



Financial Statements and Report of
Independent Certified Public Accountants

Lutheran Immigration and Refugee Service, Inc.

December 31, 2015

(With Summarized Comparative Information for
December 31, 2014)

Lutheran Immigration and Refugee Service, Inc.

Contents

Report of Independent Certified Public Accountants	3–4
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Financial Statements

Statements of Financial Position	5
Statements of Activities and Changes in Net Assets	6
Statements of Cash Flows	7
Notes to Financial Statements	8–19

Supplemental Information

Schedule of Revenue, Expenses and Changes in Net Assets by Award – Year ended December 31, 2015	21–23
Schedule of Functional Expenses – Year ended December 31, 2015 with Summarized Information for 2014	24
Summary of Changes in Net Assets –Year ended December 31, 2015	25

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
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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, 2015, 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 did not audit the equity-method investment in Lutheran Center Corporation which reflect assets constituting 20% and 19% of total assets as of December 31, 2015 and 2014, respectively, and 0% of total revenues for the years then ended. This amount was audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for LIRS, is based solely on the report of the other auditors. 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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, 2015, Schedule of Functional Expenses for the Year ended December 31, 2015 with Summarized Information for 2014, and the Summary of Changes in Net Assets for the Year ended December 31, 2015 on pages 21 to 25 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 2014 Summarized Comparative Information

We have previously audited LIRS's 2014 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in the report dated May 26, 2015. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2014 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 13, 2016, 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.



Baltimore, Maryland
May 13, 2016

Lutheran Immigration and Refugee Service, Inc.

Statements of Financial Position

Year ended December 31, 2015 (With Summarized Comparative Totals as of December 31, 2014)	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 9,197,172	7,654,504
Investments, at market value (Note B)	265,366	710,627
Accounts receivable		
U.S. government	4,330,784	5,751,406
Miscellaneous	358,339	519,174
Loans receivable – refugees (Note C)	3,786	4,571
Prepaid expenses and other assets	321,703	169,567
Investment in Lutheran Center Corporation (Note D)	3,749,630	3,669,353
Funds held by trustee (Note E)	336,125	366,064
Total Current Assets	18,562,905	18,845,266
Fixed assets, less accumulated depreciation and amortization of \$520,192 and \$493,223 at 2015 and 2014, respectively	617,070	289,493
Total Assets	\$ 19,179,975	19,134,759
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 8,257,704	8,104,766
Long-term debt, current portion (Note E)	107,500	102,500
Total Current Liabilities	8,365,204	8,207,266
Long-term Obligations, net of current portion (Note E)	2,095,601	2,206,415
Total Liabilities	10,460,805	10,413,681
Net Assets		
Unrestricted		
Undesignated	6,557,123	6,148,674
Designated	1,470,633	1,747,164
Total unrestricted net assets	8,027,756	7,895,838
Temporarily restricted (Note G)	691,414	825,240
Total Net Assets	8,719,170	8,721,078
Total Liabilities and Net Assets	\$ 19,179,975	19,134,759

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, 2015 <i>(With Summarized Comparative Totals for the year ended December 31, 2014)</i>	Unrestricted	Temporarily restricted	Totals	
			2015	2014
Operating Activities				
Support and Revenue				
Support				
Church bodies	\$ 881,560	246,300	1,127,860	1,437,836
Foundations and corporations	112,878	136,926	249,804	286,505
Other contributions	685,039	191,486	876,525	812,047
In-kind contributions	3,916	—	3,916	132,004
	1,683,393	574,712	2,258,105	2,668,392
U.S. Government and State	51,606,235	—	51,606,235	55,341,275
Total support	53,289,628	574,712	53,864,340	58,009,667
Revenue				
Servicing fees	1,970,951	—	1,970,951	1,859,495
Miscellaneous	158,207	11,226	169,433	195,846
Total revenue	2,129,158	11,226	2,140,384	2,055,341
Net assets released from restrictions (Note G)	719,764	(719,764)	—	—
Total support and revenue	56,138,550	(133,826)	56,004,724	60,065,008
Expenses				
Program Services				
U.S. government funded activities	47,250,957	—	47,250,957	51,356,580
Other program activities	2,997,191	—	2,997,191	2,579,606
Total program services	50,248,148	—	50,248,148	53,936,186
Supporting Services				
Management and general	4,767,574	—	4,767,574	4,439,719
Fund-raising	1,014,533	—	1,014,533	1,185,748
Total supporting services	5,782,107	—	5,782,107	5,625,467
Total Expenses	56,030,255	—	56,030,255	59,561,653
Change in Net Assets – Operating Activities	108,295	(133,826)	(25,531)	503,355
Non-operating Activities				
Investment earnings (Note B)	23,623	—	23,623	8,068
Change in Net Assets	131,918	(133,826)	(1,908)	511,423
Net Assets, beginning of year	7,895,838	825,240	8,721,078	8,209,655
Net Assets, end of year	\$ 8,027,756	691,414	8,719,170	8,721,078

