which expended federal awards which are not included in the schedule of expenditures of federal awards during the year ended June 30, 2021. Our audit, described below, did not include the operations of those entities because they have separate audits under the Uniform Guidance or do not require an audit under the Uniform Guidance.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, LSSI 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, 2021.

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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.

Baker Tilly US, LLP

Milwaukee, Wisconsin
September 29, 2022

Lutheran Social Services of Illinois and Subsidiary Corporations

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Health and Human Services			
Direct			
COVID-19 Provider Relief Fund	93.498	Not applicable	\$ <u>11,171</u>
Passed through the Illinois Department of Children and Family Services			
Promoting Safe & Stable Families	93.556	013005-905-1	<u>227,094</u>
Passed through the Illinois Department of Human Services - Office of Alcoholism and Substance Abuse			
Opioid STR	93.788	43CZC03592	<u>482,527</u>
Passed through the Illinois Department of Human Services			
Social Services Block Grant	93.667	FCSUR01028	<u>245,420</u>
Passed through the Illinois Department of Human Services			
Block Grants for Community Mental Health Services	93.958	45CZB00425	74,846
Block Grants for Community Mental Health Services	93.958	45CZB00426	<u>156,369</u>
Total CFDA 93.958			<u>231,215</u>
Passed through the Illinois Department of Human Services - Office of Alcoholism and Substance Abuse			
Block Grants for Prevention and Treatment of Substance Abuse **	93.959	43CZC00181	806,452
Block Grants for Prevention and Treatment of Substance Abuse **	93.959	43CZZ03220	<u>325,047</u>
Total CFDA 93.959			<u>1,131,499</u>
Total U.S. Department of Health and Human Services			<u>2,328,926</u>
U.S. Department of the Treasury			
Passed through the Illinois Department of Human Services			
COVID-19 - Coronavirus Relief Fund **	21.019	Unknown	<u>290,231</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,619,157</u>

** Indicates program tested as a major program in 2021.

Lutheran Social Services of Illinois and Subsidiary Corporations

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Lutheran Social Services of Illinois and Subsidiary Corporations (the Organization), except as noted below, under programs of the federal government for the year ended June 30, 2021. 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.

Expenditures for the following consolidated subsidiaries of the Organization are not included to meet the requirements of the cost principles contained in the Uniform Guidance because they have separate audits or are not required to have an audit under Uniform Guidance:

Assisi Homes - Downer Place, Inc.	Luther Center, Inc.
Aurora Senior Housing, Inc.	Matins, Inc.
Batavia Council on Aging, Inc.	Northwest Chicago Group Homes, Inc.
The Cornerstone Foundation, Inc.	Our Savior's Senior Housing
Deer Creek Manor, Inc.	Rochelle Senior Housing, Inc.
Dekalb Housing for the Handicapped, Inc.	Rolling Meadows Senior Living, Inc.
Forsberg Christian Retirement Center, Inc.	Salem Village III, Inc.
Fox Hill Senior Housing, Inc.	Spring Ridge Housing for Seniors, Inc.
Freeport Senior Housing, Inc.	Tabor Lutheran Senior Housing, Inc.
Freeport Senior Housing II, Inc.	Vesper Management Corporation
LSSI Rockford Property, Inc.	Victorian Woods Senior Living, Inc.

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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate

The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Federal Loan Programs

The awards presented in the schedule do not include any federal loans administered by Lutheran Social Services of Illinois.

Non-Cash Assistance

The Organization did not receive any non-cash federal awards.

Federal Insurance

The awards presented in the schedule do not include any federal insurance for Lutheran Social Services of Illinois in effect during fiscal year 2021.

Lutheran Social Services of Illinois and Subsidiary Corporations

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Provider Relief Fund

Provider Relief Funds of \$11,171 are included in fees and grants from government agencies on the statements of activities for the year ending June 30, 2020. Based on guidance from the U.S. Department of Health and Human Services, these funds are required to be included in the schedule of expenditures of federal awards for the year ending June 30, 2021.

Provider Relief Funds of \$927,599 are included in fees and grants from government agencies on the statements of activities for the year ending June 30, 2021. Based on guidance from the U.S. Department of Health and Human Services, these funds are required to be included in the schedule of expenditures of federal awards for the year ending June 30, 2022.

Lutheran Social Services of Illinois and Subsidiary Corporations

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I: Summary of Auditors' Results

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:	unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ yes	<u> X </u> no	_____ none reported
Significant deficiency(ies) identified?	_____ yes	<u> X </u> reported	
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no	

Federal Awards

Internal control over major federal programs:			
Material weakness(es) identified?	_____ yes	<u> X </u> no	_____ none reported
Significant deficiency(ies) identified	_____ yes	<u> X </u> reported	
Type of auditors' report issued on compliance for major federal programs:	unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	<u> X </u> no	

Identification of major federal programs:

Assistance Listing Number

93.959

21.019

Name of Federal Program or Cluster

Block Grants for Prevention and Treatment of Substance Abuse
Coronavirus Relief Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

Lutheran Social Services of Illinois and Subsidiary Corporations

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section II: Financial Statement Findings

There were no findings.

