

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**



**LUTHERAN SOCIAL SERVICES OF NEVADA**

**JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Lutheran Social Services of Nevada  
Las Vegas, Nevada

### Report on the Financial Statements

We have audited the accompanying financial statements of Lutheran Social Services of Nevada (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

### Opinion

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



## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. 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 November 23, 2021, on our consideration of Lutheran Social Services of Nevada'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lutheran Social Services of Nevada's internal control over financial reporting and compliance.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada  
November 23, 2021

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**

ASSETS

CURRENT ASSETS

Cash	\$ 226,629
Investments	115,975
Accounts receivable	2,232
Grants receivable	149,670
Promises to give	58,675
Inventory	77,010
Prepaid expenses	12,462
	<hr/>
	642,653

OTHER ASSETS

Property and equipment, net	3,274,205
Security deposits	200
	<hr/>
	3,274,405
	<hr/>
	\$ 3,917,058

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 18,516
Accrued expenses	80,015
Refundable advance	43,901
	<hr/>
	142,432

NET ASSETS

Without donor restrictions	1,143,965
With donor restrictions	2,630,661
	<hr/>
	3,774,626
	<hr/>
	\$ 3,917,058

See notes to financial statements.

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**WITHOUT DONOR RESTRICTIONS**

Unrestricted revenue, gains and other support:	
Contributions and grants	\$ 1,674,207
Federal grants	1,799,460
Program revenue	5,357
In-kind donations, less Federal	513,593
Investment return, net	5,343
Gain on disposal of assets	4,000
Net assets released from restrictions	<u>703,040</u>
	<u>4,705,000</u>
Expenses:	
Program expenses:	
Community Nutrition Services	1,425,006
Family Empowerment Services	1,808,425
Senior Services	208,229
Supporting services:	
Management and general	365,449
Fundraising	<u>174,590</u>
	<u>3,981,699</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u><b>723,301</b></u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>	
Contributions and grants	96,898
Net assets released from restrictions	<u>(703,040)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u><b>(606,142)</b></u>
<b>CHANGE IN NET ASSETS</b>	<b>117,159</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u><b>3,657,467</b></u>
<b>NET ASSETS, END OF YEAR</b>	<u><u><b>\$ 3,774,626</b></u></u>

See notes to financial statements.

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Community Nutrition Services	Family Empowerment Services	Senior Services	Total Programs	Management and General	Fundraising	Total
Salaries	\$ 206,214	\$ 530,071	\$ 77,330	\$ 813,615	\$ 228,925	\$ 93,001	\$ 1,135,541
Employee benefits	7,480	19,228	2,805	29,513	8,304	3,374	41,191
Payroll taxes	19,017	48,883	7,131	75,031	21,112	8,577	104,720
Bank fees	-	-	-	-	5,110	-	5,110
Client assistance	-	1,093,082	-	1,093,082	-	-	1,093,082
Computer support	2,479	6,370	929	9,778	2,751	1,118	13,647
Depreciation	14,795	38,031	5,548	58,374	16,425	6,673	81,472
Donated food, distributed	1,070,029	-	11,892	1,081,921	-	-	1,081,921
Purchased food, distributed	62,286	-	91,933	154,219	-	-	154,219
Equipment	1,127	2,896	423	4,446	1,251	508	6,205
Insurance	6,692	17,203	2,510	26,405	7,430	3,018	36,853
Marketing	-	-	-	-	-	49,796	49,796
Occupancy	6,799	17,475	2,549	26,823	7,547	3,066	37,436
Office	1,377	3,543	517	5,437	1,530	622	7,589
Other	3,952	10,160	1,482	15,594	4,388	1,783	21,765
Professional services	-	-	-	-	53,158	-	53,158
Program supplies	15,987	4,076	641	20,704	-	-	20,704
Telephone	3,975	10,216	1,490	15,681	4,412	1,792	21,885
Transportation	2,797	7,191	1,049	11,037	3,106	1,262	15,405
	<u>\$ 1,425,006</u>	<u>\$ 1,808,425</u>	<u>\$ 208,229</u>	<u>\$ 3,441,660</u>	<u>\$ 365,449</u>	<u>\$ 174,590</u>	<u>\$ 3,981,699</u>

See notes to financial statements.

