

**LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.**

***FINANCIAL STATEMENTS AND  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS***

**DECEMBER 31, 2018**

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

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## INDEPENDENT AUDITOR'S REPORT

**Board of Directors**  
**Lutheran Immigration and Refugee Service, Inc.**  
**Baltimore, Maryland**

We have audited the accompanying financial statements of Lutheran Immigration and Refugee Service, Inc. ("LIRS") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, 2018, 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.

**Board of Directors  
Lutheran Immigration and Refugee Service, Inc.  
Baltimore, Maryland**

**Changes in Financial Statement Presentation**

As discussed in Note 1, LIRS adopted Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented with the exception of the disclosure of liquidity and availability of resources, which has been implemented prospectively as allowed under the provisions of ASU 2016-14. Our opinion is not modified with respect to this matter.

**Report on Summarized Comparative Information**

We have previously audited LIRS’s 2017 financial statements and our report dated May 8, 2018 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenue, Expenses and Changes in Net Assets by Award for the year ended December 31, 2018, and the Summary of Changes in Net Assets for the year ended December 31, 2018 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
May 22, 2019**

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2018 And 2017

|  | <u>2018</u>          | <u>2017</u>          |
|--|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |
| <b>Current Assets</b>  |                      |                      |
| Cash and cash equivalents  | \$ 12,524,900        | \$ 13,039,690        |
| Investments, at market value (Note 2)  | 257,108              | 267,448              |
| Accounts receivable  |                      |                      |
| U.S. government  | 4,598,122            | 2,871,212            |
| Miscellaneous  | 731,798              | 556,080              |
| Prepaid expenses and other assets  | 203,660              | 214,547              |
| Investment in Lutheran Center Corporation (Note 4)   | 3,424,466            | 3,467,133            |
| Funds held by trustee (Note 6)   | <u>347,790</u>       | <u>341,354</u>       |
| <b>Total Current Assets</b>  | <u>22,087,844</u>    | <u>20,757,464</u>    |
| <b>Non-Current Assets</b>  |                      |                      |
| Fixed assets, less accumulated depreciation and amortization of<br>\$587,836 and \$564,424 at 2018 and 2017, respectively (Note 5) | <u>939,813</u>       | <u>709,935</u>       |
| <b>Total Assets</b>  | <u>\$ 23,027,657</u> | <u>\$ 21,467,399</u> |
| <b>LIABILITIES AND NET ASSETS</b>  |                      |                      |
| <b>Current Liabilities</b>   |                      |                      |
| Accounts payable and accrued expenses  | \$ 7,203,946         | \$ 8,302,722         |
| Long-term debt, current portion (Note 6)   | <u>125,000</u>       | <u>120,000</u>       |
| <b>Total Current Liabilities</b>   | <u>7,328,946</u>     | <u>8,422,722</u>     |
| <b>Non-Current Liabilities</b>   |                      |                      |
| Long-term Obligations, net of current portion (Note 6)   | <u>1,677,254</u>     | <u>1,800,278</u>     |
| <b>Total Liabilities</b>   | <u>9,006,200</u>     | <u>10,223,000</u>    |
| <b>Net Assets</b>  |                      |                      |
| Without Donor Restrictions   |                      |                      |
| Undesignated   | 12,247,149           | 9,393,183            |
| Designated   | <u>1,016,371</u>     | <u>1,205,941</u>     |
| <b>Total Without Donor Restrictions</b>  | <u>13,263,520</u>    | <u>10,599,124</u>    |
| With Donor Restrictions (Note 7)   | <u>757,937</u>       | <u>645,275</u>       |
| <b>Total Net Assets</b>  | <u>14,021,457</u>    | <u>11,244,399</u>    |
| <b>Total Liabilities and Net Assets</b>  | <u>\$ 23,027,657</u> | <u>\$ 21,467,399</u> |

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2018 With Summarized Comparative Totals For 2017

