

**LUTHERAN SOCIAL SERVICES OF NEVADA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**



HOULDSWORTH, RUSSO & COMPANY

8675 S. Eastern Avenue | Las Vegas, Nevada 89123 | P: 702.269.9992 | F: 702.269.9993 | [www.trustHRC.com](http://www.trustHRC.com)

**LUTHERAN SOCIAL SERVICES OF NEVADA**

**JUNE 30, 2018**

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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, 2018, 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. 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, 2018, and the changes in its net

Certified Public Accountants  
**20** YEARS & COUNTING

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

*Houldsworth, Russo & Company, P.C.*

Las Vegas, Nevada  
January 21, 2019

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**

ASSETS

CURRENT ASSETS

Cash	\$ 68,558
Investments	69,471
Accounts receivable	1,881
Grants receivable	307,324
Promises to give	3,070,789
Inventory	33,157
Prepaid expenses	15,155

3,566,335

OTHER ASSETS

Property and equipment, net	26,999
Security deposits	200

\$ 3,593,534

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 25,670
Accrued expenses	28,338

54,008

NET ASSETS

Unrestricted	284,242
Temporarily restricted	3,255,284

3,539,526

\$ 3,593,534

See notes to financial statements.

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

UNRESTRICTED NET ASSETS

Unrestricted revenue, gains, losses and other support:

Contributions and grants	\$	363,375
Federal grants		739,572
Program revenue		5,187
In-kind donations		1,432,013
Special events		
Special event revenue	\$	106,366
Cost of direct benefits to donors		<u>(47,953)</u>
Net revenues from special events		58,413
Interest income		354
Unrealized gain on investments		7,632
Loss on disposal of assets		(21,360)
Net assets released from restrictions		<u>202,646</u>
		<u>2,787,832</u>

Expenses:

Program expenses		
Community Nutrition Services		1,656,993
Family Empowerment Services		689,085
Senior Services		180,954
Supporting services:		
Management and general		140,672
Fundraising		<u>122,507</u>
		2,790,211

DECREASE IN UNRESTRICTED NET ASSETS (2,379)

TEMPORARILY RESTRICTED NET ASSETS

Restricted contributions and grants		3,146,793
Net assets released from restrictions		<u>(202,646)</u>

INCREASE IN TEMPORARILY RESTRICTED NET ASSETS 2,944,147

INCREASE IN NET ASSETS 2,941,768

NET ASSETS, BEGINNING OF YEAR 597,758

NET ASSETS, END OF YEAR \$ 3,539,526

See notes to financial statements.

**LUTHERAN SOCIAL SERVICES OF NEVADA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

	Community Nutrition Services	Family Empowerment Services	Senior Services	Total Programs	Management and General	Fundraising	Special Event Direct Benefits	Total
Salaries	\$ 91,693	\$ 220,283	\$ 41,566	\$ 353,542	\$ 69,262	\$ 34,974	\$ -	\$ 457,778
Employee benefits	3,239	7,782	1,468	12,489	2,447	1,235	-	16,171
Payroll taxes	9,570	22,991	4,338	36,899	7,229	3,650	-	47,778
Client assistance	-	308,844	-	308,844	-	-	-	308,844
Donated food, distributed	1,396,567	-	-	1,396,567	-	-	-	1,396,567
Purchased food, distributed	94,255	-	85,335	179,590	-	-	-	179,590
Bank fees	-	-	-	-	4,566	-	-	4,566
Depreciation	3,068	7,372	1,391	11,831	2,318	1,170	-	15,319
Marketing	-	-	-	-	-	62,156	-	62,156
Insurance	5,465	13,130	2,478	21,073	4,128	2,085	-	27,286
Occupancy	23,342	56,077	16,911	96,330	17,632	8,903	13,480	136,345
Office supplies	1,018	2,444	461	3,923	769	388	-	5,080
Other	2,625	6,309	1,190	10,124	1,984	1,002	-	13,110
Equipment expenses	4,130	9,925	1,873	15,928	3,121	1,576	-	20,625
Professional services	1,920	4,614	870	7,404	17,565	732	-	25,701
Supplies	7,947	116	19,543	27,606	471	-	34,473	62,550
Computer support	2,324	5,584	1,054	8,962	1,756	887	-	11,605
Utilities	4,368	10,493	-	14,861	3,299	1,666	-	19,826
Telephone	2,062	4,953	935	7,950	1,557	786	-	10,293
Transportation	3,400	8,168	1,541	13,109	2,568	1,297	-	16,974
	<u>\$ 1,656,993</u>	<u>\$ 689,085</u>	<u>\$ 180,954</u>	<u>\$ 2,527,032</u>	<u>\$ 140,672</u>	<u>\$ 122,507</u>	<u>47,953</u>	<u>2,838,164</u>
Less: Direct benefit to donors							<u>(47,953)</u>	<u>(47,953)</u>
							<u>\$ -</u>	<u>\$ 2,790,211</u>

See notes to financial statements.

