



Grant Thornton

Financial Statements and Report of
Independent Certified Public Accountants

Lutheran Immigration and Refugee Service, Inc.

December 31, 2013 and 2012

Lutheran Immigration and Refugee Service, Inc.

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Report of Independent Certified Public Accountants

Board of Directors
Lutheran Immigration and Refugee Service

Report On the Financial Statements

We have audited the accompanying financial statements of Lutheran Immigration and Refugee Service, Inc. (LIRS), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and changes in net assets 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 LIRS'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 LIRS'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 Immigration and Refugee Service, Inc. as of December 31, 2013, and the statements of activities, 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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Revenue, Expenses and Changes in Net Assets by Award for the year ended December 31, 2013, Schedule of Functional Expenses for the Year ended December 31, 2013 with Summarized Information for 2012, and the Summary of Changes in Net Assets for the Year ended December 31, 2013 on pages 18 to 22 is presented for purposes of additional analysis, and is not a required part of the financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report On 2012 Summarized Comparative Information

Other auditors previously audited the entity's 2012 financial statements (not presented herein), and an unmodified audit opinion was expressed on those audited financial statements in their report dated April 25, 2013. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated May 6, 2014, on our consideration of LIRS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 LIRS's internal control over financial reporting and compliance.



McLean, Virginia
May 6, 2014

Lutheran Immigration and Refugee Service, Inc.

Statements of Financial Position

<i>Year ended December 31,</i>	2013	2012
Assets		
Current Assets		
Cash	\$ 6,605,466	\$ 8,764,176
Investments, at market value (Note B)	834,880	823,907
Accounts receivable		
U.S. government	7,079,988	3,474,048
Miscellaneous	207,584	195,911
Loans receivable – refugees (Note C)	7,603	8,442
Prepaid expenses and other assets	205,289	252,791
Investment in Lutheran Center Corporation (Note D)	3,670,839	3,495,123
Funds held by trustee (Note E)	350,395	340,526
Total Current Assets	18,962,044	17,354,924
Fixed assets, less accumulated depreciation and amortization of \$486,513 and \$484,569 at 2013 and 2012, respectively	271,016	12,959
Total Assets	\$ 19,233,060	\$ 17,367,883
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 8,611,175	\$ 7,300,437
Long-term debt, current portion (Note E)	100,000	92,500
Total Current Liabilities	8,711,175	7,392,937
Long-term Obligations, net of current portion (Note E)	2,312,230	2,415,544
Total Liabilities	11,023,405	9,808,481
Net Assets		
Unrestricted		
Undesignated	6,468,101	6,141,836
Designated	1,173,910	1,181,106
Total unrestricted net assets	7,642,011	7,322,942
Temporarily restricted (Note G)	567,644	236,460
Total Net Assets	8,209,655	7,559,402
Total Liabilities and Net Assets	\$ 19,233,060	\$ 17,367,883

The accompanying notes are an integral part of these consolidated statements.

Lutheran Immigration and Refugee Service, Inc.