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>         |                      |
|---|---------------------------------------|------------------------------------|----------------------|----------------------|
|   |                                       |                                    | <u>2018</u>          | <u>2017</u>          |
| <b>Operating Activities</b>                                 |                                       |                                    |                      |                      |
| <b>Support and Revenue</b>                                  |                                       |                                    |                      |                      |
| <b>Support</b>  |                                       |                                    |                      |                      |
| Church bodies   | \$ 790,400                            | \$ 245,000                         | \$ 1,035,400         | \$ 671,924           |
| Foundations and corporations                                | 171,637                               | 226,500                            | 398,137              | 246,524              |
| Other contributions   | 3,878,341                             | 411,531                            | 4,289,872            | 3,041,050            |
| In-kind contributions                                       | <u>5,299</u>                          | <u>483,925</u>                     | <u>489,224</u>       | <u>458,557</u>       |
|   | <u>4,845,677</u>                      | <u>1,366,956</u>                   | <u>6,212,633</u>     | <u>4,418,055</u>     |
| <b>U.S. Government and State</b>                            | <u>41,631,070</u>                     | <u>-</u>                           | <u>41,631,070</u>    | <u>45,316,561</u>    |
| <b>Total support</b>  | <u>46,476,747</u>                     | <u>1,366,956</u>                   | <u>47,843,703</u>    | <u>49,734,616</u>    |
| <b>Revenue</b>  |                                       |                                    |                      |                      |
| Servicing fees  | 2,522,312                             | -                                  | 2,522,312            | 2,805,727            |
| Miscellaneous   | <u>182,771</u>                        | <u>8,299</u>                       | <u>191,070</u>       | <u>251,485</u>       |
| <b>Total revenue</b>  | <u>2,705,083</u>                      | <u>8,299</u>                       | <u>2,713,382</u>     | <u>3,057,212</u>     |
| <b>Net assets released from restrictions<br/>  (Note 7)</b> | <u>1,262,593</u>                      | <u>(1,262,593)</u>                 | <u>-</u>             | <u>-</u>             |
| <b>Total support and revenue</b>                            | <u>50,444,423</u>                     | <u>112,662</u>                     | <u>50,557,085</u>    | <u>52,791,828</u>    |
| <b>Expenses</b>   |                                       |                                    |                      |                      |
| <b>Program Services</b>                                     |                                       |                                    |                      |                      |
| U.S. government funded activities                           | 37,652,805                            | -                                  | 37,652,805           | 40,775,000           |
| Other program activities                                    | <u>4,486,785</u>                      | <u>-</u>                           | <u>4,486,785</u>     | <u>3,804,083</u>     |
| <b>Total program services</b>                               | <u>42,139,590</u>                     | <u>-</u>                           | <u>42,139,590</u>    | <u>44,579,003</u>    |
| <b>Supporting Services</b>                                  |                                       |                                    |                      |                      |
| Management and general                                      | 4,496,316                             | -                                  | 4,496,316            | 5,042,979            |
| Fund-raising  | <u>1,182,813</u>                      | <u>-</u>                           | <u>1,182,813</u>     | <u>1,164,119</u>     |
| <b>Total supporting services</b>                            | <u>5,679,129</u>                      | <u>-</u>                           | <u>5,679,129</u>     | <u>6,207,098</u>     |
| <b>Total Expenses</b>                                       | <u>47,818,719</u>                     | <u>-</u>                           | <u>47,818,719</u>    | <u>50,786,101</u>    |
| <b>Change in Net Assets – Operating Activities</b>          | 2,625,704                             | 112,662                            | 2,738,366            | 2,005,727            |
| <b>Non-operating Activities</b>                             |                                       |                                    |                      |                      |
| Investment earnings (Note 2)                                | 148,441                               | -                                  | 148,441              | 76,957               |
| Loss on disposal of asset                                   | <u>(109,749)</u>                      | <u>-</u>                           | <u>(109,749)</u>     | <u>-</u>             |
| <b>Change in Net Assets</b>                                 | 2,664,396                             | 112,662                            | 2,777,058            | 2,082,684            |
| <b>Net Assets, beginning of year</b>                        | <u>10,599,124</u>                     | <u>645,275</u>                     | <u>11,244,399</u>    | <u>9,161,715</u>     |
| <b>Net Assets, end of year</b>                              | <u>\$ 13,263,520</u>                  | <u>\$ 757,937</u>                  | <u>\$ 14,021,457</u> | <u>\$ 11,244,399</u> |

See notes to financial statements.

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018 And 2017

|   | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                     |                     |
| Change in net assets  | \$ 2,777,058        | \$ 2,082,684        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |                     |
| Depreciation  | 125,990             | 69,941              |
| Amortization  | 1,976               | 1,975               |
| Unrealized loss (gain) on investments   | 4,472               | (4,396)             |
| Loss in Lutheran Center Corporation investment  | 42,667              | 183,036             |
| Loss on disposal of assets  | 109,749             | -                   |
| Changes in assets and liabilities:  |                     |                     |
| Accounts receivable   |                     |                     |
| U.S. government   | (1,726,910)         | 3,910,134           |
| Miscellaneous   | (175,718)           | (95,001)            |
| Prepaid expenses and deposits   | 10,887              | 60,255              |
| Funds held by trustee   | (6,436)             | (6,414)             |
| Accounts payable and accrued expenses   | <u>(1,098,776)</u>  | <u>(4,586,905)</u>  |
| <b>Net Cash Provided by Operating Activities</b>  | <u>64,959</u>       | <u>1,615,309</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |                     |
| Purchase of furniture, fixtures and equipment   | (465,617)           | (255,245)           |
| Purchases of investments  | (14,626)            | (14,204)            |
| Proceeds from sales of investments  | <u>20,494</u>       | <u>13,641</u>       |
| <b>Net Cash Used In Investing Activities</b>  | <u>(459,749)</u>    | <u>(255,808)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                     |                     |
| Repayment of long-term debt   | <u>(120,000)</u>    | <u>(112,500)</u>    |
| <b>Net Cash Used in Financing Activities</b>  | <u>(120,000)</u>    | <u>(112,500)</u>    |
| <b>Net (Decrease) Increase in Cash and Cash Equivalents</b>                                 | (514,790)           | 1,247,001           |
| <b>CASH AND CASH EQUIVALENTS</b>  |                     |                     |
| Beginning of year   | <u>13,039,690</u>   | <u>11,792,689</u>   |
| <b>End of year</b>  | <u>\$12,524,900</u> | <u>\$13,039,690</u> |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>   |                     |                     |
| Interest paid   | <u>\$ 97,291</u>    | <u>\$ 104,934</u>   |

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 And 2017

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### (1) ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### **ORGANIZATION AND PURPOSE**

Lutheran Immigration and Refugee Service, Inc. ("**LIRS**") is incorporated in Maryland as a non-stock corporation.