Section III: Federal Findings and Questioned Costs

There were no findings or questioned costs.

Lutheran Social Services of Illinois and Subsidiary Corporations

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

2020-001

Agency: U.S. Department of Health and Human Services passed through City of Chicago Department of Family and Support Services

Assistance Listing Number and Program Name: 93.600 - Head Start

Criteria: The grantor requires the Organization to comply with the requirements of the program which include the requirement that 10% of funded Head Start enrollment be provided to children with disabilities.

Statement of Condition: The Organization did not comply with the requirement that 10% of funded Head Start enrollment must be provided to children with disabilities. The Organization was unable to meet the 10% requirement.

Questioned Costs: The amount of questioned costs cannot be determined.

Context: Management identified that the Organization was not in compliance. As a result, management submitted reports to the funder communicating that the requirement was not met in the prior fiscal year and requested a waiver. The waiver was not granted by the agency. No waiver was requested for 2020 due to the contract ending November 30, 2019.

Effect: The Organization was not in compliance with the earmarking requirement of the grant for a portion of the fiscal year.

Cause: The Organization was not able to enroll enough participants with disabilities to meet the 10% requirement for a portion of the year.

This is a repeat finding (prior years 2019-001, 2018-001, 2017-001, and 2016-001).

Recommendation: Management continued to monitor its compliance with the requirement from July 1, 2019 through the end of the contract (November 30, 2019). We recommend that management be aware of compliance requirements prior to entering new agreements with all funders and the Organization's ability to be in compliance with those requirements.

Management's Response: As of June 30, 2019, management determined that the Organization will no longer operate the Head Start program. The Organization completed the remainder of the contract which ended November 30, 2019.

The contract was ended and as a result this finding has not been repeated.

Lutheran Social Services of Illinois and Subsidiary Corporations

Illinois Department of Children and Family Services and Illinois Department of Human Services Agency Information Page
Year Ended June 30, 2021

AGENCY INFORMATION

NAME OF AGENCY	LUTHERAN SOCIAL SERVICES OF ILLINOIS
COUNTY	COOK
MAILING ADDRESS	
- STREET	1001 TOUHY AVE, SUTIE 50
- CITY	DES PLAINES
- STATE	IL
- ZIP CODE	60018
NAME OF PERSON COMPLETING REPORT	Lori Radecki
JOB TITLE	Interim Controller
TELEPHONE (Area Code & Number)	847-635-4600
E-MAIL ADDRESS	Lori.Radecki@lssi.org
NUMBER OF PROGRAMS REPORTED ON CFR	6
ACTUAL / BUDGETED COSTS (Enter A or B)	A
QUARTERS REPORTED (Enter 1,2,3,4)	4
BASIS OF MAINTAINING ACCOUNTING RECORDS A = ACCRUAL, C = CASH, O = OTHER	A
AGENCY ACCREDITATION COMPLETED BY	Council on Accreditation

Lutheran Social Services of Illinois and Subsidiary Corporations

Illinois Department of Children and Family Services and Illinois Department of Human Services Names Schedule
 Year Ended June 30, 2021

PROGRAMS	DESCRIPTION 1	DESCRIPTION 2	DCFS	DHS	ISBE	AGING	HEALTHCARE
1	INTACT FAMILY	IFS-ALL	IFS-ALL				
2	PERF FC-D/H/T	PCD	0130054121				
3	SPEC FC MH	FCS	0130054141				
4	SPEC FC MD	FCN	0130054151				
5	THERAPEUTIC FC	FCN	0130054171				
6	DDD-MULTI PRG	60D, 37-U		N/A			
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Lutheran Social Services of Illinois and Subsidiary Corporations

Illinois Department of Children and Family Services and Illinois Department of Human Services Costs Schedule
Year Ended June 30, 2021