Statements of Activities and Changes in Net Assets

Year ended December 31,	Unrestricted	Temporarily restricted	Totals	
			2013	2012
Operating Activities				
Support and Revenue				
Support				
Church bodies	\$ 785,786	\$ 126,516	\$ 912,302	\$ 869,488
Foundations and corporations	46,023	70,000	116,023	48,424
Other contributions	584,514	356,359	940,873	414,363
In-kind contributions	9,180	18	9,198	7,791
	<u>1,425,503</u>	<u>552,893</u>	<u>1,978,396</u>	<u>1,340,066</u>
U.S. Government and State	<u>46,414,735</u>	<u>—</u>	<u>46,414,735</u>	<u>40,417,752</u>
Total support	<u>47,840,238</u>	<u>552,893</u>	<u>48,393,131</u>	<u>41,757,818</u>
Revenue				
Servicing fees (Note C)	1,788,150	—	1,788,150	1,668,016
Miscellaneous	179,018	4,000	183,018	129,616
Total revenue	<u>1,967,168</u>	<u>4,000</u>	<u>1,971,168</u>	<u>1,797,632</u>
Net assets released from restrictions (Note G)	<u>225,709</u>	<u>(225,709)</u>	<u>—</u>	<u>—</u>
Total support and revenue	<u>50,033,115</u>	<u>331,184</u>	<u>50,364,299</u>	<u>43,555,450</u>
Expenses				
Program Services				
U.S. government funded activities	42,699,314	—	42,699,314	37,090,450
Other program activities	2,035,062	—	2,035,062	1,727,260
Total program services	<u>44,734,376</u>	<u>—</u>	<u>44,734,376</u>	<u>38,817,710</u>
Supporting Services				
Management and general	4,037,326	—	4,037,326	3,616,623
Fund-raising	952,226	—	952,226	823,935
Total supporting services	<u>4,989,552</u>	<u>—</u>	<u>4,989,552</u>	<u>4,440,558</u>
Total Expenses	<u>49,723,928</u>	<u>—</u>	<u>49,723,928</u>	<u>43,258,268</u>
Change in Net Assets – Operating Activities	<u>309,187</u>	<u>331,184</u>	<u>640,371</u>	<u>297,182</u>
Non-operating Activities				
Investment earnings (Note B)	9,882	—	9,882	11,555
Change in Net Assets	<u>319,069</u>	<u>331,184</u>	<u>650,253</u>	<u>308,737</u>
Net Assets, beginning of year	<u>7,322,942</u>	<u>236,460</u>	<u>7,559,402</u>	<u>7,250,665</u>
Net Assets, end of year	<u>\$ 7,642,011</u>	<u>\$ 567,644</u>	<u>\$ 8,209,655</u>	<u>\$ 7,559,402</u>

The accompanying notes are an integral part of these consolidated statements.

Lutheran Immigration and Refugee Service, Inc.

Statements of Cash Flows

<i>Year ended December 31,</i>	2013	2012
Cash Flows from Operating Activities		
Change in net assets	\$ 650,253	\$ 308,737
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,944	13,039
Amortization	2,137	2,137
Unrealized gains on investments	(4,046)	(3,308)
Gain in Lutheran Center Corporation investment	(23,270)	(57,944)
Non-cash contribution	(260,000)	—
Changes in assets and liabilities:		
Accounts receivable		
U.S. government	(3,605,940)	1,675,344
Miscellaneous	(11,672)	14,192
Loans receivable – refugees	840	92,670
Prepaid expenses and deposits	42,051	100,777
Funds held by trustee	(9,869)	(3,292)
Accounts payable and accrued expenses	1,310,738	1,873,178
Net Cash (Used in) Provided by Operating Activities	(1,906,834)	4,015,530
Cash Flows from Investing Activities		
Investment in Lutheran Center Corporation, net	(152,446)	(16,680)
Purchases of investments	(52,033)	(232,661)
Proceeds from sales of investments	45,053	800,000
Net Cash (Provided by) Used in Investing Activities	(159,426)	550,659
Cash Flows from Financing Activities		
Repayment of long-term debt	(92,500)	(87,500)
Net Cash Used in Financing Activities	(92,500)	(87,500)
Net (Decrease) Increase in Cash and Cash Equivalents	(2,158,760)	4,478,689
Cash and Cash Equivalents, beginning of year	8,764,226	4,285,537
Cash and Cash Equivalents, end of year	\$ 6,605,466	\$ 8,764,226
Supplemental Cash Flow Information		
Interest paid	\$ 129,591	\$ 131,316

The accompanying notes are an integral part of these consolidated statements.

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements

December 31, 2013 and 2012

NOTE A—ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Lutheran Immigration and Refugee Service, Inc. (“LIRS”) is incorporated pursuant to the provisions of the Maryland Non-profit Corporation Act.