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.

#### **BASIS OF PRESENTATION**

LIRS follows the reporting requirements of U.S. generally accepted accounting principles (GAAP), which requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

**Without donor restrictions** – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objective of LIRS. These net assets may be used at the discretion of LIRS's management and the board of directors. LIRS has chosen to provide further classification information about net assets without donor restrictions on the statement of financial position. The sub classifications are as follows

- ◆ **Undesignated** – Represents the cumulative net assets without donor restrictions including those net assets invested in building and equipment.
- ◆ **Designated** – Represents net assets designated to be used at the discretion of management.

**With Donor Restrictions** – Net assets subject to donor-imposed restrictions that will be met either by actions of LIRS and/or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt.

When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Expenses are reported as decreases in net assets without donor restriction.

#### **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.

#### **CASH AND CASH EQUIVALENTS**

LIRS considers money market funds, demand deposits with banks, and short-term investments with maturities of three months or less, to be cash equivalents.



# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

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### **CONCENTRATION OF CREDIT RISK**

LIRS occasionally maintains cash deposits in excess of federally insured limits of \$250,000. 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, equipment, computer software and buildings is computed on the straight-line method over their estimated useful life of the asset 3 to 30 years. Leasehold improvements are amortized over the shorter of the improvements’ life or the remaining lease term.

### **CONTRIBUTIONS**

Contributions are recorded as revenue at net realizable value on receipt or when unconditional promises to give are received. Contribution revenue is recorded as increases in net assets without donor restrictions, unless their use is limited by time or donor-imposed restrictions.

### **CONTRIBUTIONS IN-KIND**

Contributions in-kind primarily consist of goods received to support the Reception and Placement program.

### **U.S. GOVERNMENT AWARDS**

LIRS receives grant awards funded by 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 depending on the terms of the award, either as expenses are incurred or as revenues are earned.

### **FUNCTIONAL 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 effort in the respective programs (**Note 7**).

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

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### **DEBT**

LIRS applies the guidance in ASU 2013-04, *Liabilities (Topic 405)*, which requires an entity to measure obligations resulting from joint and several liability arrangements as the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors.

### **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 recognizes or derecognizes tax positions on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. LIRS has reviewed the tax positions taken for each of the open tax years (2015 - 2017) or expected to be taken in LIRS’s 2018 tax return and has concluded it has no material uncertain tax positions. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

LIRS follows the accounting guidance that creates a single model to address uncertainty in tax positions and clarifies accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in its financial statements. Under the requirements of this guidance, organizations could now be required to record an obligation as the result of tax positions they have historically taken on various tax exposure items. LIRS is not required to record such an obligation.

### **CONTINGENCY**

Under the terms of the U.S. Government grants, which are made based upon the acceptance by the U.S. Government of the program proposals submitted by LIRS, amounts are stipulated for both direct program costs and administrative overhead costs. The administrative overhead rate used by LIRS, while provisionally approved, is subject to review and final approval by the U.S. Government. The administrative overhead rate has been approved through December 31, 2019. Management believes that any adjustment to the 2018 administrative overhead rate used in recording U.S. Government grant activity in the 2018 financial statements, if any, will not have a material effect on the financial position or operating results of LIRS.

### **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 LIRS’s audited financial statements for the year ended December 31, 2017, from which the summarized information was derived.

### **RECLASSIFICATIONS**

Certain amounts from the prior year financial statements have been reclassified to conform to the current year presentation.

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

### RECENT ACCOUNTING PRONOUNCEMENTS

In 2018, LIRS adopted Accounting Standards Update (ASU) 2016-14, Presentation of the Financial Statements of Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include the presentation of two classes of net assets versus the previously required three. This guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 are as follows:

| <u>Net Asset Classifications</u> | <u>Balance At<br/>December 31, 2017<br/>As Previously Reported</u> | <u>Adjustments<br/>From<br/>ASU 2016-14</u> | <u>Balance At<br/>January 1, 2018<br/>As Adjusted</u> |
|----------------------------------|--|---|---|
| Unrestricted Net Assets          | \$10,599,124   | \$(10,599,124)                              | \$ -  |
| Temporarily Restricted           | 645,275  | (645,275)                                   | -   |
| Without Donor Restriction        | -  | 10,599,124                                  | 10,599,124  |
| With Donor Restriction           | <u>-</u>   | <u>645,275</u>                              | <u>645,275</u>  |
| Net assets previously presented  | <u>\$11,244,399</u>  | <u>\$ -</u>                                 | <u>\$11,244,399</u>                                   |

### NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year thus the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied retrospectively in the year the ASU is first applied. LIRS plans to adopt the new ASU at the required implementation date.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 31, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. LIRS plans to adopt the new ASU at the required implementation date.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and determining whether a transaction is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The ASU should be applied using a modified prospective basis. LIRS plans to adopt the new ASU at the required implementation date.

