

Benefits Data Trust

Financial Statements
with Supplementary Information
for Uniform Guidance
Years Ended December 31, 2022 and 2021



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BENEFITS DATA TRUST

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors Benefits Data Trust

Opinion

We have audited the accompanying financial statements of Benefits Data Trust (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Benefits Data Trust as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Benefits Data Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Benefits Data Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Benefits Data Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Benefits Data Trust's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules shown on pages 15-20, as required by the City of Philadelphia *Subrecipient Audit Guide*, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule shown on page 22, as required by the Commonwealth of Pennsylvania Department of Human Services, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards shown on pages 23-26, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the City of Philadelphia *Subrecipient Audit Guide*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2023 on our consideration of Benefits Data Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Benefits Data Trust'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 Benefits Data Trust's internal control over financial reporting and compliance.

BBD 2LP

Philadelphia, Pennsylvania
July 31, 2023

BENEFITS DATA TRUST

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash		
Operating	\$ -	\$ 6,253,886
Restricted	2,605,378	4,678,973
Contracts receivable	5,372,785	5,471,014
Grants and contributions receivable	1,586,203	2,369,577
Investments - Board designated	24,621,370	5,983,515
Other	<u>179,150</u>	<u>176,049</u>
Total current assets	34,364,886	24,933,014
GRANTS AND CONTRIBUTIONS RECEIVABLE , net of current portion	-	571,000
RIGHT TO USE ASSET	3,465,161	-
PROPERTY AND EQUIPMENT , net of accumulated depreciation of \$6,811,914 in 2022 and \$5,381,880 in 2021	<u>5,593,427</u>	<u>5,198,127</u>
Total assets	<u>\$ 43,423,474</u>	<u>\$ 30,702,141</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 372,896	\$ 1,085,380
Accrued expenses and other liabilities	1,479,405	1,200,331
Refundable advance	4,300,709	4,678,973
Operating lease liability	<u>1,102,500</u>	<u>-</u>
Total current liabilities	<u>7,255,510</u>	<u>6,964,684</u>
LONG-TERM LIABILITIES		
Operating lease liability	4,466,939	-
Deferred rent	<u>-</u>	<u>2,403,778</u>
Total long-term liabilities	<u>4,466,939</u>	<u>2,403,778</u>
Total liabilities	<u>11,722,449</u>	<u>9,368,462</u>
NET ASSETS		
Without donor restrictions		
Operating	4,407,849	9,321,325
Board designated	<u>24,621,370</u>	<u>5,983,515</u>
	29,029,219	15,304,840
With donor restrictions	<u>2,671,806</u>	<u>6,028,839</u>
Total net assets	<u>31,701,025</u>	<u>21,333,679</u>
Total liabilities and net assets	<u>\$ 43,423,474</u>	<u>\$ 30,702,141</u>

See accompanying notes

BENEFITS DATA TRUST

STATEMENTS OF ACTIVITIES

Years ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Program service revenue	\$12,937,546	\$ -	\$12,937,546	\$14,286,156	\$ -	\$14,286,156
Grants and contributions	31,277,531	1,376,700	32,654,231	10,337,569	3,797,205	14,134,774
Investment income (loss)	(308,399)	-	(308,399)	(65)	-	(65)
Other income	15,535	-	15,535	58	-	58
Net assets released from restrictions	4,733,733	(4,733,733)	-	8,446,605	(8,446,605)	-
Total revenue and support	<u>48,655,946</u>	<u>(3,357,033)</u>	<u>45,298,913</u>	<u>33,070,323</u>	<u>(4,649,400)</u>	<u>28,420,923</u>
EXPENSES						
Program services	25,512,682	-	25,512,682	22,075,285	-	22,075,285
Supporting services						
Management and general	8,243,078	-	8,243,078	5,600,816	-	5,600,816
Fundraising	1,175,807	-	1,175,807	827,052	-	827,052
Total expenses	<u>34,931,567</u>	<u>-</u>	<u>34,931,567</u>	<u>28,503,153</u>	<u>-</u>	<u>28,503,153</u>
CHANGE IN NET ASSETS	13,724,379	(3,357,033)	10,367,346	4,567,170	(4,649,400)	(82,230)
NET ASSETS						
Beginning of year	<u>15,304,840</u>	<u>6,028,839</u>	<u>21,333,679</u>	<u>10,737,670</u>	<u>10,678,239</u>	<u>21,415,909</u>
End of year	<u>\$29,029,219</u>	<u>\$ 2,671,806</u>	<u>\$31,701,025</u>	<u>\$15,304,840</u>	<u>\$ 6,028,839</u>	<u>\$21,333,679</u>