Witnessing to God’s love for all people, the mission of LIRS is to stand with and advocate for migrants and refugees, transforming communities through ministries of service and justice.

Accounting Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

LIRS occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“ASC”) 825, “Financial Instruments” identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

Investments

Accounting Standards Codification (“ASC”) 958, “Not-for-profit Entities” establishes standards for accounting for certain investments held by not-for-profit organizations and requires that investments in securities be recorded at fair market value with the resulting gains and losses reported in the statement of activities.

The fair market value of investments traded on a securities exchange is determined based on quoted market prices for those investments.

As part of its investment policy, LIRS is prohibited from investing in specific companies as identified by the two primary supporting Church bodies and to the extent such prohibitions are communicated to LIRS.

Fixed Assets

Fixed assets purchased by LIRS are recorded at cost, or if donated, at fair market value on the date of donation. LIRS follows the practice of capitalizing all expenditures for fixed assets over \$5,000. Depreciation on furniture and equipment is computed on the straight-line method over five and eight years, the estimated useful lives of the assets. Leasehold improvement costs are amortized on a straight-line basis over the lesser of the improvements life or the remaining lease term.

Net Assets

LIRS’s net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of LIRS and changes therein are classified and reported as follows:

December 31, 2013 and 2012

NOTE A—ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES—Continued

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of LIRS and/or the passage of time.

Contributions

LIRS reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions of assets are recorded at fair value. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as “*net assets released from restrictions.*”

U.S. Government Awards

LIRS receives grant awards from the U.S. Government for the resettlement of and other services to refugees and to other migrants in federal custody. LIRS records revenues under these awards as expenses are incurred.

Allocation of Expenses

The expenses for staff personnel, facilities and related costs incurred in the operations are allocated to the various programs and contracts based on the level of activity in the respective programs.

Income Taxes

LIRS has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “*Code*”), and has been classified as an organization, which is not a private foundation under Section 509(a) of the Code.

LIRS has reviewed the tax positions taken for each of the open tax years (2010 - 2012) or expected to be taken in LIRS’s 2013 tax return and has concluded that there are not significant uncertain tax positions that would require recognition of an income tax asset or liability in the financial statements.

Reclassifications

Certain reclassifications have been made to the December 31, 2012 amounts to conform to the December 31, 2013 presentation. Such reclassifications did not change total assets, liabilities, revenues and expenses or changes in net assets reflected in the 2012 financial statements.

Prior Year Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the LIRS’s audited financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2013 and 2012

NOTE B—INVESTMENTS

At December 31, 2013 and 2012 investments consisted of the following:

	<u>2013</u>		<u>2012</u>	
	Cost	Market	Cost	Market
Fixed income				
Money market, certificates of deposit and church mission certificates	\$ 533,099	\$ 533,421	\$ 526,959	\$ 527,336
U.S. Government Agency Bond	46,161	46,161	45,000	45,000
Private debt obligation	224,569	224,569	224,569	224,569
Equities				
Lutheran-related investment pools	23,119	30,729	23,171	27,002
	<u>\$ 826,948</u>	<u>\$ 834,880</u>	<u>\$ 819,699</u>	<u>\$ 823,907</u>

At December 31, 2013 and 2012, investments had unrealized gains of \$7,932 and \$4,208, respectively.

Investment earnings for the years ended December 31, 2013 and 2012 are comprised of the following:

	<u>2013</u>	<u>2012</u>
Interest and dividends, Net of investment fees of \$432 and \$406	\$ 5,836	\$ 8,247
Unrealized gains	4,046	3,308
	<u>\$ 9,882</u>	<u>\$ 11,555</u>

LIRS utilizes various methods to measure the fair value of its investments on a recurring basis. United States generally accepted accounting principles establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the LIRS has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the LIRS's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2013 and 2012

NOTE B—INVESTMENTS—Continued

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value LIRS's investments as of December 31, 2013 and 2012 is as follows:

	Level 1	<u>2013</u> Level 2	Total
Fixed income			
Money market, certificates of deposit and church mission certificates	\$ 438,099	\$ 95,322	\$ 533,420
U.S. Government Agency Bond	—	46,161	46,121
Private debt obligation	—	224,569	224,569
Equities			
Lutheran-related investment pools	—	30,729	30,729
	<u>\$ 438,099</u>	<u>\$ 396,781</u>	<u>\$ 834,880</u>
	Level 1	<u>2012</u> Level 2	Total
Fixed income			
Money market, certificates of deposit and church mission certificates	\$ 431,959	\$ 95,377	\$ 527,336
U.S. Government Agency Bond	—	45,000	45,000
Private debt obligation	—	224,569	224,569
Equities			
Lutheran-related investment pools	—	27,002	27,002
	<u>\$ 431,959</u>	<u>\$ 391,948</u>	<u>\$ 823,907</u>

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2013 or 2012.

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2013 and 2012

NOTE C—LOANS RECEIVABLE – REFUGEES

LIRS Loan Programs

The loans receivable consist of the following as of December 31, 2013 and 2012:

	2013	2012
Guam refugee loans	\$ 126	\$ 1,550
Refugee loans – other	77,477	76,892
	77,603	78,442
Less: allowance for doubtful accounts	(70,000)	(70,000)
	\$ 7,603	\$ 8,442

Transportation Loans – IOM Program

LIRS acts as an agent for the collection of transportation loans for refugee resettlement through the International Organization for Migration (“IOM”). Collections are remitted to IOM net of servicing fees earned which are 25% of loan collections. Included in servicing fees, LIRS earned fees of \$1,763,296 and \$1,630,183 as of December 31, 2013 and 2012, respectively. These loans are not included in the statement of financial position as they are not loans of LIRS. The activity for the transportation loans was as follows:

	2013	2012
Balance outstanding at beginning year	\$ 25,918,044	\$ 25,141,753
New loans	12,023,797	10,058,967
Loan payments	(7,042,956)	(6,511,324)
Loans forgiven without prejudice	(335,368)	(608,949)
Loans transferred to IOM	(2,520,252)	(2,162,403)
Balance outstanding at end of year	\$ 28,043,264	\$ 25,918,044

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2013 and 2012

NOTE D—INVESTMENT IN LUTHERAN CENTER CORPORATION

LIRS occupies approximately 58% of the office space and common space in the Lutheran Center owned by Lutheran Center Corporation (“LCC”). LCC, a non-profit organization, was organized to construct and operate the office building which LIRS and Lutheran World Relief (“LWR”) occupy. LIRS has a 50% interest in LCC and as such, carries its investment in LCC on the equity method. LIRS, LWR and other tenants are providing monthly payments to LCC under a partial cost sharing agreement which provides for reimbursement of costs, including interest and depreciation, in operating the building based upon space occupied. The Agreement is for 30 years commencing September 1, 1999 through August 31, 2029 with six renewal options of 10 years each. For the years ended December 31, 2013 and 2012, LIRS has recorded occupancy expense of, approximately \$713,000 and \$633,500, respectively, based upon its proportionate share of LCC’s costs. Since LIRS has previously provided equity investments in LCC, any gain (loss) realized by LCC will increase (decrease) LIRS’ equity in LCC. At December 31, 2013 and 2012, LIRS’ equity in LCC was \$3,670,839 and \$3,495,123, respectively. At December 31, 2013, LCC assets consisted principally of the building. The building is subject to a ground lease which provides for LCC to pay rent of \$1 per year for the next 50 years, with four optional ten-year extensions.