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

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### (2) INVESTMENTS

At December 31, 2018 and 2017 investments consisted of the following:

|                                   | <u>2018</u>      |                  | <u>2017</u>      |                  |
|-----------------------------------|------------------|------------------|------------------|------------------|
|                                   | <u>Cost</u>      | <u>Market</u>    | <u>Cost</u>      | <u>Market</u>    |
| <b>Fixed Income:</b>              |                  |                  |                  |                  |
| Private debt obligation           | \$224,569        | \$224,569        | \$224,569        | \$224,569        |
| Government Money Market Fund      | 16               | 16               | 6,825            | 6,825            |
| <b>Equities:</b>                  |                  |                  |                  |                  |
| Lutheran-related investment pools | <u>25,847</u>    | <u>32,523</u>    | <u>24,906</u>    | <u>36,054</u>    |
|                                   | <u>\$250,432</u> | <u>\$257,108</u> | <u>\$256,300</u> | <u>\$267,448</u> |

Investment earnings for the years ended December 31, 2018 and 2017 are comprised of the following:

|                         | <u>2018</u>      | <u>2017</u>     |
|-------------------------|------------------|-----------------|
| Interest and dividends* | \$153,272        | \$72,894        |
| Unrealized gain (loss)  | (4,472)          | 4,396           |
| Investment fees         | <u>(359)</u>     | <u>(333)</u>    |
|                         | <u>\$148,441</u> | <u>\$76,957</u> |

\* Includes interest earned on the operating bank accounts

The following describes the hierarchy of inputs used to measure market value and the primary valuation methodologies used by LIRS for investments measured at market value on a recurring basis. An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the market value measurement. The three levels of inputs are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities. Market price data is generally obtained from exchange or dealer markets.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities. Inputs are obtained from various sources including market participants, dealers, and brokers.

Level 3 - Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment.

The methods described above may produce a market value calculation that may not be indicative of net realizable value or reflective of future market values. Furthermore, LIRS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the market value of certain investments could result in a different estimate of market value.

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

The following table presents the investments carried at market value as of December 31, 2018 and December 31, 2017, by caption on the statement of financial position by the valuation hierarchy defined above:

|                                   | <u>2018</u>    |                   |                |                   |
|-----------------------------------|----------------|-------------------|----------------|-------------------|
|                                   | <u>Level 1</u> | <u>Level 2</u>    | <u>Level 3</u> | <u>Total</u>      |
| <b>Fixed Income:</b>              |                |                   |                |                   |
| Private debt obligation           | \$ -           | \$ 224,569        | \$ -           | \$ 224,569        |
| Government Money Market Fund      | 16             | -                 | -              | 16                |
| <b>Equities:</b>                  |                |                   |                |                   |
| Lutheran-related investment pools | -              | 32,523            | -              | 32,523            |
|                                   | <u>\$ 16</u>   | <u>\$ 257,092</u> | <u>\$ -</u>    | <u>\$ 257,108</u> |

|                                   | <u>2018</u>     |                   |                |                   |
|-----------------------------------|-----------------|-------------------|----------------|-------------------|
|                                   | <u>Level 1</u>  | <u>Level 2</u>    | <u>Level 3</u> | <u>Total</u>      |
| <b>Fixed Income:</b>              |                 |                   |                |                   |
| Private debt obligation           | \$ -            | \$ 224,569        | \$ -           | \$ 224,569        |
| Government Money Market Fund      | 6,825           | -                 | -              | 6,825             |
| <b>Equities:</b>                  |                 |                   |                |                   |
| Lutheran-related investment pools | -               | 36,054            | -              | 36,054            |
|                                   | <u>\$ 6,825</u> | <u>\$ 260,623</u> | <u>\$ -</u>    | <u>\$ 267,448</u> |

### (3) LOAN RECEIVABLE—REFUGEES

#### **LIRS LOAN PROGRAMS**

The loans receivable, which are included in prepaid expenses and other assets on the Statement of Financial Position, consists of the following as of December 31, 2018 and 2017:

|                                       | <u>2018</u>     | <u>2017</u>       |
|---------------------------------------|-----------------|-------------------|
| Refugee loans – other                 | \$ 59,447       | \$ 48,458         |
| Less: allowance for doubtful accounts | <u>(50,000)</u> | <u>(50,000)</u>   |
|                                       | <u>\$ 9,447</u> | <u>\$ (1,542)</u> |