See accompanying notes

BENEFITS DATA TRUST

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31, 2022 and 2021

	2022				2021			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 15,609,492	\$ 4,898,953	\$ 882,181	\$ 21,390,626	\$ 12,993,314	\$ 3,195,732	\$ 607,791	\$ 16,796,837
Payroll taxes and fringe benefits	3,867,814	1,240,089	197,624	5,305,527	3,085,267	737,810	128,083	3,951,160
	19,477,306	6,139,042	1,079,805	26,696,153	16,078,581	3,933,542	735,874	20,747,997
Bank charges	-	10,636	-	10,636	-	10,539	-	10,539
Depreciation and amortization	1,015,323	371,808	42,903	1,430,034	863,878	316,349	36,502	1,216,729
Insurance	-	146,064	-	146,064	-	119,927	-	119,927
IT technology and equipment	1,818,184	289,200	22,057	2,129,441	1,422,687	246,585	27,717	1,696,989
Mail production	1,255,138	-	-	1,255,138	939,608	250	-	939,858
Occupancy	600,430	230,546	25,370	856,346	611,127	231,913	25,805	868,845
Placement fees	-	133,717	-	133,717	-	207,670	-	207,670
Professional fees	505,375	641,456	2,167	1,148,998	901,120	385,613	291	1,287,024
Staff functions	-	24,495	-	24,495	-	47,525	-	47,525
Subcontractors	772,606	-	-	772,606	1,241,650	-	-	1,241,650
Supplies	20,655	73,047	1,063	94,765	5,972	48,941	280	55,193
Conferences and training	25,543	56,281	1,172	82,996	9,045	18,998	325	28,368
Filing fees	-	10,826	-	10,826	-	19,839	-	19,839
Travel and conferences	22,122	115,960	1,270	139,352	1,617	13,125	258	15,000
Total expenses	\$ 25,512,682	\$ 8,243,078	\$ 1,175,807	\$ 34,931,567	\$ 22,075,285	\$ 5,600,816	\$ 827,052	\$ 28,503,153

See accompanying notes

BENEFITS DATA TRUST

STATEMENTS OF CASH FLOWS

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 10,367,346	\$ (82,230)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation and amortization	1,430,034	1,216,729
Realized and unrealized loss on investments	799,973	103,574
(Increase) decrease in		
Contracts receivable	98,229	(919,985)
Grants and contributions receivable	1,354,374	4,737,170
Other assets	(3,101)	17,089
Right to use asset	(3,465,161)	-
Increase (decrease) in		
Accounts payable	(712,484)	85,856
Accrued expenses and other liabilities	279,074	204,158
Refundable advance	(378,264)	(4,495,069)
Deferred rent	(2,403,778)	(264,623)
Operating lease liability	5,569,439	-
Net cash provided by operating activities	<u>12,935,681</u>	<u>602,669</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	5,050,000	-
Purchase of investments	(24,487,828)	(6,087,089)
Purchase of property and equipment	(1,825,334)	(1,764,208)
Net cash used for investing activities	<u>(21,263,162)</u>	<u>(7,851,297)</u>
Net change in cash and restricted cash	(8,327,481)	(7,248,628)
CASH AND RESTRICTED CASH		
Beginning of year	<u>10,932,859</u>	<u>18,181,487</u>
End of year	<u>\$ 2,605,378</u>	<u>\$ 10,932,859</u>
CASH BOARD DESIGNATED AND RESTRICTED		
Cash-Operating	\$ -	\$ 6,253,886
Cash-Restricted	<u>2,605,378</u>	<u>4,678,973</u>
Total cash and restricted cash at end of year	<u>\$ 2,605,378</u>	<u>\$ 10,932,859</u>

See accompanying notes

BENEFITS DATA TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

(1) ORGANIZATION

Benefits Data Trust ("**BDT**" or the "**Organization**") improves health and financial security by harnessing the power of data, technology and policy to provide dignified and equitable access to assistance. Together with a national network of government agencies and partners, BDT efficiently connects people today to programs that pay for food, healthcare and more while helping to modernize benefits access for tomorrow. A nonprofit since 2005, BDT has secured more than \$9 billion in benefits for households across the country, helping to reduce hunger and poverty and build pathways to economic mobility. Learn more at bdtrust.org.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of BDT have been prepared utilizing the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("**U.S. GAAP**") as applicable to not-for-profit organizations.

Financial Statement Presentation

BDT reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets which are not subject to donor-imposed restrictions.