**LUTHERAN SOCIAL SERVICES OF NEVADA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 2,941,768
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	15,319
Donated inventory received	(1,374,002)
Donated inventory disbursed	1,396,567
Loss on disposal of assets	21,360
(Increase) decrease in operating assets:	
Accounts receivable	(1,214)
Grants receivable	(173,900)
Promises to give	(2,951,257)
Prepaid expenses	1,322
Decrease in operating liabilities:	
Accounts payable	13,357
Accrued expenses	4,583
	<hr/>
Net cash used in operating activities	<u>(106,097)</u>
 <b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	
Proceeds from the sale of investments	64,271
Purchases of property and equipment	<u>(20,915)</u>
	<hr/>
Net cash provided by investing activities	<u>43,356</u>
 DECREASE IN CASH	 (62,741)
 CASH, BEGINNING OF YEAR	 <u>131,299</u>
 CASH, END OF YEAR	 <u><u>\$ 68,558</u></u>

See notes to financial statements.

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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 Seniors 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 is offered to homeless and low-income families and individuals and provides healthy food and personal hygiene items thorough their food pantry. They also provide cooking demonstrations. Periodically, they have Open Air Markets held at various locations in partnership with Three Square Food Bank 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.

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Gifts of Long-Lived Assets

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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.

Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables are stated at the amount management expects to collect. 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, 2018. Management has determined all receivables are collectible.

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. All promises to give are collectible within one year.

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.

Donated Assets

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

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of the assets.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon estimates of staff time spent in each function.

Date of Management's Review

Subsequent events have been evaluated through January 21, 2019, which is the date the financial statements were available to be issued.

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, 2018, there were no cash balances in these accounts that exceeded the FDIC insurance limitation.

NOTE 3. 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, 2018, as follows:

	Level 1	Total
Bond funds	\$ 4,977	\$ 4,977
Money market funds	64,494	64,494
	\$ 69,471	\$ 69,471

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2018:

Equipment	\$	25,408
Furniture and fixtures		7,544
Vehicles		8,000
Computer software/website		<u>11,000</u>
		51,952
 Less: accumulated depreciation		 <u>(24,953)</u>
		 <u><u>\$ 26,999</u></u>

NOTE 5. RESTRICTED NET ASSETS

Temporarily restricted net assets represent contributions and other inflows of assets where use is limited by donor-imposed stipulations. These stipulations either expire by the passage of time or are fulfilled and removed by actions of LSSN. Temporarily restricted net assets are available for the following purposes at June 30, 2018:

Rent and utility assistance	\$	51,085
Other client services		19,150
Food pantry		101,590
Senior meals		12,670
Time restricted		<u>3,070,789</u>
		 <u><u>\$ 3,255,284</u></u>

The temporarily restricted net assets are held in the following assets:

Cash	\$	24,005
Investments		69,471
Grants receivable		91,019
Promises to give		<u>3,070,789</u>
		 <u><u>\$ 3,255,284</u></u>

**LUTHERAN SOCIAL SERVICES OF NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**

NOTE 6. ESTIMATES

The Organization receives significant amounts of donated food which are recognized as in-kind revenues and inventory disbursed. The valuation of these in-kind food donations is an estimate. The amount recorded as revenue and expense is determined using the weights of the food donated or distributed multiplied by a rate of \$1.70 per pound for the year ending June 30, 2018.

The Organization also uses estimates to allocate expenses by function. The Organization's estimate of the functional expense allocation is based upon salary allocations. The salary allocation is determined based on an estimate of how much time each employee spends working in each function.

NOTE 7. PROMISES TO GIVE

Unconditional promised to give that are expected to be collected within one year are recorded at net realizable value, which approximates fair 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, 2018.

The promises to give balances consist of the estimated value of the building currently occupied by LSSN at \$2,980,000, in which the title is expected to be transferred to LSSN in 2019 and other amounts from other donors related to the new building of \$90,789.