#### **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. LIRS earned fees of \$1,681,054 and \$1,909,088 for the years ending December 31, 2018 and 2017, respectively which are included in Servicing fees on the statement of activities. These loans are not included in the statement of financial position as they are not loans owned by LIRS. The activity for the transportation loans was as follows:

|  | <u>2018</u>          | <u>2017</u>          |
|--|----------------------|----------------------|
| <b>Balance outstanding at beginning year</b> | \$ 30,146,679        | \$ 29,362,791        |
| New loans                                    | 4,368,523            | 11,136,016           |
| Loan payments                                | (6,723,968)          | (7,635,163)          |
| Loans forgiven without prejudice             | (61,960)             | (326,524)            |
| Loans transferred to IOM                     | -                    | (2,390,441)          |
| <b>Balance outstanding at end of year</b>    | <u>\$ 27,729,274</u> | <u>\$ 30,146,679</u> |

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

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### (4) INVESTMENT IN LUTHERAN CENTER CORPORATION

LIRS occupies approximately 50% 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 and LWR provide monthly payments to LCC under a partial cost sharing agreement which provides for reimbursement of costs, including interest 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, 2018 and 2017, LIRS has recorded occupancy expense of approximately \$684,000 and \$564,500 respectively, based upon its proportionate share of LCC’s costs.

Since LIRS reports its investment in LCC under the equity method, any gain (loss) realized by LCC will increase (decrease) LIRS’ equity in LCC. At December 31, 2018 and 2017, LIRS’ equity in LCC was \$3,424,466 and \$3,467,133, respectively. At December 31, 2018, LCC assets consisted principally of the building and improvements. The building is subject to a ground lease which provides for LCC to pay rent of \$1 per year for 50 years beginning in 1999, with four optional ten-year extensions.

### (5) PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 and 2017 consists of the following:

|   | <u>2018</u>       | <u>2017</u>       |
|---|-------------------|-------------------|
| Computer equipment                          | \$ 733,123        | \$ 305,763        |
| Furniture and fixtures                      | 403,764           | 373,931           |
| Buildings                                   | 111,810           | 111,810           |
| Land  | 156,390           | 156,390           |
| Leasehold improvement                       | 122,562           | 122,562           |
| Work in process                             | <u>-</u>          | <u>203,902</u>    |
|   | 1,527,649         | 1,274,358         |
| Less accumulated depreciation               | <u>(587,836)</u>  | <u>(564,424)</u>  |
| Property and equipment, net of depreciation | <u>\$ 939,813</u> | <u>\$ 709,935</u> |

Depreciation expense of property and equipment was \$125,990 and \$69,941 in 2018 and 2017, respectively.

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

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### (6) 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. 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 pay off 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. As of December 31, 2018, and 2017, the covenant was met.

The 2007 Bonds, bearing interest at 5.25% per annum, were issued as Serial Bonds with annual principal payments due on April 1 each year through 2029. The 2007 Bonds also have annual mandatory sinking fund provisions. Deferred loan costs in the amount of \$226,212 were incurred in connection with the issuance of the 2007 Bonds. 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, 2018 and 2017 is shown on the statement of financial position net of unamortized bond premium of \$31,408 and \$34,472, respectively, and deferred loan costs of \$51,654 and \$56,694, respectively.

In conjunction with the issuance of the 2007 Bonds, a Debt Service Reserve Fund (the “Reserve Fund”) was established. LIRS has ownership to 50% of the value held in the Reserve Fund which is included within Funds held by Trustee on the statement of financial position. Funds in the Debt Service Reserve Fund may be withdrawn by the Trustee to make the principal or interest payments required in the event that the other funds available for the purpose are inadequate. The Debt Service Reserve Fund balance at December 31, 2018 and 2017 was \$228,836 and \$225,549, respectively. Additionally, Funds held by Trustee on the statement of financial position includes LIRS’s 50% ownership in the debt service principal and interest accounts it contributes to funding which amounted to \$118,954, and \$115,805 as of December 31, 2018, and 2017, respectively.

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

|            | <b><u>LIRS</u></b>    | <b><u>LWR</u></b>     | <b><u>Total</u></b> |
|------------|-----------------------|-----------------------|---------------------|
|            | <b><u>Portion</u></b> | <b><u>Portion</u></b> |                     |
| 2019       | \$ 125,000            | \$ 125,000            | \$ 250,000          |
| 2020       | 132,500               | 132,500               | 265,000             |
| 2021       | 140,000               | 140,000               | 280,000             |
| 2022       | 147,500               | 147,500               | 295,000             |
| 2023       | 157,500               | 157,500               | 315,000             |
| Thereafter | <u>1,120,000</u>      | <u>1,120,000</u>      | <u>2,240,000</u>    |
|            | <u>\$ 1,822,500</u>   | <u>\$ 1,822,500</u>   | <u>\$ 3,645,000</u> |

Interest expense on the 2007 Bonds for the years ended December 31, 2018 and 2017 was approximately \$97,250 and \$107,000, respectively.