This category also includes board designated net assets which are comprised of funds that are designated by the board to fill in short-term gaps in funding to ensure continuity of services/programs, position BDT to meet strategic objectives and other long-range planning. The board designated net assets are to be adjusted each year based on board approved budgeted expenditures.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of BDT and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "net assets released from restrictions."

Also included in this category are net assets that are subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting BDT to expend the income generated in accordance with the provision of the contribution. BDT did not have this type of net asset with donor restrictions at December 31, 2022 and 2021.

Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Restricted Cash

BDT's restricted cash consists of cash that the Organization is contractually obligated to return if specific performance obligations are not met.

BENEFITS DATA TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

Contracts Receivable and Grants and Contributions Receivable

Collection of contracts receivable is subject to the availability of funds from the appropriate governmental agency or other funding sources. Grants and contributions receivable generally represent amounts due under the terms of the grants or contributions from foundations or other donors. BDT establishes a provision for doubtful accounts based on history of past write-offs, collections and current credit conditions. Management has determined that a provision for doubtful accounts is not necessary as of December 31, 2022 and 2021.

Property and Equipment

Property and equipment are carried at cost, if purchased, and at the fair value at the date of donation if donated. Maintenance and repairs are charged directly to expense. Additions and betterments to property and equipment are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets.

Furniture and fixtures	7 years
Equipment	5 years
Leasehold improvements	Lease term
Software	5 years

Investments and Investment Income

Investments with readily determinable fair values are reported at fair value as determined by quoted market prices, with gains and losses included in the statements of activities. Dividend and interest income is recorded as earned.

BDT invests in a professionally-managed portfolio that contains various types of securities (**See Note 6**). Such investments are exposed to market and credit risks. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect the investment balances and the amounts reported in the financial statements.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Consequently, at December 31, 2022, contributions in the amount of \$9.2 million have not been recognized in the accompanying statements of activities because the condition(s) on which they depend has not yet been met. Conditional promises relate to grants through March 2026.

A portion of the BDT's program service revenue is derived from cost-reimbursable federal, state and city contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when BDT has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. BDT received cost-reimbursable grants of approximately \$7.2 million that have not been recognized at December 31, 2022 because qualifying expenditures have not yet been incurred.

Contributions and grants received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Unconditional contributions and grants are recognized as revenue when the related promise to give is received. Conditional contributions and grants are recognized as revenue when the conditions are satisfied.

BENEFITS DATA TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

Deferred Rent

At December 31, 2021, BDT has recognized a liability for deferred rent in connection with the operating lease for its administrative office. The liability represents the excess of rental expense recorded on a straight-line basis over the lease term as required by U.S. GAAP over the actual rental payments made to the lessor. Deferred rent also includes the unamortized portion of the cost of leasehold improvements paid by the landlord. With the implementation of the new lease standard, deferred rent was eliminated for the year ended December 31, 2022.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of BDT. Unobservable inputs reflect BDT's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that BDT has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect BDT's own assumptions.

Functional Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated based upon the program and supporting services benefited.

The financial statements have certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include administrative and executive salaries and wages (and related benefits and payroll taxes), depreciation and amortization, IT technology and equipment, occupancy, professional fees, supplies, conferences and training and travel and conference expenses, which are allocated on the basis of estimates of time and effort.

Income Taxes

BDT is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to BDT's tax-exempt purpose is subject to taxation as unrelated business income. In addition, BDT qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

U.S. GAAP requires entities to evaluate, measure and recognize any uncertain tax positions. U.S. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. BDT believes that it had no uncertain tax positions as defined by U.S. GAAP

BENEFITS DATA TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

Donated Services

BDT recognizes revenue for donated services received when they require specialized skills which would need to be purchased if they were not donated. Donated services are recorded as both revenue and expenses in the accompanying statements of activities at their estimated value at the date of receipt. The fair value of contributed services was \$119,606 and \$240,113 for the years ended December 31, 2022 and 2021, respectively, and are included in salaries on the statements of functional expenses.

The following is a summary of the donated services included as expenses on the statements of activities and functional expenses during the years ended December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Program	\$ 119,606	\$ 239,213
Management and general	-	900
	<u>\$ 119,606</u>	<u>\$ 240,113</u>

Concentration of Credit Risk

Cash and Receivables

Financial instruments which subject BDT to concentrations of credit risk are cash, contracts receivable and grants and contributions receivable. BDT maintains its cash at high quality financial institutions. At times, such deposits may exceed federally-insured limits. Contracts receivable are due primarily from governmental agencies and are expected to be collected in 2023. Grants and contributions receivable are expected to be collected through 2023.

