

LUTHERAN SOCIAL SERVICES OF NEVADA
FINANCIAL STATEMENTS
JUNE 30, 2022



LUTHERAN SOCIAL SERVICES OF NEVADA

JUNE 30, 2022

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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 Audit of the Financial Statements

Opinion

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, 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.

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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Lutheran Social Services of Nevada'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 the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lutheran Social Services of Nevada's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lutheran Social Services of Nevada'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 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 schedule of expenditures of federal awards 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 March 13, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lutheran Social Services of Nevada's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lutheran Social Services of Nevada's internal control over financial reporting and compliance.

Houldsworth, Russo & Company, P.C.

Las Vegas, NV
March 13, 2023

LUTHERAN SOCIAL SERVICES OF NEVADA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 464,633
Investments	104,398
Grants receivable	151,420
Promises to give	3,700
Inventory	8,982
Prepaid expenses	4,630

737,763

OTHER ASSETS

Property and equipment, net	3,185,276
Deposits	132,196

3,317,472

\$ 4,055,235

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 12,630
Accrued expenses	83,649
Refundable advance	242,294

338,573

NET ASSETS

Without donor restrictions	1,359,494
With donor restrictions	2,357,168

3,716,662

\$ 4,055,235

See notes to financial statements.

LUTHERAN SOCIAL SERVICES OF NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

WITHOUT DONOR RESTRICTIONS

Unrestricted revenue, gains, losses and other support:

Contributions and grants of cash and other financial assets	\$	1,148,895
U.S. government grants of cash and other financial assets		946,670
In-kind donations		229,298
Commodities from U.S. government		471,416
Special events		
Special event revenue	\$	83,990
Cost of direct benefit to donors		<u>(33,708)</u>
Net revenues from special events		50,282
Investment return, net		(21,108)
Other revenue		12,112
Net assets released from restrictions		<u>281,168</u>

3,118,733

Expenses:

Program expenses:

Community Nutrition Services		1,119,751
Family Empowerment Services		993,551
Senior Services		204,625

Supporting services:

Management and general		466,808
Fundraising		<u>118,469</u>

2,903,204

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS

215,529

NET ASSETS WITH DONOR RESTRICTIONS

Contributions and grants		7,675
Net assets released from restrictions		<u>(281,168)</u>

CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS

(273,493)

CHANGE IN NET ASSETS

(57,964)

NET ASSETS, BEGINNING OF YEAR

3,774,626

NET ASSETS, END OF YEAR

\$ 3,716,662

See notes to financial statements.

**LUTHERAN SOCIAL SERVICES OF NEVADA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Community Nutrition Services	Family Empowerment Services	Senior Services	Total Programs	Management and General	Fundraising	Total
Salaries	\$ 197,770	\$ 399,916	\$ 74,903	\$ 672,589	\$ 308,237	\$ 78,919	\$ 1,059,745
Employee benefits	6,845	13,843	2,593	23,281	10,670	2,732	36,683
Payroll taxes	18,120	36,642	6,863	61,625	28,242	7,231	97,098
Bank fees	-	-	-	-	4,824	-	4,824
Client assistance	-	438,838	-	438,838	-	-	438,838
Computer support	2,787	5,636	1,056	9,479	4,344	1,112	14,935
Depreciation	16,595	33,559	6,286	56,440	25,866	6,623	88,929
Donated food, distributed	741,333	6,246	13,815	761,394	-	-	761,394
Purchased food, distributed	79,915	-	86,937	166,852	-	-	166,852
Equipment	1,890	3,821	716	6,427	2,945	754	10,126
Insurance	5,516	11,154	2,089	18,759	8,597	2,201	29,557
Marketing	-	-	-	-	-	10,771	10,771
Occupancy	7,294	14,751	2,763	24,808	11,369	2,911	39,088
Office	1,517	3,070	575	5,162	2,366	606	8,134
Other	4,567	9,235	1,730	15,532	7,118	1,823	24,473
Professional services	-	-	-	-	41,349	-	41,349
Program supplies	28,622	2,723	1,655	33,000	-	-	33,000
Telephone	3,817	7,721	1,446	12,984	5,951	1,524	20,459
Transportation	3,163	6,396	1,198	10,757	4,930	1,262	16,949
Cost of direct benefit to donors	-	-	-	-	-	33,708	33,708
	1,119,751	993,551	204,625	2,317,927	466,808	152,177	2,936,912
Less: Cost of direct benefit to donors	-	-	-	-	-	(33,708)	(33,708)
	<u>\$ 1,119,751</u>	<u>\$ 993,551</u>	<u>\$ 204,625</u>	<u>\$ 2,317,927</u>	<u>\$ 466,808</u>	<u>\$ 118,469</u>	<u>\$ 2,903,204</u>

See notes to financial statements.