LINE	COST ACCOUNT TITLE	AGENCY	NOT ALLOCATED	PROGRAM 1	PROGRAM 2
				INTACT FAMILY	PERF FC-D/H/T
1	Program Staff Salaries	40,142,411	21,588,313	3,554,751	10,746,811
2	Program Clerical Staff Salaries	6,500,735	5,960,920	69,685	371,361
3	Program Payroll Taxes and Fringe Benefits	10,405,120	6,438,672	784,090	2,294,926
4	Program Consultants	3,066,765	2,132,544	162,770	366,985
5	Consumer Wages and Fringe Benefits		0		
6	Medicine and Drugs	54,863	46,635	129	
7	All Other Program Equipment and Supplies	1,134,126	718,996	55,657	233,011
8	Staff Transportation	1,064,231	243,999	140,424	543,795
9	Client Transportation	104,995	4,446	335	92,396
10	Transportation To / From School		0		
11	Direct Service Staff Conferences & Conventions	97,051	81,214	2,451	7,950
12	Program Insurance	496,868	111,797	75,038	249,864
13	Direct Client Specific Assistance	1,642,476	321,424	362,863	857,148
14	Telecommunication Costs Assigned to Program	1,805,291	1,292,712	79,953	324,443
15	Foster Care Payments	11,280,577	293		8,393,423
16	Other (Specify Program Values on Costs - Other Worksheet)	92,986	86,838	417	1,414
17	Total Program Expenses (Sum Lines 1 - 16)	77,888,495	39,028,803	5,288,563	24,483,527
18	Support Salaries	539,507	539,507		
19	Support Payroll Taxes and Fringe Benefits		0		
20	Dietary Supplies	489,579	464,843	190	2,486
21	Housekeeping and Laundry Supplies	1,076,009	1,025,792	822	9,499
22	Other (Specify Program Values on Costs - Other Worksheet)	905,069	889,678	350	2,453
23	Total Support Expenses (Sum Lines 18 - 22)	3,010,164	2,919,820	1,362	14,438
24	Occupancy Salaries	2,304,473	2,221,977	5,734	33,606
25	Occupancy Payroll Taxes and Fringe Benefits		0		
26	Building & Equip. Operations and Maintenance	7,553,475	6,865,540	93,113	361,008
27	Vehicle Depreciation	13,354	10,198		
28	All Other Depreciation & Amortization	4,239,047	4,090,479	33,264	87,990
29	Vehicle Rent	476,158	94,516	45,784	254,505
30	All Other Lease / Rent / Taxes	1,948,704	819,821	142,923	739,788
31	Equipment Under \$500	162,450	141,796	5,654	6,402
32	Mortgage & Installment Interest	492,093	492,093		
33	Operating Interest	218,782	211,150	7,632	
34	Other (Specify Program Values on Costs - Other Worksheet)		0	0	0
35	Total Occupancy Expenses (Sum Lines 24 - 34)	17,408,536	14,947,570	334,104	1,483,299
36	Administrative Salaries	561,478	561,478		
37	Administrative Payroll Taxes and Fringe Benefits		0		
38	Administrative Consultants	1,041,268	1,002,495	193	38,519
39	Telecommunication Costs Not Assigned to Program		0		
40	Office Supplies and Equipment	173,974	141,592	3,807	17,004
41	Allocation of Management and General (G & A)		-4,999,132	392,165	3,413,814
42	Other (Specify Program Values on Costs - Other Worksheet)	3,426,723	3,307,063	19,012	83,507
43	Total Administrative Expenses (Sum Lines 36 - 42)	5,203,443	13,496	415,177	3,552,844
44	Total Expenses (Sum Lines 17, 23, 35, 43)	103,510,638	56,909,689	6,039,206	29,534,108
45	Depreciation on DMHDD Funded Capital Assets Included Above	0	0		
46	Cost of Production and Workshop Client Wages included Above	0	0		
47	Other (Specify Program Values on Costs - Other Worksheet)	374,035	371,829	0	0
48	Total Non-Reimbursable Expenses (Sum Lines 45 - 47)	374,035	371,829	0	0
49	Net Expenses (Line 44 minus Line 48)	103,136,603	56,537,860	6,039,206	29,534,108

Lutheran Social Services of Illinois and Subsidiary Corporations

Illinois Department of Children and Family Services and Illinois Department of Human Services Costs Schedule
Year Ended June 30, 2021