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>	2015	2014
Cash Flows from Operating Activities		
Change in net assets	\$ (1,908)	\$ 511,423
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	26,969	6,710
Amortization	2,136	2,136
Unrealized loss on investments	2,487	368
(Gain) loss in Lutheran Center Corporation investment	(47,163)	18,621
Changes in assets and liabilities:		
Accounts receivable		
U.S. government	1,420,622	1,328,583
Miscellaneous	160,835	(311,590)
Loans receivable – refugees	785	3,033
Prepaid expenses and deposits	(155,550)	30,269
Funds held by trustee	29,939	(15,668)
Accounts payable and accrued expenses	152,938	(506,409)
Net Cash Provided by Operating Activities	1,592,090	1,067,476
Cash Flows from Investing Activities		
Purchase of furniture, fixtures and equipment	(354,546)	(16,987)
Purchase of building improvements	—	(8,200)
Investment in Lutheran Center Corporation	(33,114)	(17,134)
Purchases of investments	(14,451)	(145,388)
Proceeds from sales of investments	455,189	269,271
Net Cash Provided by Investing Activities	53,078	81,562
Cash Flows from Financing Activities		
Repayment of long-term debt	(102,500)	(100,000)
Net Cash Used in Financing Activities	(49,422)	(18,438)
Net Increase in Cash and Cash Equivalents	1,542,668	1,049,038
Cash and Cash Equivalents, beginning of year	7,654,504	6,605,466
Cash and Cash Equivalents, end of year	\$ 9,197,172	\$ 7,654,504
Supplemental Cash Flow Information		
Interest paid	\$ 116,222	\$ 121,538

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

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements

December 31, 2015 and 2014

NOTE A—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.

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 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. As of December 31, 2015, balances held in accounts in excess of the FDIC insurable limit were \$4,475,043. Management does not consider this to be a significant credit risk.

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.

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2015 and 2014

NOTE A—ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES— Continued

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.

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 and changes therein are classified and reported as follows:

- ***Unrestricted Net Assets***— Net assets that are not subject to donor-imposed stipulations. As reflected in the accompanying statements of financial position, LIRS's Board of Directors has designated a portion of the unrestricted net assets of LIRS as board designated funds.
- ***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 and changes in net assets as "*net assets released from restrictions*".

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.

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2015 and 2014

NOTE A—ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES— Continued

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.

Debt

LIRS adopted the guidance in ASU 2013-04, *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date*, 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. The adoption of ASU 2013-04 did not have a material effect on the financial statements.

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 (2012 - 2015) or expected to be taken in LIRS’s 2015 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.

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2015 and 2014

NOTE A—ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES— Continued

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, 2014, from which the summarized information was derived.

NOTE B—INVESTMENTS

At December 31, 2015 and 2014 investments consisted of the following:

	2015		2014	
	Cost	Market	Cost	Market
Fixed income:				
Money market, certificates of deposit and church mission certificates	\$ —	\$ —	\$ 410,189	\$ 410,189
U.S. Government Agency Bond	—	—	45,000	45,000
Private debt obligation	236,421	236,421	224,569	224,569
Equities:				
Lutheran-related investment pools	24,180	28,945	23,627	30,869
	<u>\$ 260,601</u>	<u>\$ 265,366</u>	<u>\$ 703,385</u>	<u>\$ 710,627</u>

As of December 31, 2014 a balance of \$127,787 held in UBS Money Fund was included in Money Market, certificates of deposit and church mission certificates investments; during 2015 the UBS Money Fund has been reclassified to Cash and Cash Equivalent. Investments in 2014 has been restated to reflect the reclassification of the UBS Money fund.