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 117,159
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	81,472
Donated inventory received	(1,116,776)
Donated inventory disbursed	1,081,921
Realized/unrealized gain on investments	(5,343)
Gain on disposal of assets	(4,000)
Change in operating assets:	
Accounts receivable	598
Grants receivable	298,192
Promises to give	379,896
Inventory	(11,891)
Prepaid expenses	6,238
Change in operating liabilities:	
Accounts payable	(6,926)
Accrued expenses	5,266
Refundable advance	(30,281)
Paycheck Protection Program refundable advance	(153,800)
	<hr/>
Net cash provided by operating activities	641,725

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from the sale of property and equipment	4,000
Purchases of investments	(105,257)
Purchases of property and equipment	(464,273)
	<hr/>
Net cash used in investing activities	(565,530)

CHANGE IN CASH	76,195
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CASH, BEGINNING OF YEAR	150,434
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CASH, END OF YEAR	\$ 226,629
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See notes to financial statements.



**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Lutheran Social Services of Nevada (LSSN or the Organization) is a nonprofit organization incorporated in 1996 under the laws of the State of Nevada. The Organization's mission is to express the love of Christ by serving and caring for families in need. LSSN fulfills their mission by caring for people in Southern Nevada through their three programs: Community Nutrition Services, Family Empowerment Services, and Senior Services. The Organization is supported primarily through donor contributions, from individuals, businesses, foundations, and government grants from the Southern Nevada region.

The Community Nutrition Services program is offered to homeless and low-income families and individuals and provides healthy food and personal hygiene items through their food pantry. They also provide cooking demonstrations. Periodically, they have Open Air Markets held at various locations in which they distribute food and bottles of water. LSSN launched their DigiMart in October 2016, which allows clients to log into the food database on desktop kiosks at LSSN or from any computer with internet access. The monitor displays pictures of food items available, where clients can add items in their digital shopping cart. Then the client simply goes to the pantry to pick up their order. Clients are allotted points every 30 days to "purchase" items from the pantry. Higher nutritional value items can be "purchased" for fewer points than their counterparts.

The Family Empowerment Services program provides people in need with the tools necessary for self-sufficiency with programs designed to give people the sense of dignity that comes from being able to obtain and keep employment, as well as how to make good, informed decisions to improve the quality of their lives. Under this program LSSN offers assistance in applying for or renewing SNAP (formally known as Food Stamps) with the State of Nevada Division of Welfare and Supportive Services, helps children get signed up for health insurance, and assists people in obtaining their birth certificate and/or Nevada identification. To help those in danger of becoming homeless, LSSN can provide temporary rent and/or utility assistance.

The Senior Services program provides assistance specifically to seniors (aged 60 or older). Seniors are offered two days per week of by-appointment shopping in the pantry, and fresh cooked meals are provided at two Lutheran churches at no cost. Home-bound seniors receive case management services, food delivery, and assistance with nutritional supplements like Ensure or Boost, as well as personal hygiene products.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under FASB ASC, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures, some of which may need revision in future periods.

**Income Tax Status**

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

**Investments**

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

**Grants and Accounts Receivables**

Receivables are stated at the amount management expects to collect. Grant receivable are primarily due from the state and local governments for expenses incurred for goods and services provided to clients. There is no allowance for uncollectible balances at June 30, 2021. Management has determined all receivables are collectible.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash consists of cash-on-hand and demand deposits.

**Promises to Give**

Promise to give represent promises from donors to give to the Organization. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized at fair value when the conditions on which they depend are substantially met. Promises to give are stated at the amount management expects to collect from the outstanding balances. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

**Inventory**

Inventory consists of purchased and donated food, as well as government commodities. Purchased food is valued using the first-in, first-out method. Donated inventory is valued at an estimated fair value per pound of \$1.70.

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment are recorded at cost for purchased assets and fair market value as of the date of donation for donated property. Depreciation of property and equipment is computed using the straight-line method over the life of the asset. Acquisitions of property and equipment more than \$1,000 with a useful life of greater than one year are capitalized.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021.