LINE	COST ACCOUNT TITLE	PROGRAM 3	PROGRAM 4	PROGRAM 5	PROGRAM 6
		SPEC FC MH	SPEC FC MD	THERAPEUTIC FC	DDD-MULTI PRG
1	Program Staff Salaries	1,025,405	417,426	845,937	1,963,768
2	Program Clerical Staff Salaries	35,651	14,702	35,493	12,923
3	Program Payroll Taxes and Fringe Benefits	198,721	67,474	176,327	444,910
4	Program Consultants	26,517	69,538	268,817	39,594
5	Consumer Wages and Fringe Benefits				
6	Medicine and Drugs				8,099
7	All Other Program Equipment and Supplies	20,888	9,200	24,826	71,548
8	Staff Transportation	55,915	16,283	23,899	39,916
9	Client Transportation	7,739	4	75	
10	Transportation To / From School				
11	Direct Service Staff Conferences & Conventions	635	291	1,391	3,119
12	Program Insurance	24,111	9,820	17,280	8,958
13	Direct Client Specific Assistance	42,343	24,586	17,920	16,192
14	Telecommunication Costs Assigned to Program	26,524	10,281	19,192	52,186
15	Foster Care Payments	1,661,110	716,407	509,344	
16	Other (Specify Program Values on Costs - Other Worksheet)	152	17	4,003	145
17	Total Program Expenses (Sum Lines 1 - 16)	3,125,711	1,356,029	1,944,504	2,661,358
18	Support Salaries				
19	Support Payroll Taxes and Fringe Benefits				
20	Dietary Supplies	308	82	1,291	20,379
21	Housekeeping and Laundry Supplies	982	543	2,134	36,237
22	Other (Specify Program Values on Costs - Other Worksheet)	241	45	0	12,302
23	Total Support Expenses (Sum Lines 18 - 22)	1,531	670	3,425	68,918
24	Occupancy Salaries	2,945	989	0	39,222
25	Occupancy Payroll Taxes and Fringe Benefits				
26	Building & Equip. Operations and Maintenance	29,781	12,167	33,792	158,074
27	Vehicle Depreciation				3,156
28	All Other Depreciation & Amortization	8,248	3,076	4,905	11,085
29	Vehicle Rent	24,377	9,220	49	47,707
30	All Other Lease / Rent / Taxes	78,105	34,304	105,918	27,845
31	Equipment Under \$500	696	152	1,051	6,699
32	Mortgage & Installment Interest				
33	Operating Interest				
34	Other (Specify Program Values on Costs - Other Worksheet)	0	0	0	0
35	Total Occupancy Expenses (Sum Lines 24 - 34)	144,152	59,908	145,715	293,788
36	Administrative Salaries				
37	Administrative Payroll Taxes and Fringe Benefits				
38	Administrative Consultants	45	1	15	
39	Telecommunication Costs Not Assigned to Program				
40	Office Supplies and Equipment	1,696	671	2,713	6,491
41	Allocation of Management and General (G & A)	513,555	230,494	266,805	182,299
42	Other (Specify Program Values on Costs - Other Worksheet)	7,891	2,102	3,646	3,502
43	Total Administrative Expenses (Sum Lines 36 - 42)	523,187	233,268	273,179	192,292
44	Total Expenses (Sum Lines 17, 23, 35, 43)	3,794,581	1,649,875	2,366,823	3,216,356
45	Depreciation on DMHDD Funded Capital Assets Included Above				
46	Cost of Production and Workshop Client Wages included Above				
47	Other (Specify Program Values on Costs - Other Worksheet)	0	0	1,751	455
48	Total Non-Reimbursable Expenses (Sum Lines 45 - 47)	0	0	1,751	455
49	Net Expenses (Line 44 minus Line 48)	3,794,581	1,649,875	2,365,072	3,215,901

Lutheran Social Services of Illinois and Subsidiary Corporations

Illinois Department of Children and Family Services and Illinois Department of Human Services Revenues Schedule
Year Ended June 30, 2021

LINE	REVENUE ACCOUNT TITLE	AGENCY	NOT ALLOCATED	PROGRAM 1	PROGRAM 2
				INTACT FAMILY	PERF FC-D/H/T
1	Department of Aging	354,117	354,117		
2	Department of Children and Family Services	57,783,652	12,837,756	7,634,363	28,906,287
3	Department of Corrections	8,401	8,401		
4	Medicaid Rehab Option (MRO) Payments	2,197,975	2,179,886		18,089
5	Department of Human Services	4,079,126	467,750		
6	Department of Public Aid	3,072,692	3,072,692		
7	Department of Public Health		0		
8	Local Education Agency/ School District		0		
9	Local Government	8,054	8,054		
10	Federal Government	7,832,372	7,832,372		
11	Other Government Agencies	238,009	238,009		
12	Client / Family Program Fees (incl. SSI, SSA, pensions, etc.)	21,875,963	20,858,738	13,037	315,556
13	Special Service Fees for Individual Clients		0		
14	Diagnostic Service Fees		0		
15	Other (Specify Program Values on Revenues - Other Worksheet)	-551,304	654,414	-1,239,570	2,472
16	Total Fees + Purchase of Services (Sum Lines 1 - 15)	96,899,057	48,512,189	6,407,830	29,242,404
17	Department of Aging		0		
18	Department of Children and Family Services	2,124,121	2,124,121		
19	Department of Corrections		0		
20	donated/Certified Funds Initiative (DFI / CFI)		0		
21	Department of Human Services	8,323,709	8,323,709		
22	Department of Public Aid		0		
23	Department of Public Health		0		
24	Local Education Agency/ School District		0		
25	Local Government Awards	509,278	509,278		
26	Federal Government Awards		0		
27	Other Government Awards		0		
28	JTPA / CETA		0		
29	Other (Specify Program Values on Revenues - Other Worksheet)	2,218	2,218	0	0
30	Total Grant Revenues (Sum Lines 17 - 29)	10,959,326	10,959,326	0	0
31	Restricted to Operations		0		
32	Restricted to Capital		0		
33	Unrestricted	6,051,362	5,836,669	500	106,087
34	Contributions - Goods and Services		0		
35	Child & Adult Food Programs (school meals, commodities)	104	104		
36	School Transportation Payments (to/from school)		0		
37	Sales of Goods and Services	31,865	31,865		
38	Rent Income	265,232	251,432		13,800
39	Gain on Sale of Assets	-150,464	-142,055	-1,947	-6,364
40	Cafeteria and Vending Machine	1,545	1,545		
41	Other (Specify Program Values on Revenues - Other Worksheet)	480,415	471,529	0	581
42	Total Contributions & Other (Sum Lines 31 - 41)	6,680,059	6,451,089	-1,447	114,104
43	Income on Restricted Assets / Investments		0		
44	Income on Unrestricted Assets / Investments	162,773	162,773		
45	Total Investment Income (Sum Lines 43 & 44)	162,773	162,773	0	0
46	TOTAL REVENUES (Sum Lines 16, 30, 42, 45, 46)	114,701,215	66,085,377	6,406,383	29,356,508