NOTE E—DEBT

On July 26, 2007, LIRS and LWR borrowed \$5,805,000 through the issuance of Economic Development Revenue Bonds, Series 2007, (“2007 Bonds”) through the Maryland Economic Development Corporation. The 2007 Bonds were issued to advance refund the Maryland Economic Development Revenue Bonds, Series 2000 (“2000 Bonds”) issued by the Maryland Economic Development Corporation. In addition, proceeds of the 2007 Bonds were used to pay a portion of the issuance costs of the 2007 Bonds. LIRS and LWR are jointly and severally liable for the 2007 Bonds and as such, each has recorded 50% of the outstanding debt and related issue costs. In the event that either organization is unable to payoff their portion of the outstanding debt, the other organization will be liable. LCC, as owner of the Lutheran Center building, has guaranteed the repayment of the debt. LIRS and LWR must maintain a joint leverage ratio (cash and investments to annual debt service) of 5 to 1 or approximately \$2,250,000 in required cash and investments. The covenant was met as of December 31, 2013.

The 2007 Bonds were issued as Serial Bonds maturing April 1 in the years 2008 through 2029 and have annual mandatory sinking fund provisions which began in 2008. The 2007 Bonds bear interest at 5.25% per annum. Deferred loan costs in the amount of \$226,212 were incurred in connection with the issuance of the 2007 Bonds and LIRS capitalized 50% of these costs which are being amortized on a straight-line basis over the life of the bonds. Long-term debt on the 2007 Bonds at December 31, 2013 and 2012 is shown on the statement of financial position including unamortized bond premium of \$47,230 and \$50,544, respectively.

In conjunction with the issuance of the 2007 Bonds, a Debt Service Reserve Fund was created in the amount of \$449,138 and LIRS has recorded 50% of these funds as Funds held by Trustee. Funds in the Debt Service Reserve Fund may be withdrawn by the Trustee to make the principal or interest payments of the 2007 Bonds in the event that the other funds available for the purpose are inadequate.

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2013 and 2012

NOTE E—DEBT—Continued

Principal payments under the terms of the 2007 Bond indenture are as follows:

	LWR Portion	LIRS Portion	Total
2014	\$ 100,000	\$ 100,000	\$ 200,000
2015	102,500	102,500	205,000
2016	107,500	107,500	215,000
2017	112,500	112,500	225,000
2018	120,000	120,000	240,000
Thereafter	1,822,500	1,822,500	3,645,000
	<u>\$ 2,365,000</u>	<u>\$ 2,365,000</u>	<u>\$ 4,730,000</u>

Interest on the 2007 Bonds for the years ended December 31, 2013 and 2012 amounted to \$126,591 and \$130,167, respectively.

NOTE F—LEASE COMMITMENTS

LIRS has two leases for office space that expire on April 30, 2017 and March 31, 2018. As of December 31, 2013, future minimum lease obligations under these operating leases are as follows:

2014	\$ 102,243
2015	104,242
2016	106,332
2017	64,709
2018	17,079
	<u>\$ 394,604</u>

Rent expense was approximately \$41,000 and \$38,000 for the years ended December 31, 2013 and 2012, respectively.

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2013 and 2012

NOTE G—NET ASSETS

Temporarily restricted net assets at December 31, 2013 and 2012 were available for the following purposes:

	2013	2012
The Swanson Refugee and Migrant Travel Fund	\$ 113,386	\$ 112,686
Synod, District, Congregational Support Initiative	61,169	61,169
Haiti Relief	4,880	4,880
Rusk House of Hospitality	263,149	—
Alternatives to Immigration and Detention	50,000	—
Other	75,061	57,725
	<u>\$ 567,644</u>	<u>\$ 236,460</u>

During 2013, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, as follows:

	2013
Asylum and Immigration	\$ 104,060
Rusk House of Hospitality	51,634
Other	70,016
	<u>\$ 225,709</u>

During 2012, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, as follows:

	2012
Asylum and Immigration	\$ 272,873
The Swanson Refugee and Migrant Travel Fund	12,666
Synod, District, Congregational Support Initiative	16,542
Haiti Relief	20,528
Other	51,396
	<u>\$ 374,005</u>

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2013 and 2012

NOTE H—PENSION PLAN

Substantially all employees of LIRS are enrolled in the defined contribution pension plan made available and administered by Portico Benefit Services. Contributions to this plan are based upon earnings for all eligible employees and are accrued and funded on a current basis. Pension expense was approximately \$417,000 and \$343,000, respectively, for the years 2013 and 2012.