Funding Sources

In 2022, BDT received a significant amount of its funding from one nongovernmental source. This funding source accounted for approximately \$20 million or 44% of total revenue and support for the year ended December 31, 2022. In 2021, BDT received a significant amount of its funding from two nongovernmental sources. The funding sources accounted for approximately \$7.4 million or 26% of total revenue and support for the year ended December 31, 2021. Amounts due from two sources as of December 31, 2022 accounted for approximately \$2.8 million or 41% of contracts and grants and contributions receivable. At December 31, 2021 amounts due from three source accounted for \$3.4 million or 41% of the contracts and grants and contributions receivable.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, Leases (Topic 842) and subsequent amendments to the initial guidance (collectively, "**Topic 842**"). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. This guidance was effective for the Organization in 2022, with early application permitted. The Organization adopted this standard using the modified retrospective approach. The results for reporting periods after January 1, 2022 are presented under Topic 842, while prior periods have not been adjusted.

BENEFITS DATA TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. The Organization has also elected the practical expedient to not separate lease components from non-lease components. As a result of the adoption of Topic 842, the Organization recognized \$6,294,290 in lease liabilities and right-to-use asset in the statement of financial position as of January 1, 2022. There was no impact on net assets.

(3) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets available within one year as of the statement of financial position date.

	<u>2022</u>	<u>2021</u>
Cash and restricted cash	\$ 2,605,378	\$ 10,932,859
Contracts receivable	5,372,785	5,471,014
Grants and contribution receivable within one year	1,586,203	2,369,577
Investments	<u>24,621,370</u>	<u>5,983,515</u>
Total financial assets	34,185,736	24,756,965
Less: financial assets not available for general operations within one year		
Restricted cash for conditional promises to give Board designated funds	(2,605,378)	(4,678,973)
	<u>(24,621,370)</u>	<u>(5,983,515)</u>
Total financial assets available for general operations within one year	<u>\$ 6,958,988</u>	<u>\$ 14,094,477</u>

Liquidity Management

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

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and a line of credit. See Note 8 for information about the Organization's line of credit.

(4) CONTRACTS RECEIVABLE

Contracts receivable consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Pennsylvania Department of Human Services	\$ 792,640	\$ 1,196,532
Magellan Health Services	599,590	599,589
City of Philadelphia	78,123	699,174
Other State sources	3,485,412	2,517,794
Other	<u>417,020</u>	<u>457,925</u>
	<u>\$ 5,372,785</u>	<u>\$ 5,471,014</u>

BENEFITS DATA TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

(5) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 1,586,203	\$ 2,369,577
Receivable in one to five years	-	600,000
	<u>1,586,203</u>	<u>2,969,577</u>
Less discount to present value (at 2.5%)	-	(29,000)
	<u>\$ 1,586,203</u>	<u>\$ 2,940,577</u>

(6) INVESTMENTS

Investments consist of the following as of December 31,:

	<u>2022</u>	<u>2021</u>
Money market funds and accrued interest	\$ 1,297,096	\$ 351,515
Mutual funds - fixed income	8,025	7,044
US treasuries	23,316,249	2,395,092
Corporate bonds	-	3,229,864
	<u>\$ 24,621,370</u>	<u>\$ 5,983,515</u>

All investments are valued using level 1 (quoted prices in active markets) valuation inputs, except for US treasuries and corporate bonds which are measured using level 2 (quoted prices in inactive markets or significant observable inputs) valuation inputs.

Investment income (loss) consists of the following for the year ended December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 491,574	\$ 103,509
Realized gain (loss)	-	(35)
Unrealized gain (loss)	<u>(799,973)</u>	<u>(103,539)</u>
	<u>\$ (308,399)</u>	<u>\$ (65)</u>

(7) PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 440,378	\$ 440,378
Furniture and fixtures	636,853	636,853
Leasehold improvements	3,276,879	3,276,879
Software	<u>8,051,231</u>	<u>6,225,897</u>
	12,405,341	10,580,007
Less accumulated depreciation	<u>6,811,914</u>	<u>5,381,880</u>
	<u>\$ 5,593,427</u>	<u>\$ 5,198,127</u>

BENEFITS DATA TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

Depreciation was \$1,430,034 and \$1,216,729 for the years ended December 31, 2022 and 2021, respectively.

(8) LINE OF CREDIT

BDT has a revolving line of credit arrangement with a bank in the amount of \$4,000,000, bearing interest at the prime rate (prime rate was 7.50% as of December 31, 2022) plus .50%. BDT had no outstanding advances on the line of credit at December 31, 2022 and 2021. BDT did not utilize the line during the years ended December 31, 2022 and 2021.