Lutheran Social Services of Illinois and Subsidiary Corporations

Illinois Department of Children and Family Services and Illinois Department of Human Services Revenues Schedule
 Year Ended June 30, 2021

LINE	REVENUE ACCOUNT TITLE	PROGRAM 3	PROGRAM 4	PROGRAM 5	PROGRAM 6
		SPEC FC MH	SPEC FC MD	THERAPEUTIC FC	DDD-MULTI PRG
1	Department of Aging				
2	Department of Children and Family Services	4,258,643	1,846,556	2,142,352	157,695
3	Department of Corrections				
4	Medicaid Rehab Option (MRO) Payments				
5	Department of Human Services				3,611,376
6	Department of Public Aid				
7	Department of Public Health				
8	Local Education Agency/ School District				
9	Local Government				
10	Federal Government				
11	Other Government Agencies				
12	Client / Family Program Fees (incl. SSI, SSA, pensions, etc.)	7,019	324	53,825	627,464
13	Special Service Fees for Individual Clients				
14	Diagnostic Service Fees				
15	Other (Specify Program Values on Revenues - Other Worksheet)	248	21	0	31,111
16	Total Fees + Purchase of Services (Sum Lines 1 - 15)	4,265,910	1,846,901	2,196,177	4,427,646
17	Department of Aging				
18	Department of Children and Family Services				
19	Department of Corrections				
20	donated/Certified Funds Initiative (DFI / CFI)				
21	Department of Human Services				
22	Department of Public Aid				
23	Department of Public Health				
24	Local Education Agency/ School District				
25	Local Government Awards				
26	Federal Government Awards				
27	Other Government Awards				
28	JTPA / CETA				
29	Other (Specify Program Values on Revenues - Other Worksheet)	0	0	0	0
30	Total Grant Revenues (Sum Lines 17 - 29)	0	0	0	0
31	Restricted to Operations				
32	Restricted to Capital				
33	Unrestricted	50		91,810	16,246
34	Contributions - Goods and Services				
35	Child & Adult Food Programs (school meals, commodities)				
36	School Transportation Payments (to/from school)				
37	Sales of Goods and Services				
38	Rent Income				
39	Gain on Sale of Assets				-98
40	Cafeteria and Vending Machine				
41	Other (Specify Program Values on Revenues - Other Worksheet)	39,496	-37,866	-1,632	8,307
42	Total Contributions & Other (Sum Lines 31 - 41)	39,546	-37,866	90,178	24,455
43	Income on Restricted Assets / Investments				
44	Income on Unrestricted Assets / Investments				
45	Total Investment Income (Sum Lines 43 & 44)	0	0	0	0
46	TOTAL REVENUES (Sum Lines 16, 30, 42, 45, 46)	4,305,456	1,809,035	2,286,355	4,452,101

Lutheran Social Services of Illinois and Subsidiary Corporations

Illinois Department of Children and Family Services and Illinois Department of Human Services Report of Service Units/Days/Nights
 Year Ended June 30, 2021

PROGRAMS		SERVICE UNIT TYPE	CLIENT UNITS ENROLLED	CLIENT UNITS DELIVERED	DAYS PROGRAM OPERATED	BEGIN LICENSE CAPACITY	END LICENSE CAPACITY	CHANGE DATE (MM/DD/YYYY)
1	INTACT FAMILY	x	0	1,105	365	NA	NA	NA
2	PERF FC-D/H/T	x	0	2,240	365	NA	NA	NA
3	SPEC FC MH	x	0	108	365	NA	NA	NA
4	SPEC FC MD	x	0	28	365	NA	NA	NA
5	THERAPEUTIC FC	x	0	42	365	NA	NA	NA
6	DDD-MULTI PRG	x	127	53,392	365	NA	NA	NA
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Lutheran Social Services of Illinois and Subsidiary Corporations

Illinois Department of Children and Family Services and Illinois Department of Human Services Program Personnel