NOTE I—SUBSEQUENT EVENTS

LIRS evaluated its December 31, 2013 financial statements for subsequent events through May 6, 2014, the date the financial statements were available to be issued. Management has determined that there are no events that would require disclosure or adjustments in the financial statements.

Supplemental Information



Lutheran Immigration and Refugee Service, Inc.

Statement of Revenue, Expenses and Changes in Net Assets by Award

Year ended December 31, 2013

Contract Award Fiscal Year	Refugee Reception and Placement		Detained Torture Survivors		Matching Grant		
	SPRMCO13CA10 2013	SPRMCO14CA1006 2014	90ZT0126/01 2013	90ZT0126/02 2014	90RV0062/01 2012	90RV0062/02 2013	90RV0062/03 2014
Revenue							
U.S. Government grants	\$ 16,026,359	\$ 5,203,520	\$ 414,832	\$ 113,377	\$ 305,614	\$ 5,845,124	\$ 1,137,982
Expenses							
Program							
Personnel costs	716,176	237,495	91,091	33,022	—	144,732	47,475
Office operations	208,377	43,278	48,419	16,810	—	44,729	8,937
Travel and meetings	113,617	2,085	26,311	—	—	64,437	728
Supporting services – field operations	4,470,581	2,715,956	211,303	53,511	278,786	5,074,342	980,204
Refugee aid and other grants	9,394,744	1,838,594	998	—	—	—	—
Depreciation	214	66	30	8	—	41	13
Total program expenses	14,903,709	4,837,474	378,152	103,352	278,786	5,328,281	1,037,358
Management and General							
Administrative allocation and charges	1,122,650	366,046	36,681	10,025	26,828	516,843	100,624
Total expenses	16,026,359	5,203,520	414,832	113,377	305,614	5,845,124	1,137,982
Deficiency of revenue over expenses	—	—	—	—	—	—	—
Net Assets, beginning of year	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	—
Net assets, end of year	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Lutheran Immigration and Refugee Service, Inc.

Statement of Revenue, Expenses and Changes in Net Assets by Award—Continued

Year ended December 31, 2013

Contract Award Fiscal Year	Employment Services Technical Assistance		Alien Unaccompanied Minors – Family Reunification		Alien Unaccompanied Minors – Foster Care		Intensive Case Manage
	90RB0045/01	90RB0045/02	90ZU0067/03	90ZU0103/01	90ZU0057/03	90ZU0084/01	90RP0101/01
	2013	2014	2013	2014	2013	2014	2014
Revenue							
U.S. Government grants	\$ 175,898	\$ 43,853	\$ 10,555,292	\$ 3,711,532	\$ 1,802,299	\$ 604,389	\$ 121,383
Expenses							
Program							
Personnel costs	92,094	35,671	510,712	219,314	670,421	249,708	4,231
Office operations	64,335	3,565	131,908	59,472	141,779	56,941	664
Travel and meetings	3,910	735	44,672	2,980	23,209	1,155	—
Supporting services – field operations	—	—	8,934,510	3,101,520	807,347	243,086	105,754
Depreciation	6	4	159	61	180	57	1
Total program expenses	160,345	39,975	9,621,962	3,383,347	1,642,935	550,947	110,650
Management and General							
Administrative allocation and charges	15,553	3,878	933,330	328,185	159,365	53,442	10,733
Total expenses	175,898	43,853	10,555,292	3,711,532	1,802,299	604,389	121,383
Deficiency of revenue over expenses	—	—	—	—	—	—	—
Net Assets, beginning of year	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	—
Net assets, end of year	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Lutheran Immigration and Refugee Service, Inc.