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

### (7) NET ASSETS

Net assets with donor restrictions as of December 31, 2018 and 2017 were available for the following purposes:

|  | <u>2018</u>      | <u>2017</u>      |
|--|------------------|------------------|
| The Swanson Refugee and Migrant Travel Fund    | \$ 82,423        | \$ 81,873        |
| Family Reunification                           | 260,951          | -                |
| Rusk House of Hospitality                      | 203,422          | 217,134          |
| Central American Migrant Children and Families | 37,842           | 69,405           |
| NYC Syrian URM/Syrian Refugee                  | 90,721           | 200,175          |
| Refugee Protection and Family Strengthening    | (308)            | 2,565            |
| Other  | <u>82,886</u>    | <u>74,123</u>    |
|  | <u>\$757,937</u> | <u>\$645,275</u> |

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

|  | <u>2018</u>        | <u>2017</u>      |
|--|--------------------|------------------|
| The Swanson Refugee and Migrant Travel Fund    | \$ -               | \$ 17,554        |
| Family Reunification                           | 599,740            | -                |
| Detention Visitation                           | -                  | 6,197            |
| Rusk House of Hospitality                      | 22,011             | 18,433           |
| Central American Migrant Children and Families | 31,562             | 49,595           |
| NYC Syrian URM/Syrian Refugee                  | 109,503            | -                |
| Refugee Protection and Family Strengthening    | 486,798            | 515,335          |
| Other  | <u>12,979</u>      | <u>167,250</u>   |
|  | <u>\$1,262,593</u> | <u>\$774,364</u> |

### (8) FUNCTIONAL EXPENSES

|                               | U.S.<br>Government<br>Funded<br>Activities | Other<br>Program<br>Activities | Total<br>Program<br>Services | Management<br>And<br>General | Fund-<br>Raising   | Total<br>Support<br>Services | <u>Totals</u>       |                     |
|-------------------------------|--|--------------------------------|------------------------------|------------------------------|--------------------|------------------------------|---------------------|---------------------|
|                               |  |                                |                              |                              |                    |                              | <u>2018</u>         | <u>2017</u>         |
| Personnel Costs               | \$ 2,581,308                               | \$ 1,597,591                   | \$ 4,178,899                 | \$ 3,153,429                 | \$ 655,466         | \$ 3,808,895                 | \$ 7,987,794        | \$ 9,154,891        |
| Office Operations             | 843,268                                    | 1,014,959                      | 1,858,227                    | 1,046,837                    | 503,037            | 1,549,874                    | 3,408,101           | 3,501,180           |
| Travel and Meetings           | 294,361                                    | 156,835                        | 451,196                      | 188,415                      | 18,103             | 206,518                      | 657,714             | 536,357             |
| Supporting Services –         |  |                                |                              |                              |                    |                              |                     |                     |
| Field Operations              | 29,446,744                                 | 461,324                        | 29,908,068                   | -                            | -                  | -                            | 29,908,068          | 28,597,171          |
| Refugee Aid and Other Grants  | 4,462,415                                  | 1,176,990                      | 5,639,405                    | 88,146                       | 1,525              | 89,671                       | 5,729,076           | 8,924,586           |
| Depreciation and Amortization | <u>24,709</u>                              | <u>79,086</u>                  | <u>103,795</u>               | <u>19,489</u>                | <u>4,682</u>       | <u>24,171</u>                | <u>127,966</u>      | <u>71,916</u>       |
|                               | <u>\$37,652,805</u>                        | <u>\$4,486,785</u>             | <u>\$42,139,590</u>          | <u>\$4,496,316</u>           | <u>\$1,182,813</u> | <u>\$5,679,129</u>           | <u>\$47,818,719</u> | <u>\$50,786,101</u> |

### (9) PENSION PLAN

LIRS maintains a defined contribution pension plan for eligible employees. 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 \$277,000 and \$503,000, respectively, for the years 2018 and 2017.



# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

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### (10) LEASE COMMITMENTS

LIRS has an operating lease for office space that expires on January 31, 2025. The lease is subject to adjustments for escalations and certain operating expenses. As of December 31, 2018, future minimum lease obligations under these operating leases are as follows:

|            |                  |
|------------|------------------|
| 2019       | \$ 63,000        |
| 2020       | 65,500           |
| 2021       | 68,000           |
| 2022       | 71,000           |
| 2023       | 73,700           |
| Thereafter | <u>83,100</u>    |
|            | <u>\$424,300</u> |

Rent expense was approximately \$68,000 and \$73,000 for the years ended December 31, 2018 and 2017, respectively.

### (11) LETTER OF CREDIT

LIRS maintains a letter of credit to benefit the State of Maryland for unemployment payments. The amount available under this arrangement as of December 31, 2018 was \$42,826. As of December 31, 2018, LIRS had no outstanding advances.

### (12) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

At December 31, 2018 financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| <u>Financial Assets</u>  | <u>2018</u>          |
|--|----------------------|
| Cash and cash equivalents  | \$ 12,524,900        |
| Investments  | 257,108              |
| U.S. government receivables  | 4,598,122            |
| Miscellaneous receivables  | <u>731,798</u>       |
| Total financial assets available within one year   | 18,111,928           |
| Less those unavailable for general expenditure within one year, due to:                    |                      |
| Restricted by donor with purpose or time restrictions                                      | <u>(757,937)</u>     |
| Total financial assets available to management for<br>General expenditures within one year | <u>\$ 17,353,991</u> |

As part of LIRS's liquidity-management plan, it structures its financial assets to be available as its obligations come due.