Year Ended June 30, 2021

HOURS IN WORK WEEK	LINE	STAFF POSITIONS	AGENCY HOURS	AGENCY AMOUNT	AGENCY HEADCOUNT	AGENCY NOT ALLOCATED	PROGRAM 1 PERCENT	PROGRAM 1 AMOUNT	PROGRAM 1 HEADCOUNT
	1	Audiologist				0	0.00		
	2	Behavior Therapist		288,854		-6,565	0.00		
	3	Dietary Technician				0	0.00		
	4	Dietitian				0	0.00		
	5	Habilitation Aide / Child Care Aide		4,236,759		1,633,940	19.23	814,939.67	
	6	Habilitation Professional or Supervisory Staff		13,281,771		1,809,127	16.21	2,152,386.89	
	7	LPN		566,253		566,253	0.00		
	8	Occupational Therapist				0	0.00		
	9	Physical Therapist				0	0.00		
	10	Physician				0	0.00		
	11	Principal				0	0.00		
	12	Program Director		6,841,717		4,629,635	5.52	377,338.78	
	13	Program Clerical Staff		6,500,735		5,973,843	1.07	69,684.73	
	14	Psychiatrist				-56,831	0.00		
	15	Psychologist				0	0.00		
	16	Recreation Staff		86,063		86,063	0.00		
	17	Registered Nurse		323,019		321,214	0.00		
	18	Social Worker		12,389,538		#REF!	0.70	86,748.00	
	19	Speech Therapist				0	0.00		
	20	Substance Abuse Counselor / Professional		99,795		99,795	0.00		
	21	Substance Abuse Paraprofessional				0	0.00		
	22	Teacher		9,380		9,380	0.00		
	23	Teacher Aide				0	0.00		
	24	Vocational Staff (incl. Job Coach, workshop staff, etc.)		47,561		-14,018	28.11	13,371.24	
	25	Other Academic Instruction		114,657		101,734	0.00		
	26	Other Medical Care		156,619		156,619	0.00		
	27	Other Habilitation / Rehabilitation		46		46	0.00		
	28	Other Substance Abuse				0	0.00		
	29	All Other Program Staff (Specify on Personnel - Other Worksheet)		1,700,384		1,474,234	6.47	109,967.00	0
	30	TOTAL ALL POSITIONS	0.00	46,643,151	0.00	#REF!	7.77	3,624,436.31	0
	31	Mental Health Professional (MHP)				0	0.00		
	32	Qualified Mental Health Professional (QMHP)				0	0.00		
	33	Qualified Mental Retardation Professional (QMRP)		114,657		101,734	0.00		
	34	Rehabilitative Services Associate (RSA)				0	0.00		
	35	SEP Job Coach - DHS Use Only				0	0.00		

Lutheran Social Services of Illinois and Subsidiary Corporations

Illinois Department of Children and Family Services and Illinois Department of Human Services Program Personnel

Year Ended June 30, 2021

LINE	STAFF POSITIONS	PROGRAM 2	PROGRAM 2	PROGRAM 2	PROGRAM 3	PROGRAM 3	PROGRAM 3	PROGRAM 4	PROGRAM 4	PROGRAM 4
		PERCENT	AMOUNT	HEADCOUNT	PERCENT	AMOUNT	HEADCOUNT	PERCENT	AMOUNT	HEADCOUNT
		PERF FC-D/H/T			SPEC FC MH			SPEC FC MD		
1	Audiologist	0.00			0.00		0	0.00		0
2	Behavior Therapist	25.79	74,487.22		1.95	5,646.12	0	1.64	4,746.61	0
3	Dietary Technician	0.00			0.00		0	0.00		0
4	Dietitian	0.00			0.00		0	0.00		0
5	Habilitation Aide / Child Care Aide	24.08	1,020,196.95		2.38	100,862.79	0	0.92	39,059.42	0
6	Habilitation Professional or Supervisory Staff	58.28	7,740,950.80		5.55	736,478.04	0	2.19	290,833.37	0
7	LPN	0.00			0.00		0	0.00		0
8	Occupational Therapist	0.00			0.00			0.00		
9	Physical Therapist	0.00			0.00			0.00		
10	Physician	0.00			0.00			0.00		
11	Principal	0.00			0.00			0.00		
12	Program Director	18.07	1,236,174.18		1.72	117,407.57		0.70	47,924.41	
13	Program Clerical Staff	5.71	371,360.60		0.55	35,651.48		0.23	14,702.06	
14	Psychiatrist	0.00			0.00			0.00		
15	Psychologist	0.00			0.00			0.00		
16	Recreation Staff	0.00			0.00			0.00		
17	Registered Nurse	0.00			0.00			0.00		
18	Social Worker	4.73	586,280.64		#REF!	56,831.06		0.25	31,576.23	
19	Speech Therapist	0.00			0.00			0.00		
20	Substance Abuse Counselor / Professional	0.00			0.00			0.00		
21	Substance Abuse Paraprofessional	0.00			0.00			0.00		
22	Teacher	0.00			0.00			0.00		
23	Teacher Aide	0.00			0.00			0.00		
24	Vocational Staff (incl. Job Coach, workshop staff, etc.)	25.29	12,026.47		2.78	1,322.12		1.86	882.59	
25	Other Academic Instruction	0.00			0.00			0.00		
26	Other Medical Care	0.00			0.00			0.00		
27	Other Habilitation / Rehabilitation	0.00			0.00			0.00		
28	Other Substance Abuse	0.00			0.00			0.00		
29	All Other Program Staff (Specify on Personnel - Other Worksheet)	4.51	76,697.00	0	0.40	6,858.00	0	0.14	2,404.00	0
30	TOTAL ALL POSITIONS	23.84	11,118,173.86	0	2.27	1,061,057.18	0	0.93	432,128.69	0
31	Mental Health Professional (MHP)	0.00			0.00			0.00		
32	Qualified Mental Health Professional (QMHP)	0.00			0.00			0.00		
33	Qualified Mental Retardation Professional (QMRP)	0.00			0.00			0.00		
34	Rehabilitative Services Associate (RSA)	0.00			0.00			0.00		
35	SEP Job Coach - DHS Use Only	0.00			0.00	0.00	0	0.00		