(9) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 and 2021 consisted of the following:

	<u>January 1, 2022</u>	<u>Contributions</u>	<u>Releases from Restriction</u>	<u>December 31, 2022</u>
Purpose restricted				
SNAP outreach and enrollment	\$ 20,900	\$ -	\$ (20,900)	\$ -
Multi-benefit outreach and enrollment	1,609,574	876,700	(1,955,878)	530,396
Scaling, platforms and expansion	3,116,873	500,000	(2,168,797)	1,448,076
Policy & research	<u>1,281,492</u>	<u>-</u>	<u>(588,158)</u>	<u>693,334</u>
	<u>\$ 6,028,839</u>	<u>\$ 1,376,700</u>	<u>\$ (4,733,733)</u>	<u>\$ 2,671,806</u>

	<u>January 1, 2021</u>	<u>Contributions</u>	<u>Releases from Restriction</u>	<u>December 31, 2021</u>
Purpose restricted				
SNAP outreach and enrollment	\$ 350,001	\$ 120,000	\$ (449,101)	\$ 20,900
Capital infrastructure	289,751	-	(289,751)	-
Multi-benefit outreach and enrollment	2,206,720	2,421,205	(3,018,351)	1,609,574
Scaling, platforms and expansion	7,621,031	16,000	(4,520,158)	3,116,873
Policy & research	<u>210,736</u>	<u>1,240,000</u>	<u>(169,244)</u>	<u>1,281,492</u>
	<u>\$ 10,678,239</u>	<u>\$ 3,797,205</u>	<u>\$ (8,446,605)</u>	<u>\$ 6,028,839</u>

(10) EMPLOYEE BENEFIT PLANS

BDT has a defined-contribution 401(k) retirement savings plan, which covers all employees age 20 and over, with at least 60 days of continuous service. The plan contains provisions for a discretionary match and nonelective contributions. Employees are 100% vested in employee and employer contributions to the plan. For the years ended December 31, 2022 and 2021, BDT's contribution was \$702,180 and \$565,573, respectively.

BENEFITS DATA TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

(11) LEASES

The Organization has entered into various noncancelable operating leases for occupancy and equipment. The components of lease costs were as follows for the year ended December 31, 2022:

Operating lease costs	Occupancy	\$ 798,677
Operating lease costs	Utilities	22,505
Operating lease costs	Equipment	<u>35,164</u>
Total operating lease costs		<u>\$ 856,346</u>

As of December 31, 2022, the maturities of the Organization's lease liabilities were as follows:

Year Ending December 31,

2023	\$ 1,102,500
2024	1,122,100
2025	1,141,700
2026	1,161,300
2027	1,184,428
Thereafter	907,284
Less: imputed interest	<u>(1,049,873)</u>
	<u>\$ 5,569,439</u>

The weighted average remaining lease term and weighted average discount rate were as follows as of December 31, 2022:

Weighted Average remaining lease term (in years)	5.75
Weighted Average discount rate	6%

BDT issued a letter of credit totaling \$490,000 with the Organization's primary banking institution to act as collateral in lieu of a security deposit for the leased headquarters in Philadelphia.

(12) SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 31, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2022 that require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

BENEFITS DATA TRUST
MAYOR'S OFFICE OF COMMUNITY EMPOWERMENT AND OPPORTUNITY
CONTRACT NUMBER 2220662

STATEMENT OF SOURCE AND STATUS OF FUNDS

January 1, 2022 to June 30, 2022

CEO

Total Contract	<u>\$ 659,652</u>
Less	
Funds drawn down, prior fiscal year	-
Funds drawn down, current fiscal year	<u>657,498</u>
Total funds drawn down	<u>657,498</u>
Funds still available for draw down	2,154
Add	
Program income	<u>-</u>
Total funds received	<u>657,498</u>
Less	
Program income expended	-
Funds applied, prior years	-
Funds applied, current year	<u>657,498</u>
Total funds applied	<u>657,498</u>
Total funds due to funding source	<u>\$ -</u>
Total funds available for disposition	<u>\$ 2,154</u>