Statement of Revenue, Expenses and Changes in Net Assets by Award—Continued

Year ended December 31, 2013

Contract Award Fiscal Year	Preferred Communities – Creating New Communities		Preferred Communities – Cultural Orientation		Total
	90RP0085/02 2013	90RP0085/03 2014	90RP0090/01 2013	90RP0090/02 2014	
Revenue					
U.S. Government grants	\$ 85,339	\$ 23,889	\$ 186,548	\$ 57,503	\$ 46,414,735
Expenses					
Program					
Personnel costs	22,650	7,500	38,157	11,404	3,131,853
Office operations	3,842	1,312	7,109	2,026	843,503
Travel and meetings	824	—	1,805	—	286,469
Supporting services – field operations	50,471	12,962	122,971	38,985	27,202,290
Refugee aid and other grants	—	—	—	—	11,234,336
Depreciation	6	2	12	3	863
Total program expenses	77,793	21,776	170,053	52,419	42,699,314
Management and General					
Administrative allocation and charges	7,546	2,113	16,495	5,085	3,715,421
Total expenses	85,339	23,889	186,548	57,504	46,414,735
Deficiency of revenue over expenses	—	—	—	—	—
Net Assets, beginning of year	—	—	—	—	—
Transfers	—	—	—	—	—
Net assets, end of year	\$ —	\$ —	\$ —	\$ —	\$ —

Lutheran Immigration and Refugee Service, Inc.

Schedule of Functional Expenses

Year ended December 31, 2013 with Summarized Information for 2012

	Program Services			Supporting Services			Totals	
	U.S. Government Funded Activities	Other Program Activities	Total Program Services	Management and General	Fund- Raising	Total Support Services	2013	2012
Personnel costs	\$ 3,131,854	\$ 873,277	\$ 4,005,131	\$ 2,289,771	\$ 494,761	\$ 2,784,532	\$ 6,789,663	\$ 5,661,808
Office operations	863,211	538,916	1,402,127	1,406,580	430,219	1,836,799	3,238,926	3,041,673
Travel and meetings	266,761	73,368	340,129	293,068	25,491	318,559	658,688	539,176
Supporting services – field operations	27,318,831	—	27,318,831	—	—	—	27,318,831	22,700,025
Refugee aid and other grants	11,117,795	549,296	11,667,091	45,276	1,624	46,900	11,713,991	11,301,968
Depreciation and amortization	862	205	1,067	2,631	130	2,762	3,829	13,618
	\$ 42,699,314	\$ 2,035,062	\$ 44,734,376	\$ 4,037,326	\$ 952,226	\$ 4,989,552	\$ 49,723,928	\$ 43,258,268

Lutheran Immigration and Refugee Service, Inc.

Summary of Changes in Net Assets

Year Ended December 31, 2013

	Balance December 31, 2012	Additions (Including Inter-Fund Transfers)	Deductions	Balance December 31, 2013
Unrestricted Net Assets				
Undesignated, available for general activities	\$ 6,141,836	\$ 49,816,949	\$ 49,490,685	\$ 6,468,100
Designated				
Capital Reserve	591,003	—	—	591,003
Constituency and Resource Development	200,000	—	—	200,000
Agency Stabilization Fund	367,249	—	—	367,249
Friends of Refugees	22,854	340	7,535	15,659
	1,181,106	340	7,535	1,173,911
Total Unrestricted Net Assets	7,322,942	49,817,289	49,498,220	7,642,011
Temporarily Restricted Net Assets				
Asylum and Immigration	—	104,060	104,060	—
The Swanson Fund	112,686	700	—	113,386
Synod and District Initiative	61,169	—	—	61,169
Haiti Relief	4,880	—	—	4,880
Rusk House	—	314,783	51,634	263,149
Alternatives to Immigration Detention	—	50,000	—	50,000
Other	57,725	87,350	70,016	75,059
Total Temporarily Restricted Net Assets	\$ 236,460	\$ 556,892	\$ 225,709	\$ 567,644