**Net Assets**

Net assets and revenues are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**Revenue Recognition**

Revenue is recognized when earned. Payments under cost-reimbursable grant agreements received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized as revenue when they are received or unconditionally pledged at their estimated net realizable value. Program revenue is recognized as the services are rendered.

Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Goods and Services**

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

Donated services are recognized as contributions in accordance with the FASB codification, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services included in the Organization's financial statement for the year ended June 30, 2021 are legal services from its attorneys in the amount of \$18,733, which are included in management and general expenses on the statement of functional expenses.

**Functional Allocation of Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited.

The following expenses were directly allocated by function based on the nature of the expense: bank fees, client assistance, donated and purchased food distributed, marketing, professional services, and program supplies.

The following expenses were allocated on the basis of employee time and effort: salaries, employee benefits, payroll taxes, computer support, depreciation, equipment, insurance, occupancy, office, other, telephone, and transportation.

**Date of Management's Review**

Subsequent events have been evaluated through November 23, 2021, which is the date the financial statements were available to be issued.

**Accounting Pronouncements Adopted**

In 2021, the Organization adopted the provisions of FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounting Pronouncements Adopted (Continued)**

In 2021, the Organization also adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the year ending June 30, 2021 are presented under FASB ASC Topic 606. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

**NOTE 2. CONCENTRATIONS**

The Organization maintains cash balances in banking institutions located in Nevada. Cash balances held by the banking institutions are insured up to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. As of June 30, 2021, there were no cash balances in these accounts that exceeded the FDIC insurance limitation.

Approximately 26% of contributions and grants came from Rapid Rehousing Program for Families with Children grant provided by Clark County for the year ended June 30, 2021.

**NOTE 3. PROMISES TO GIVE**

Unconditional promises to give are recorded at net realizable value. All promises to give are expected to be collected within one year and are stated at the amount management expects to collect. No allowance was deemed necessary at June 30, 2021.

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2021:

Building and improvements	\$ 3,381,547
Furniture and fixture	40,010
Equipment	75,685
Computer software/website	11,000
Construction in progress	<u>1,206</u>
	3,509,448
Less: accumulated depreciation	<u>(235,243)</u>
	<u>\$ 3,274,205</u>

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following at June 30, 2021:

Subject to expenditure for a specific purpose:

Rent and utility assistance	\$ 46,107
Other client services	81,295
Food pantry	60,387
Senior meals	85,455
Other	<u>375</u>

273,619

Subject to the passage of time:

Building, time restricted for use	2,350,867
Promise to give, time restriction only	<u>6,175</u>

2,357,042

\$ 2,630,661

Net assets with restrictions are held in the following assets at June 30, 2021:

Cash	\$ 221,119
Promises to give	58,675
Building, time restricted for use	<u>2,350,867</u>

\$ 2,630,661

Net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by the passage of time as follows for the year ended June 30, 2021:

Released from purpose restrictions:

Rent & utility assistance	\$ 30,003
Other client essential services	<u>64,735</u>

94,738

Expiration of time restrictions:

Building use	195,906
Cash receipts on promises to give	<u>412,396</u>

608,302

\$ 703,040

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**NOTE 6. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY**

The Organization receives program and contribution revenues, and considers contributions restricted for programs which are ongoing, major, and central to its 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 following table reflects the Organization's financial assets as of June 30, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Cash	\$ 226,629
Investments	115,975
Accounts receivable	2,232
Grants receivable	149,670
Promises to give	<u>58,675</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 553,181</u>

**NOTE 7. FAIR VALUE OF INVESTMENTS**

In accordance with the FASB ASC, the following are quantitative disclosures about the fair value measurements of assets. Fair value measurements are categorized on three levels:

Level 1: Quoted prices in active market for identical assets.

Level 2: Inputs other than quoted prices within Level 1; for example, quoted prices for similar assets.

Level 3: Significant unobservable inputs for the assets.