BENEFITS DATA TRUST
MAYOR'S OFFICE OF COMMUNITY EMPOWERMENT AND OPPORTUNITY
CONTRACT NUMBER 2220662

STATEMENT OF PROGRAM EXPENDITURES

January 1, 2022 to June 30, 2022

Contract Categories	Approved Budget			Accrued Expenditures prior to January 1, 2022			Accrued Expenditures January 1, 2022 to June 30, 2022			Accrued Expenditures Cumulative to June 30, 2022		
	DCEO Funds	Leveraged Funds	Total Funds	DCEO Funds	Leveraged Funds	Total Funds	DCEO Funds	Leveraged Funds	Total Funds	DCEO Funds	Leveraged Funds	Total Funds
Operating costs												
Direct personnel	\$ 120,946	\$ -	\$ 120,946	\$ -	\$ -	\$ -	\$ 120,946	\$ -	\$ 120,946	\$ 120,946	\$ -	\$ 120,946
Direct fringe benefits	33,865	-	33,865	-	-	-	33,865	-	33,865	33,865	-	33,865
Travel	450	-	450	-	-	-	43	-	43.00	43.00	-	43.00
Occupancy	13,323	-	13,323	-	-	-	13,323	-	13,323	13,323	-	13,323
Direct client services	1,703	-	1,703	-	-	-	1,702	-	1,702	1,702	-	1,702
Consumable supplies	2,718	-	2,718	-	-	-	2,718	-	2,718	2,718	-	2,718
Equipment rental/lease	959	-	959	-	-	-	959	-	959	959	-	959
Other costs	103,532	-	103,532	-	-	-	103,532	-	103,532	103,532	-	103,532
Sub-Grants	382,156	-	382,156	-	-	-	380,410	-	380,410	380,410	-	380,410
Audit costs	-	-	-	-	-	-	-	-	-	-	-	-
Total costs	<u>\$ 659,652</u>	<u>\$ -</u>	<u>\$ 659,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657,498</u>	<u>\$ -</u>	<u>\$ 657,498</u>	<u>\$ 657,498</u>	<u>\$ -</u>	<u>\$ 657,498</u>

BENEFITS DATA TRUST
MAYOR'S OFFICE OF COMMUNITY EMPOWERMENT AND OPPORTUNITY
CONTRACT NUMBER 2220662

RECONCILIATION SCHEDULE

January 1, 2022 to June 30, 2022

	<u>Amount According to Books and Records</u>	<u>Amount According to Invoices</u>	<u>Differences</u>
Contract amount	<u>\$ 659,652</u>	<u>\$ 659,652</u>	<u>\$ -</u>
Program cost			
Current year	\$ 657,498	\$ 657,498	\$ -
Cumulative	<u>657,498</u>	<u>657,498</u>	<u>-</u>
Funds drawn down			
Current year	657,498	657,498	-
Cumulative	<u>657,498</u>	<u>657,498</u>	<u>-</u>
Balance on advances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BENEFITS DATA TRUST
MAYOR'S OFFICE OF COMMUNITY EMPOWERMENT AND OPPORTUNITY
CONTRACT NUMBER 2320322

STATEMENT OF SOURCE AND STATUS OF FUNDS

July 1, 2022 to December 31, 2022

CEO

Total Contract	<u>\$ 200,000</u>
Less	
Funds drawn down, prior fiscal year	-
Funds drawn down, current fiscal year	<u>200,000</u>
Total funds drawn down	<u>200,000</u>
Funds still available for draw down	<u>-</u>
Add	
Program income	<u>-</u>
Total funds received	<u>200,000</u>
Less	
Program income expended	-
Funds applied, prior years	-
Funds applied, current year	<u>200,000</u>
Total funds applied	<u>200,000</u>
Total funds due from funding source	<u>\$ -</u>
Total funds available for disposition	<u><u>\$ -</u></u>

BENEFITS DATA TRUST
MAYOR'S OFFICE OF COMMUNITY EMPOWERMENT AND OPPORTUNITY
CONTRACT NUMBER 2320322

STATEMENT OF PROGRAM EXPENDITURES

July 1, 2022 to December 31, 2022

Contract Categories	Approved Budget			Accrued Expenditures prior to July 1, 2022			Accrued Expenditures July 1, 2022 to December 31, 2022			Accrued Expenditures Cumulative to December 31, 2022		
	DCED Funds	Leveraged Funds	Total Funds	DCED Funds	Leveraged Funds	Total Funds	DCED Funds	Leveraged Funds	Total Funds	DCED Funds	Leveraged Funds	Total Funds
Operating costs												
Direct personnel	\$ 92,751	\$ -	\$ 92,751	\$ -	\$ -	\$ -	\$ 92,751	\$ -	\$ 92,751	\$ 92,751	\$ -	\$ 92,751
Direct fringe benefits	25,970	-	25,970	-	-	-	25,970	-	25,970	25,970	-	25,970
Travel	-	-	-	-	-	-	-	-	-	-	-	-
Occupancy	8,000	-	8,000	-	-	-	8,000	-	8,000	8,000	-	8,000
Direct client services	1,000	-	1,000	-	-	-	1,000	-	1,000	1,000	-	1,000
Consumable supplies	3,881	-	3,881	-	-	-	3,881	-	3,881	3,881	-	3,881
Equipment rental/lease	-	-	-	-	-	-	-	-	-	-	-	-
Other Costs	68,398	-	68,398	-	-	-	68,398	-	68,398	68,398	-	68,398
Sub-Grants	-	-	-	-	-	-	-	-	-	-	-	-
Audit costs	-	-	-	-	-	-	-	-	-	-	-	-
Total costs	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>