Lutheran Social Services of Illinois and Subsidiary Corporations

Illinois Department of Children and Family Services and Illinois Department of Human Services Program Personnel

Year Ended June 30, 2021

LINE	STAFF POSITIONS	PROGRAM 5	PROGRAM 5	PROGRAM 5	PROGRAM 6	PROGRAM 6	PROGRAM 6	PROGRAM 7	PROGRAM 7	PROGRAM 7
		PERCENT	AMOUNT	HEADCOUNT	PERCENT	AMOUNT	HEADCOUNT	PERCENT	AMOUNT	HEADCOUNT
		THERAPEUTIC FC			DDD-MULTI PRG					
1	Audiologist	0.00			0.00			0.00		
2	Behavior Therapist	72.89	210,539.50		0.00			0.00		
3	Dietary Technician	0.00			0.00			0.00		
4	Dietitian	0.00			0.00			0.00		
5	Habilitation Aide / Child Care Aide	0.24	10,375.78		14.57	617,384.01		0.00		
6	Habilitation Professional or Supervisory Staff	3.52	466,973.12		0.64	85,021.43		0.00		
7	LPN	0.00			0.00			0.00		
8	Occupational Therapist	0.00			0.00			0.00		
9	Physical Therapist	0.00			0.00			0.00		
10	Physician	0.00			0.00			0.00		
11	Principal	0.00			0.00			0.00		
12	Program Director	1.39	95,072.40		4.94	338,165.12		0.00		
13	Program Clerical Staff	0.55	35,492.90		0.00			0.00		
14	Psychiatrist	0.00			0.00			0.00		
15	Psychologist	0.00			0.00			0.00		
16	Recreation Staff	0.00			0.00			0.00		
17	Registered Nurse	0.00			0.56	1,804.81		0.00		
18	Social Worker	-0.01	-1,226.80		7.44	921,392.47		0.00		
19	Speech Therapist	0.00			0.00			0.00		
20	Substance Abuse Counselor / Professional	0.00			0.00			0.00		
21	Substance Abuse Paraprofessional	0.00			0.00			0.00		
22	Teacher	0.00			0.00			0.00		
23	Teacher Aide	0.00			0.00			0.00		
24	Vocational Staff (incl. Job Coach, workshop staff, etc.)	71.44	33,976.78		0.00			0.00		
25	Other Academic Instruction	0.00			11.27	12,923.03		0.00		
26	Other Medical Care	0.00			0.00			0.00		
27	Other Habilitation / Rehabilitation	0.00			0.00			0.00		
28	Other Substance Abuse	0.00			0.00			0.00		
29	All Other Program Staff (Specify on Personnel - Other Worksheet)	1.78	30,224.00	0	0.00	0.00	0	0.00	0.00	0
30	TOTAL ALL POSITIONS	1.89	881,427.68	0	4.24	1,976,690.87	0	0.00	0.00	0
31	Mental Health Professional (MHP)	0.00			0.00			0.00		
32	Qualified Mental Health Professional (QMHP)	0.00			0.00			0.00		
33	Qualified Mental Retardation Professional (QMRP)	0.00			11.27	12,923.03		0.00		
34	Rehabilitative Services Associate (RSA)	0.00			0.00			0.00		
35	SEP Job Coach - DHS Use Only	0.00			0.00			0.00		

Lutheran Social Services of Illinois and Subsidiary Corporations

Illinois Department of Children and Family Services and Illinois Department of Human Services Consultant and Contractual
Year Ended June 30, 2021