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## *NOTES TO FINANCIAL STATEMENTS – (Continued)*

**December 31, 2018 And 2017**

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### **(13) SUBSEQUENT EVENTS**

LIRS evaluated its December 31, 2018 financial statements for subsequent events through May 22, 2019, 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.

## SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS BY AWARD

Year Ended December 31, 2018

| Contract Award<br>Fiscal Year                | Refugee Reception And Placement |                        | Matching Grant     | Preferred Communities<br>Intensive Case Management |                     |
|--|---------------------------------|------------------------|--------------------|--|---------------------|
|  | SPRMC017CA1010<br>2017          | SPRMC018CA1003<br>2018 | 1802MDRVMG<br>2018 | 90RP0113/02<br>2018                                | 90RP0113/03<br>2019 |
| <b>Revenue</b>                               |                                 |                        |                    |  |                     |
| U.S. Government Grants                       | \$ -                            | \$ 12,066,469          | \$ 4,133,760       | \$ 1,522,029                                       | \$ 442,435          |
| <b>Expenses</b>                              |                                 |                        |                    |  |                     |
| <b>Program</b>                               |                                 |                        |                    |  |                     |
| Personnel costs                              | -                               | 1,032,723              | 127,326            | 189,097  | 49,372              |
| Office operations                            | -                               | 375,314                | 38,005             | 53,611   | 9,484               |
| Travel and meetings                          | -                               | 99,395                 | 16,771             | 10,914   | 2,593               |
| Supporting services – field operations       | (10,877)                        | 4,945,378              | 3,557,430          | 1,121,832  | 338,556             |
| Refugee aid and other grants                 | 10,877                          | 4,450,500              | -                  | -  | -                   |
| Depreciation                                 | -                               | 9,585                  | 1,427              | 1,947  | 389                 |
| Total program expenses                       | -                               | 10,912,895             | 3,740,959          | 1,377,401  | 400,394             |
| <b>Management and General</b>                |                                 |                        |                    |  |                     |
| Administrative allocation and changes        | -                               | 1,153,574              | 392,801            | 144,628  | 42,041              |
| Total expenses                               | -                               | 12,066,469             | 4,133,760          | 1,522,059  | 442,435             |
| Excess (deficiency) of revenue over expenses | -                               | -                      | -                  | -  | -                   |
| <b>Net Assets, beginning of year</b>         | -                               | -                      | -                  | -  | -                   |
| Transfers                                    | -                               | -                      | -                  | -  | -                   |
| <b>Net Assets, end of year</b>               | \$ -                            | \$ -                   | \$ -               | \$ -   | \$ -                |

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and the financial statements and notes thereto.

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS BY AWARD – (Continued)

Year Ended December 31, 2018

| Contract Award<br>Fiscal Year                | Employment Services<br>Technical Assistance | Foster Care<br>Safe Release Support |                     | Home Studies<br>Post Release |                     |
|--|---|-------------------------------------|---------------------|------------------------------|---------------------|
|  | 90RB0049/03<br>2018                         | 90ZU0182/01<br>2017                 | 90ZU0182/02<br>2018 | 90ZU0172/01<br>2017          | 90ZU0172/02<br>2018 |
| <b>Revenue</b>                               |   |                                     |                     |                              |                     |
| U.S. Government Grants                       | \$ 187,070                                  | \$ 437,267                          | \$ 4,738,780        | \$ 316,431                   | \$ 2,849,246        |
| <b>Expenses</b>                              |   |                                     |                     |                              |                     |
| <b>Program</b>                               |   |                                     |                     |                              |                     |
| Personnel costs                              | 128,471                                     | 46,792                              | 236,109             | 43,255                       | 313,214             |
| Office operations                            | 29,685                                      | 15,707                              | 76,511              | 14,202                       | 99,911              |
| Travel and meetings                          | 9,745                                       | 8,857                               | 50,524              | 7,542                        | 34,057              |
| Supporting services – field operations       | -   | 321,529                             | 3,922,797           | 219,196                      | 2,127,491           |
| Refugee aid and other grants                 | -   | -                                   | 346                 | -                            | 346                 |
| Depreciation                                 | 1,215                                       | 164                                 | 2,202               | 237                          | 3,484               |
| Total program expenses                       | 169,116                                     | 393,049                             | 4,288,489           | 284,432                      | 2,578,503           |
| <b>Management and General</b>                |   |                                     |                     |                              |                     |
| Administrative allocation and changes        | 17,757                                      | 44,218                              | 450,291             | 31,999                       | 270,743             |
| Total expenses                               | 186,873                                     | 437,267                             | 4,738,780           | 316,431                      | 2,849,246           |
| Excess (deficiency) of revenue over expenses | 197   | -                                   | -                   | -                            | -                   |
| <b>Net Assets, beginning of year</b>         | -   | -                                   | -                   | -                            | -                   |
| Transfers                                    | -   | -                                   | -                   | -                            | -                   |
| <b>Net Assets, end of year</b>               | \$ 197                                      | \$ -                                | \$ -                | \$ -                         | \$ -                |

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and the financial statements and notes thereto.