BENEFITS DATA TRUST
MAYOR'S OFFICE OF COMMUNITY EMPOWERMENT AND OPPORTUNITY
CONTRACT NUMBER 2320322

RECONCILIATION SCHEDULE

July 1, 2022 to December 31, 2022

	<u>Amount According to Books and Records</u>	<u>Amount According to Invoices</u>	<u>Differences</u>
Contract amount	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>
Program cost			
Current year	\$ 200,000	\$ 200,000	\$ -
Cumulative	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Funds drawn down			
Current year	200,000	200,000	-
Cumulative	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Balance on advances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**INDEPENDENT ACCOUNTANT'S REPORT ON
AGREED UPON PROCEDURES – COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF HUMAN SERVICES**

**Board of Directors
Benefits of Data Trust**

We have performed the procedures enumerated below, which were agreed to by Benefits Data Trust, solely to assist the Organization with respect to the supplemental schedule as required by Commonwealth of Pennsylvania, Department of Human Services ("**DHS**") for contracts SAP Nos. 4100082953, 4100082967, 4100082968, 4100083023, 4100083043, and 4100083040. The Organization's management is responsible for providing the supplemental schedule. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Benefits Data Trust. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are as follows:

- a) We agreed the expenditure amounts listed on the reconciliation schedule under the "Expenditures per the SEFA" column C to the audited Schedule of Expenditures of Federal Awards ("**SEFA**").
- b) We agreed the receipt amounts listed on the reconciliation schedule under the "Awards received per the audit confirmation reply from Pennsylvania" column D to the subrecipient amounts that were reflected in the audit confirmation reply from the Office of Budget, Comptroller Operations.
- c) We recalculated the amounts listed under the "Difference" column E and the "% Difference" column F.
- d) We agreed the "Detailed Explanation of the Differences" to the audited books and records of the entity.
- e) Based on the procedures detailed in (a) through (d), we do not have any adjustments or findings to reflect on the corresponding schedules.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the supplemental schedule reconciliation. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

BBD LLP

**Philadelphia, Pennsylvania
July 31, 2023**

**BENEFITS DATA TRUST
COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF HUMAN SERVICES**

***SUPPLEMENTAL SCHEDULE
RECONCILIATION***

Year ended December 31, 2022

(A)	(B)	(C)	(D)	(E)	(F)	(G)
<i>CFDA Name</i>	<i>CFDA#</i>	<i>Expenditures per the SEFA</i>	<i>Awards Received per the audit confirmation per the SEFA reply from Pennsylvania</i>	<i>Difference per the SEFA (C-D)</i>	<i>% Difference per the SEFA (C-D)</i>	<i>Detailed per the SEFA Explanation of the Difference</i>
<u><i>Information and Education (DDC)</i></u>						
Commonwealth of Pennsylvania, Department of Human Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	\$ 2,129,564	\$ 2,679,961	\$ (550,397)	-21%	Less 2021 AR \$550,397 payments included in confirmation

BENEFITS DATA TRUST

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Grant Period	Expenditures	Passed-Through to Subrecipients
<u>U.S. Department of Agriculture</u>					
Pass-Through Programs:					
Commonwealth of Pennsylvania, Department of Human Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	4100082953, 4100082967, 4100082968, 4100083023, 4100083043, 4100083040	10/01/21-09/30/22	\$ 1,373,582	\$ -
Commonwealth of Pennsylvania, Department of Human Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	4100082953, 4100082967, 4100082968, 4100083023, 4100083043, 4100083040	10/01/22-09/30/23	755,982	-
New York State Office of Temporary and Disability Assistance, Hunger Solutions New York State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	n/a	10/01/21-09/30/22	581,316	42,500
New York State Office of Temporary and Disability Assistance, Hunger Solutions New York State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	n/a	10/01/22-09/30/23	334,646	-
Maryland State Department of Human Resources State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	FFY22-24 SOP	10/01/21-09/30/22	511,054	-
Maryland State Department of Human Resources State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	FFY22-24 SOP	10/01/22-09/30/23	296,374	-

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See notes to the schedule of expenditures of federal awards