The Organization's only assets valued at fair value are its investments. The Organization holds all of its investments, as of June 30, 2021, as follows:

	<u>Level 1</u>	<u>Total</u>
Money market funds	\$ 10,797	\$ 10,797
Equity funds	99,724	99,724
Bond funds	<u>5,454</u>	<u>5,454</u>
	<u>\$ 115,975</u>	<u>\$ 115,975</u>

**NOTE 8. ESTIMATES**

The Organization receives significant amounts of donated food which are recognized as in-kind revenues and food disbursed or inventory. The valuation of these in-kind food donations is an estimate. The amount recorded as revenue and expense is determined using the weight of the food multiplied by a rate of \$1.70 per pound for the year ending June 30, 2021.

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**NOTE 9. PAYCHECK PROTECTION PROGRAM**

On May 1, 2020, the Organization (the Borrower) qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the PPP Lender), for an aggregate principal amount of \$153,800 (the PPP Loan). The PPP Loan bore interest at a fixed rate of 1.0% per annum, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration. The principal and accrued interest of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds were used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization.

During the year ending June 30, 2020 the Organization accounted for the PPP Loan as a conditional contribution in accordance with FASB ASC 958 and therefore the funds received under this program were shown as a refundable advance until the conditions for the grant had been met (upon confirmation from the PPP Lender) or any funds were returned to the PPP Lender (if they did not meet the requirements for forgiveness). The Organization applied for forgiveness of the PPP Loan with respect to these covered expenses and forgiveness was approved during 2021. Upon approval the funds were earned and reported as federal grant revenue in the statement of activities for the year ending June 30, 2021.

**NOTE 10. RISKS AND UNCERTAINTIES**

As of, November 23, 2021, the date these financial statements were able to be issued, in connection with the Coronavirus (COVID-19) pandemic, there have been significant global, federal, state, and local developments. As a result of this worldwide pandemic, which is driving economic uncertainty, the Organization may experience volatility that may impact results and/or impede general operations. The Organization continues to monitor this unprecedented situation and evaluate the impact of this pandemic on their results.



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

To the Board of Directors  
Lutheran Social Services of Nevada  
Las Vegas, Nevada

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 Nevada (Organization), which comprise the statement of financial position as of June 30, 2021, 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 November 23, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lutheran Social Services of Nevada's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.



However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada  
November 23, 2021

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

To the Board of Directors  
Lutheran Social Services of Nevada  
Las Vegas, Nevada

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

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization'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 the Organization'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 the Organization's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Lutheran Social Services of Nevada 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 the Organization 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 the Organization'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 the Organization's internal control over compliance.

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

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

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

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada  
November 23, 2021

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Grantor and Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass Through Identifying Number</b>	<b>Total Federal Expenditures</b>
<u><b>U.S. DEPARTMENT OF AGRICULTURE</b></u>			
Passed Through Three Square Food Bank:			
The Emergency Food Assistance Program - Food Commodities	10.569		\$ 633,808
Total Food Distribution Cluster			633,808
Passed Through the State of Nevada Division of Welfare and Supportive Services:			
Supplemental Nutrition Assistance Program Outreach	10.561	Out2008	84,417
Supplemental Nutrition Assistance Program Education	10.561	Ed2017	124,998
Total SNAP Cluster			209,415
TOTAL U.S. DEPARTMENT OF AGRICULTURE			843,223
<u><b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b></u>			
Passed Through City of North Las Vegas:			
Community Development Block Grant - Senior Supportive Services	14.218		5,041
Total CDBG Entitlement Grants Cluster			5,041
Passed Through City of Las Vegas:			
Emergency Solutions Grant - H.O.M.E.	14.231		2,963
Continuum of Care Program	14.267	NVO105L9T001600	137,502
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			145,506
<u><b>U.S. DEPARTMENT OF HOMELAND SECURITY</b></u>			
Passed Through Clark County:			
Emergency Food and Shelter Program	97.024	Phase 38	9,981
<u><b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b></u>			
Passed Through State of Nevada Aging and Disability Services Division:			
DigiMart Senior Food Pantry	93.044	03-107-55-BX-20	39,485
COVID-19 Food Pantry Emergency Fund	93.044	03-107-55-BC3X-20	19,926
			59,411
Heart of the City Senior Meal Program	93.045	03-107-07-1X-20	13,480
Heart of the City Senior Meal Program	93.045	03-107-07-1X-21	53,268
COVID-19 Senior Meal Emergency Fund	93.045	03-107-04-2C2X-20	8,991
			75,739
Senior Meal Program	93.053	03-107-57-NX-20	5,071
Senior Meal Program	93.053	03-107-57-NX-21	9,876
			14,947
Total Aging Cluster			150,097
Passed Through State of Nevada Division of Public and Behavioral Health:			
Women's Health Connection	93.898	5NU58DP006306-02	73,340
Passed Through Money Management International			
Social Services Block Grant	93.667		39,758
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			263,195
<u><b>U.S. DEPARTMENT OF TREASURY</b></u>			
Passed Through Clark County:			
COVID-19 Coronavirus Relief Fund	21.019	868128331	326,953
Passed Through the State of Nevada:			
COVID-19 Coronavirus Relief Fund	21.019		10,000
Passed Through Three Square Food Bank:			
COVID-19 Coronavirus Relief Fund	21.019		46,802
TOTAL U.S. DEPARTMENT OF TREASURY			383,755
TOTAL FEDERAL EXPENDITURES			\$ 1,645,660