LUTHERAN SOCIAL SERVICES OF NEVADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (57,964)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	88,929
Donated investments	(10,192)
Donated inventory received	(671,704)
Donated inventory disbursed	761,394
Realized/unrealized loss on investments	21,108
Change in operating assets:	
Accounts receivable	2,232
Grants receivable	(1,750)
Promises to give	54,975
Inventory	(21,662)
Prepaid expenses	7,832
Deposits	(131,996)
Change in operating liabilities:	
Accounts payable	(5,886)
Accrued expenses	3,634
Refundable advance	198,393
	<hr/>
Net cash provided by operating activities	237,343
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	26,734
Purchases of investments	(26,073)
	<hr/>
Net cash provided by investing activities	661
	<hr/>
CHANGE IN CASH	238,004
CASH, BEGINNING OF YEAR	<hr/> 226,629
CASH, END OF YEAR	<hr/> <hr/> \$ 464,633

See notes to financial statements.

LUTHERAN SOCIAL SERVICES OF NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Lutheran Social Services of Nevada (LSSN or 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, 2022

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.

Cash and Cash Equivalents

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

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.

Receivables

Grants receivable are primarily due from the federal, state and local governments for expenses incurred for goods and services provided to clients.

Promises 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. All promises to give are expected to be collected within one year.

Receivables are stated at the amount management expects to collect from outstanding balances. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. No allowance was deemed necessary at June 30, 2022.

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 \$1.74.

LUTHERAN SOCIAL SERVICES OF NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022.

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 when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

Donated marketable securities and donated nonfinancial assets are recorded as contributions at their estimated fair value at the date of donation.

Donated services are recognized as contributions in accordance with FASB ASC, 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 nonfinancial assets and services are reported as in-kind donations at their estimated fair value on the date of receipt and reported as expense when utilized or capitalized as assets if applicable. In-kind donations are discussed in Note 7.

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.

Recently Adopted Accounting Pronouncements

During fiscal year 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the Organization, with the exception of increased disclosure.

Date of Management's Review

Subsequent events have been evaluated through March 13, 2023, which is the date the financial statements were available to be issued.

LUTHERAN SOCIAL SERVICES OF NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 2. CONCENTRATION OF CREDIT RISK

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. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022:

Building and improvements	\$ 3,381,547
Furniture and fixtures	40,010
Equipment	71,176
Computer software/website	11,000
Construction in progress	<u>1,206</u>
	3,504,939
Less: accumulated depreciation	<u>(319,663)</u>
	<u>\$ 3,185,276</u>

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

Under the terms of the grant agreement with Clark County for the Community Development Block Grant, there is a temporary restriction on the Organization's use of the granted property. It must be used to provide community and social services to affordable family housing within the Boulder Highway Collaborative Campus and to the surrounding neighborhood for a period of fifteen years following construction.

Net assets with donor restrictions are available for the following at June 30, 2022:

Subject to expenditure for a specific purpose:	
Rent and utility assistance	\$ 53,783
Other client services	54,381
Food pantry	41,106
Senior meals	48,934
Other	<u>302</u>
	<u>198,506</u>
Subject to the passage of time:	
Building, time restricted for use	2,154,962
Promise to give, time restriction only	<u>3,700</u>
	<u>2,158,662</u>
	<u>\$ 2,357,168</u>

LUTHERAN SOCIAL SERVICES OF NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with restrictions are held in the following assets at June 30, 2022:

Cash	\$ 198,506
Promises to give	3,700
Building, time restricted for use	<u>2,154,962</u>
	<u>\$ 2,357,168</u>

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, 2022:

Released from purpose restrictions:	
Other client essential services	\$ 26,913
Food pantry	19,280
Senior meals	36,521
Other	<u>73</u>
	<u>82,787</u>
Expiration of time restrictions:	
Building use	195,906
Cash receipts on promises to give	<u>2,475</u>
	<u>198,381</u>
	<u>\$ 281,168</u>

NOTE 5. FAIR VALUE MEASUREMENTS

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, all of which are measured on a recurring basis. The Organization holds its investments as follows:

	<u>Level 1</u>	<u>Total</u>
Money market funds	\$ 16,623	\$ 16,623
Equity funds	82,577	82,577
Bond funds	<u>5,198</u>	<u>5,198</u>
	<u>\$ 104,398</u>	<u>\$ 104,398</u>

LUTHERAN SOCIAL SERVICES OF NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 6. LIQUIDITY AND AVAILABILITY

The Organization receives contribution and grant revenues, investment income, and other revenue 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, 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Cash	\$ 464,633
Investments	104,398
Grants receivable	151,420
Promises to give	<u>3,700</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 724,151</u>

NOTE 7. DONATED GOODS AND SERVICES

Donated goods and services for the year ended June 30, 2022:

<u>Category</u>	<u>Usage</u>	
Foods	All programs	\$ 671,704
Facility rent	Senior services program	13,516
Legal services	General legal consulting	7,348
General supplies	All programs	<u>8,146</u>
		<u>\$ 700,714</u>

The value of donated foods is estimated using the rate per pound provided by Feeding America (see Note 8). Facility rent is based on the estimated cost to rent a similar space in a similar market. Legal services are valued using the standard industry pricing for similar services. The value of general supplies is estimated based on the purchase price of similar items. Donated items that were auctioned and converted to cash contributions during the Organization's annual fundraising gala are not included in the total above. The proceeds, which total \$16,060, are included in special event revenue on the statement of activities.

NOTE 8. SIGNIFICANT ESTIMATE

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 \$1.74 per pound for the year ending June 30, 2022.

LUTHERAN SOCIAL SERVICES OF NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 9. COMMITMENT

In April 2022, the Organization entered into a non-cancelable lease agreement for certain office equipment. Under the agreement, monthly payments of \$368 are required until April 2027.

Future minimum payments under the lease agreement are as follows:

2023	\$	3,033
2024		3,033
2025		3,033
2026		3,033
2027		<u>2,528</u>
	\$	<u>14,660</u>

NOTE 10. RISKS AND UNCERTAINTIES

As of 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, 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 March 13, 2023.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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
March 13, 2023

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

Opinion on Each Major Federal Program

We have audited Lutheran Social Services of Nevada (Organization)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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* and Title 45 U.S. *Code of Federal Regulations* Part 75, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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



Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
March 13, 2023

**LUTHERAN SOCIAL SERVICES OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Grantor and Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Three Square Food Bank:			
The Emergency Food Assistance Program (Food Commodities)	10.569		\$ 529,699
Total Food Distribution Cluster			529,699
Passed Through the State of Nevada Division of Welfare and Supportive Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Out2108	23,165
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Out2208	52,550
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Ed2117	39,119
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Ed2217	102,060
Total SNAP Cluster			216,894
TOTAL U.S. DEPARTMENT OF AGRICULTURE			746,593
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through City of North Las Vegas:			
COVID-19 Emergency Solutions Grant Program	14.231		17,595
Passed Through City of Las Vegas:			
Emergency Solutions Grant Program	14.231	1080.ESGCV.2020	146,671
Total Emergency Solutions Grant Program			164,266
Passed Through City of North Las Vegas:			
COVID-19 CDBG/Entitlement Grants Cluster	14.218	1080.CDBGCV.2020	71,129
Continuum of Care Program	14.267	NVO105L9T001600	90,101
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			325,496

See notes to schedule of expenditures of federal awards.

LUTHERAN SOCIAL SERVICES OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

<u>Grantor and Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Clark County:			
Emergency Food and Shelter Program	97.024	Phase 38	18,013
Emergency Food and Shelter Program	97.024	Phase 39	454
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			18,467
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through State of Nevada Aging and Disability Services Division:			
Special Programs for Aging-Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	03-107-55-BX-21	11,765
Special Programs for Aging-Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	03-107-55-BX-22	37,750
COVID-19 Special Programs for Aging-Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	03-107-55-BC3X-20	427
			49,942
Special Programs for Aging-Title III, Part C, Nutrition Services	93.045	03-107-07-1X-21	20,265
Special Programs for Aging-Title III, Part C, Nutrition Services	93.045	03-107-07-1X-22	54,275
COVID-19 Special Programs for Aging-Title III, Part C, Nutrition Services	93.045	03-107-04-2C2x-20	3,171
			77,711
Nutrition Services Incentive Program	93.053	03-107-57-NX-20	1,516
Total Aging Cluster			129,169
Passed Through State of Nevada Aging and Disability Services Division:			
National Family Caregiver Support, Title III, Part E	93.052	03-107-76-EC6X-22	120,000
Passed Through State of Nevada Division of Public and Behavioral Health:			
Women's Health Connection	93.898	5NU58DP006306-05	83,510
Passed Through Money Management International			
Social Services Block Grant	93.667		53,134
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			385,813
TOTAL FEDERAL EXPENDITURES			\$ 1,476,369

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, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Lutheran Social Services of Nevada under programs of the federal government for the year ended June 30, 2022 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* and Title 45 U.S. *Code of Federal Regulations* Part 75, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards* (Uniform Guidance). The schedule presents only a selected portion of the operations of Lutheran Social Services of Nevada. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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.

**LUTHERAN SOCIAL SERVICES OF NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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) or 45 CFR 75.516(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 Health and Human Services, Assistance Listing Number 93.052, National Family Caregiver Support, Title III, Part E.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Lutheran Social Services of Nevada qualifies 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, 2022**

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None