LINE	CONTRACTUAL STAFF POSITIONS	AGENCY HOURS	AGENCY AMOUNT	AGENCY NOT ALLOCATED	PROGRAM 1	PROGRAM 1	PROGRAM 2	PROGRAM 2
					PERCENT	AMOUNT	PERCENT	AMOUNT
					INTACT FAMILY		PERF FC-D/H/T	
1	Audiologist			0	0.00		0.00	
2	Behavior Therapist			0	0.00		0.00	
3	Dietary Technician			0	0.00		0.00	
4	Dietitian			0	0.00		0.00	
5	Habilitation Aide / Child Care Aide			0	0.00		0.00	
6	Habilitation Professional or Supervisory Staff			0	0.00		0.00	
7	LPN		79,026	30,029	0.32	251	1.81	1,430
8	Occupational Therapist		210	210	0.00		0.00	
9	Physical Therapist			0	0.00		0.00	
10	Physician		102,880	102,880	0.00		0.00	
11	Principal			0	0.00		0.00	
12	Program Director		111,000	111,000	0.00		0.00	
13	Program Clerical Staff			0	0.00		0.00	
14	Psychiatrist		340,110	298,290	0.00		0.26	875
15	Psychologist		53,325	53,325	0.00		0.00	
16	Recreation Staff			0	0.00		0.00	
17	Registered Nurse		13,470	0	0.00		0.00	
18	Social Worker		576,907	-1,117	26.84	154,868	61.86	356,891
19	Speech Therapist			0	0.00		0.00	
20	Substance Abuse Counselor / Professional		3,680	3,680	0.00		0.00	
21	Substance Abuse Paraprofessional			0	0.00		0.00	
22	Teacher			0	0.00		0.00	
23	Teacher Aide			0	0.00		0.00	
24	Vocational Staff (incl. Job Coach, workshop staff, etc.)			0	0.00		0.00	
25	Other Academic Instruction			0	0.00		0.00	
26	Other Medical Care		296,152	294,686	0.09	259	0.06	185
27	Other Habilitation / Rehabilitation			0	0.00		0.00	
28	Other Substance Abuse			0	0.00		0.00	
29	All Other Program Staff (Specify on Contractual - Other Worksheet)		1,490,005	1,239,563	0.50	7,392	0.51	7,604
30	TOTAL ALL POSITIONS	0.00	3,066,765	2,132,546	5.31	162,770	11.97	366,985
31	Mental Health Professional (MHP)			0	0.00		0.00	
32	Qualified Mental Health Professional (QMHP)			0	0.00		0.00	
33	Qualified Mental Retardation Professional (QMRP)			0	0.00		0.00	
34	Rehabilitative Services Associate (RSA)			0	0.00		0.00	
35	SEP Job Coach - DHS Use Only			0	0.00		0.00	

Lutheran Social Services of Illinois and Subsidiary Corporations

Illinois Department of Children and Family Services and Illinois Department of Human Services Consultant and Contractual
Year Ended June 30, 2021

LINE	CONTRACTUAL STAFF POSITIONS	PROGRAM 3	PROGRAM 3	PROGRAM 4	PROGRAM 4	PROGRAM 5	PROGRAM 5	PROGRAM 6	PROGRAM 6
		PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT
		SPEC FC MH		SPEC FC MD		THERAPEUTIC FC		DDD-MULTI PRG	
1	Audiologist	0.00		0.00		0.00		0.00	
2	Behavior Therapist	0.00		0.00		0.00		0.00	
3	Dietary Technician	0.00		0.00		0.00		0.00	
4	Dietitian	0.00		0.00		0.00		0.00	
5	Habilitation Aide / Child Care Aide	0.00		0.00		0.00		0.00	
6	Habilitation Professional or Supervisory Staff	0.00		0.00		0.00		0.00	
7	LPN	0.34	266	40.37	31,899	0.00		19.17	15,151
8	Occupational Therapist	0.00		0.00		0.00		0.00	
9	Physical Therapist	0.00		0.00		0.00		0.00	
10	Physician	0.00		0.00		0.00		0.00	
11	Principal	0.00		0.00		0.00		0.00	
12	Program Director	0.00		0.00		0.00		0.00	
13	Program Clerical Staff	0.00		0.00		0.00		0.00	
14	Psychiatrist	0.22	741	0.00		9.04	30,754	2.78	9,450
15	Psychologist	0.00		0.00		0.00		0.00	
16	Recreation Staff	0.00		0.00		0.00		0.00	
17	Registered Nurse	0.00		0.00		0.00		100.00	13,470
18	Social Worker	4.42	25,510	6.52	37,639	0.54	3,116	0.00	
19	Speech Therapist	0.00		0.00		0.00		0.00	
20	Substance Abuse Counselor / Professional	0.00		0.00		0.00		0.00	
21	Substance Abuse Paraprofessional	0.00		0.00		0.00		0.00	
22	Teacher	0.00		0.00		0.00		0.00	
23	Teacher Aide	0.00		0.00		0.00		0.00	
24	Vocational Staff (incl. Job Coach, workshop staff, etc.)	0.00		0.00		0.00		0.00	
25	Other Academic Instruction	0.00		0.00		0.00		0.00	
26	Other Medical Care	0.00		0.00		0.00		0.35	1,022
27	Other Habilitation / Rehabilitation	0.00		0.00		0.00		0.00	
28	Other Substance Abuse	0.00		0.00		0.00		0.00	
29	All Other Program Staff (Specify on Contractual - Other Worksheet)	0.00	0	0.00	0	15.77	234,946	0.03	500
30	TOTAL ALL POSITIONS	0.86	26,517	2.27	69,538	8.77	268,816	1.29	39,593
31	Mental Health Professional (MHP)	0.00		0.00		0.00		0.00	
32	Qualified Mental Health Professional (QMHP)	0.00		0.00		0.00		0.00	
33	Qualified Mental Retardation Professional (QMRP)	0.00		0.00		0.00		0.00	
34	Rehabilitative Services Associate (RSA)	0.00		0.00		0.00		0.00	
35	SEP Job Coach - DHS Use Only	0.00		0.00		0.00		0.00	