See notes to schedule of expenditures of federal awards.

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes federal award activity of Lutheran Social Services of Nevada under programs of the federal government for the year ended June 30, 2021. The information in the 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 this schedule only presents a selected portion of the operations of Lutheran Social Services of Nevada, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of Lutheran Social Services of Nevada.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule of expenditures of federal awards 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.

**NOTE 3. INDIRECT COST RATE**

Lutheran Social Services of Nevada has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 4. PASS-THROUGH AWARDS**

Lutheran Social Services of Nevada received certain federal financial assistance from pass-through awards of the pass-through entities listed on the schedule of expenditures of federal awards.

**NOTE 5. FOOD DONATION**

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed.

**LUTHERAN SOCIAL SERVICES OF NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

1. The auditor's report expresses an unmodified opinion on the financial statements of Lutheran Social Services of Nevada.
2. No instances of material weaknesses or significant deficiencies related to the audit of the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of Lutheran Social Services of Nevada, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

*Federal Awards*

4. No material weaknesses or significant deficiencies related to the audit of major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for Lutheran Social Services of Nevada expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
7. The programs tested as major programs were the U.S. Department of Agriculture Food Distribution Cluster and the U.S. Department of the Treasury Coronavirus Relief Fund, Assistance Listing Number 21.019.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Lutheran Social Services of Nevada does not qualify as a low-risk auditee.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**LUTHERAN SOCIAL SERVICES OF NEVADA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

**PRIOR AUDIT FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**PRIOR AUDIT FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**2020-001 U.S. Department of Agriculture Food Distribution Cluster, The Emergency Food Assistance Program (TEFAP), CFDA # 10.569, Passed through Three Square**

**Criteria:** In accordance with 2 CFR 200.303, a non-federal entity must maintain an effective system of internal controls over compliance for federal awards that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and condition of the federal award.

**Condition:** During our audit, we discovered that management had not implemented an effective system of internal controls over compliance related to the federal award. Specifically, food commodities received under the federal award were not warehoused and tracked in accordance with award terms, and management was unable to produce a listing of participants who received distributions of federal food commodities.

**Cause:** The majority of federal awards received by the Organization are cash reimbursement grants. The food commodities received by the Organization under the federal award program are not usual or routine and, as a result, the internal controls over compliance with federal award programs were not appropriately designed.

**Effect:** Management was unable to substantiate compliance with warehousing requirements. Further, management was unable to determine whether only eligible individuals/households received federal food commodities as allowable under the federal award.

**Perspective Information:** The deficiencies noted appear to be indicative of a systemic issue related to the internal controls over compliance related to noncash federal award programs (e.g., food commodities).

**Questioned Costs:** Unable to be determined.

**Repeat Finding:** No

**Recommendation:** We recommend the Organization design and implement an effective system of internal controls over compliance for all federal award programs. This system should include consideration for those noncash federal awards that may need to be considered.

**View of Responsible Officials:** The Organization will design and implement a system of effective internal controls over compliance that will take into consideration all federal award program, to include noncash awards.

**Current Status:** Under conditions present during the year ended June 30, 2021, the system of internal controls over compliance implemented related to the federal award was appropriately designed.