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS BY AWARD – (Continued)

Year Ended December 31, 2018

| Contract Award<br>Fiscal Year                | Residential Shelter And<br>Fingerprinting |                     | ORR<br>Career Pathway | Total         |
|--|---|---------------------|-----------------------|---------------|
|  | 90ZU0223/01<br>2017                       | 90ZU0223/02<br>2018 | 90MA0010/01<br>2018   |               |
| <b>Revenue</b>                               |   |                     |                       |               |
| U.S. Government Grants                       | \$ 1,393,390                              | \$ 13,540,371       | \$ 3,822              | \$ 41,631,070 |
| <b>Expenses</b>                              |   |                     |                       |               |
| <b>Program</b>                               |   |                     |                       |               |
| Personnel costs                              | 34,054                                    | 380,895             | -                     | 2,581,308     |
| Office operations                            | 16,174                                    | 111,205             | 3,459                 | 843,268       |
| Travel and meetings                          | 7,459                                     | 46,504              | -                     | 294,361       |
| Supporting services – field operations       | 1,194,532                                 | 11,708,880          | -                     | 29,446,744    |
| Refugee aid and other grants                 | -   | 346                 | -                     | 4,462,415     |
| Depreciation                                 | 266                                       | 3,793               | -                     | 24,709        |
| Total program expenses                       | 1,252,485                                 | 12,251,623          | 3,459                 | 37,652,805    |
| <b>Management and General</b>                |   |                     |                       |               |
| Administrative allocation and changes        | 140,905                                   | 1,286,642           | 363                   | 3,975,962     |
| Total expenses                               | 1,393,390                                 | 13,538,265          | 3,822                 | 41,628,767    |
| Excess (deficiency) of revenue over expenses | -   | 2,106               | -                     | 2,303         |
| <b>Net Assets, beginning of year</b>         |   |                     |                       |               |
| Transfers                                    | -   | -                   | -                     | -             |
| <b>Net Assets, end of year</b>               | \$ -                                      | \$ 2,106            | \$ -                  | \$ 2,303      |

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and the financial statements and notes thereto.

# LUTHERAN IMMIGRATION AND REFUGEE SERVICE, INC.

## SUMMARY OF CHANGES IN NET ASSETS

Year Ended December 31, 2018

|  | Balance<br>December 31,<br>2017 | Additions<br>(Including Inter-Fund Transfers) | Deductions          | Balance<br>December 31,<br>2018 |
|--|---------------------------------|---|---------------------|---------------------------------|
| <b>Without Donor Restriction</b>               |                                 |   |                     |                                 |
| Undesignated, available for general activities | \$ 9,393,183                    | \$49,188,641                                  | \$46,334,675        | \$12,247,149                    |
| Designated                                     |                                 |   |                     |                                 |
| Capital Reserve                                | 591,003                         | -   | -                   | 591,003                         |
| Constituency and Resource Development          | (169,663)                       | 17,250  | 215,705             | (368,118)                       |
| Partner Stabilization Fund                     | 439,949                         | 12,360  | -                   | 452,309                         |
| Friends of Refugees                            | 2,825                           | 2,271   | 5,746               | (650)                           |
| Innovation Fund                                | 341,827                         | -   | -                   | 341,827                         |
|  | <u>1,205,941</u>                | <u>31,881</u>                                 | <u>221,451</u>      | <u>1,016,371</u>                |
| <b>Total Without Donor Restriction</b>         | <u>\$10,599,124</u>             | <u>\$49,220,522</u>                           | <u>\$46,556,126</u> | <u>\$13,263,520</u>             |
| <b>With Donor Restriction</b>                  |                                 |   |                     |                                 |
| The Swanson Refugee and Migrant Travel Fund    | 81,873                          | 550   | -                   | 82,423                          |
| Family Reunification                           | -                               | 860,691                                       | 599,740             | 260,951                         |
| Rusk House of Hospitality                      | 217,134                         | 8,299   | 22,011              | 203,422                         |
| Central American Migrant Children and Families | 69,404                          | -   | 31,562              | 37,842                          |
| NYC Syrian URM/Syrian Refugee                  | 200,174                         | 50  | 109,503             | 90,721                          |
| Refugee Protection and Family Strengthening    | 2,565                           | 483,925                                       | 486,798             | (308)                           |
| Other  | 74,125                          | 21,740  | 12,979              | 82,886                          |
|  | <u>645,275</u>                  | <u>1,375,255</u>                              | <u>1,262,593</u>    | <u>757,937</u>                  |
| <b>Total With Donor Restriction</b>            | <u>\$ 645,275</u>               | <u>\$ 1,375,255</u>                           | <u>\$ 1,262,593</u> | <u>\$ 757,937</u>               |