BENEFITS DATA TRUST

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period</u>	<u>Expenditures</u>	<u>Passed-Through to Subrecipients</u>
<u>U.S. Department of Agriculture</u>					
Colorado State Department of Human Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	22 IHGA 172300	10/01/21-09/30/22	596,075	21,403
Colorado State Department of Human Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	23 IHGA 177432	10/01/22-09/30/23	306,269	7,880
South Carolina Department of Social Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	4400027846	10/01/21-09/30/22	359,107	-
South Carolina Department of Social Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	4400030557	10/01/22-09/30/23	103,309	-
North Carolina Department of Health and Human Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	00043222	10/01/21-09/30/22	955,325	-
North Carolina Department of Health and Human Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	00045202	10/01/22-09/30/23	483,480	-
Michigan Department of Health and Human Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	E20224471-00	10/01/21-09/30/22	502,385	-

See notes to the schedule of expenditures of federal awards

BENEFITS DATA TRUST

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Grant Period	Expenditures	Passed-Through to Subrecipients
<u>U.S. Department of Agriculture</u>					
Michigan Department of Health and Human Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	E20224471-00	10/01/22-09/30/23	<u>232,640</u>	<u>-</u>
Total under SNAP Cluster				<u>7,391,544</u>	<u>71,783</u>
<u>U.S. Department of Health and Human Services</u>					
Pass-Through National Council on Aging Medicare Enrollment Assistance Program (PA)	93.071	N/A	10/01/20-09/30/23	62,451	-
Medicare Enrollment Assistance Program (MD)	93.071	N/A	10/01/20-09/30/23	46,068	-
Medicare Enrollment Assistance Program (CO)	93.071	N/A	10/01/20-04/30/22	<u>20,899</u>	<u>-</u>
Total under CFDA 93.071				<u>129,418</u>	<u>-</u>
Pass-Through City of Philadelphia Department of Community and Economic Development, Office of Community Empowerment and Opportunity Community Services Block Grant	93.569	2220662	01/01/22-06/30/22	<u>621,498</u>	<u>386,506</u>
Pass-Through City of Philadelphia Department of Community and Economic Development, Office of Community Empowerment and Opportunity Community Services Block Grant	93.569	2320322	07/01/22-12/31/22	<u>164,000</u>	<u>-</u>
Total Under CFDA 93.569				<u>785,498</u>	<u>386,506</u>
Total U.S. Department of Health and Human Services				<u>914,916</u>	<u>386,506</u>
Total Expenditures of Federal Awards				<u>\$ 8,306,460</u>	<u>\$ 458,289</u>

See notes to the schedule of expenditures of federal awards

BENEFITS DATA TRUST

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2022

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activities in all the federal award programs of Benefits Data Trust ("**BDT**"). All financial assistance received directly from federal agencies, as well as federal financial awards passed through other governmental and not-for-profit agencies are presented on the schedule of expenditures of federal awards. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "**Uniform Guidance**"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. BDT has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

(3) RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures are reported on the statements of functional expenses as program expenses. In certain programs, the expenditures reported in the basic financial statements may differ from expenditures reported in the schedule of expenditures of federal awards due to presentation differences for nongrant sources which provided support for the program.



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

**Board of Directors
Benefits Data Trust**

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 Benefits Data Trust (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benefits Data Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

BBD LLP

Philadelphia, Pennsylvania
July 31, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND THE CITY OF PHILADELPHIA *SUBRECIPIENT AUDIT GUIDE***

**Board of Directors
Benefits Data Trust**

Report on Compliance for Each Major Federal Program

We have audited Benefits Data Trust's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the City of Philadelphia *Subrecipient Audit Guide* that could have a direct and material effect on Benefits Data Trust's major federal program for the year ended December 31, 2022. Benefits Data Trust's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Benefits Data Trust 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 December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the City of Philadelphia *Subrecipient Audit Guide*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Benefits Data Trust's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and City of Philadelphia *Subrecipient Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Benefits Data Trust's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the City of Philadelphia *Subrecipient Audit Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Benefits Data Trust's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Benefits Data Trust's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and City of Philadelphia *Subrecipient Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of Benefits Data Trust's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the City of Philadelphia Subrecipient Audit Guide. Accordingly, this report is not suitable for any other purpose.

BBD 2LP

Philadelphia, Pennsylvania
July 31, 2023

BENEFITS DATA TRUST

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2022

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Benefits Data Trust were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements of Benefits Data Trust are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Benefits Data Trust were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for each major federal award program expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The programs tested as a major program were:
 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster) – ALN 10.561
 - Community Services Block Grant – ALN 93.569
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Benefits Data Trust did qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

BENEFITS DATA TRUST

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended December 31, 2022

There were no audit findings for the year ended December 31, 2021.