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2015 and 2014

NOTE B—INVESTMENTS—Continued

Investment earnings for the years ended December 31, 2015 and 2014 are comprised of the following:

	2015	2014
Interest and dividends	\$ 26,750	\$ 8,996
Realized (loss)	(182)	(96)
Unrealized (loss)	(2,487)	(368)
Investment fees	(458)	(464)
	<u>\$ 23,623</u>	<u>\$ 8,068</u>

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, 2015 and 2014

NOTE B—INVESTMENTS—Continued

The following table presents the investments carried at market value as of December 31, 2015 and December 31, 2014, by caption on the statement of financial position by the valuation hierarchy defined above:

	2015		
	Level 1	Level 2	Total
Fixed income:			
Private debt obligation	\$ —	\$ 236,421	\$ 236,421
Equities:			
Lutheran-related investment pools	—	28,945	28,945
	\$ —	\$ 265,366	\$ 265,366

	2014		
	Level 1	Level 2	Total
Fixed income:			
Money market, certificates of deposit and church mission certificates	\$ 410,189	\$ —	\$ 410,189
U.S. Government Agency Bond	—	45,000	45,000
Private debt obligation	—	224,569	224,569
Equities:			
Lutheran-related investment pools	—	30,869	30,869
	\$ 410,189	\$ 300,438	\$ 710,627

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2015 and 2014

NOTE C—LOANS RECEIVABLE—REFUGEES

LIRS Loan Programs

The loans receivable consist of the following as of December 31, 2015 and 2014:

	2015	2014
Refugee loans – other	\$ 53,786	\$ 74,571
Less: allowance for doubtful accounts	(50,000)	(70,000)
	<u>\$ 3,786</u>	<u>\$ 4,571</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. Included in servicing fees, LIRS earned fees of \$1,907,678 and \$1,817,755 as of December 31, 2015 and 2014, 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:

	2015	2014
Balance outstanding at beginning year	\$ 30,861,578	\$ 28,043,264
New loans	11,101,411	13,055,954
Loan payments	(7,626,832)	(7,260,957)
Loans forgiven without prejudice	(259,201)	(236,530)
Loans transferred to IOM	(1,332,672)	(2,740,153)
	<u>\$ 32,744,284</u>	<u>\$ 30,861,578</u>

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2015 and 2014

NOTE D—INVESTMENT IN LUTHERAN CENTER CORPORATION

LIRS occupies approximately 57% 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 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, 2015 and 2014, LIRS has recorded occupancy expense of, approximately \$767,000 and \$776,000 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, 2015 and 2014, LIRS’ equity in LCC was \$3,749,630 and \$3,669,353, respectively. At December 31, 2015, 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 50 years beginning in 1999, 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. 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, 2015 and 2014, the covenant was met.

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2015 and 2014

NOTE E—DEBT—Continued

The 2007 Bonds, bearing interest at 5.25% per annum, 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. 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, 2015 and 2014 is shown on the statement of financial position including unamortized bond premium of \$40,601 and \$43,915, respectively.

In conjunction with the issuance of the 2007 Bonds, a Debt Service Reserve Fund was created in the amount of \$449,138. 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. The Debt Service Reserve Fund balance at December 31, 2015 and 2014 was \$232,105 and \$229,480, respectively.

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

	LWR Portion	LIRS Portion	Total
2016	\$ 107,500	\$ 107,500	\$ 215,000
2017	112,500	112,500	225,000
2018	120,000	120,000	240,000
2019	125,000	125,000	250,000
2020	132,500	132,500	265,000
Thereafter	1,565,000	1,565,000	3,130,000
	<u>\$ 2,162,500</u>	<u>\$ 2,162,500</u>	<u>\$ 4,325,000</u>

Interest on the 2007 Bonds for the years ended December 31, 2015 and 2014 amounted to \$116,222 and \$121,538, respectively.

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2015 and 2014

NOTE F—LEASE COMMITMENTS

LIRS has two leases for office space that expire on March 31, 2017 and May 1, 2018. As of December 31, 2015, future minimum lease obligations under these operating leases are as follows:

2016	\$ 113,614
2017	71,455
2018	<u>19,232</u>
	<u>\$ 204,301</u>

Rent expense was approximately \$112,000 and \$105,000 for the years ended December 31, 2015 and 2014, respectively.

NOTE G—NET ASSETS

Temporarily restricted net assets at December 31, 2015 and 2014 were available for the following purposes:

	2015	2014
Immigration Community Support/Alternatives to Detention	\$ —	\$ 42,524
The Swanson Refugee and Migrant Travel Fund	114,586	113,986
Synod/District, Congregational Support Initiative	—	13,950
Detention Visitation	42,197	47,751
Rusk House of Hospitality	239,471	241,449
Central American Migrant Children and Families	93,717	266,837
Refugee Mentoring	7,704	27,156
Syrian Refugee	87,526	—
Other	106,213	71,587
	<u>\$ 691,414</u>	<u>\$ 825,240</u>

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2015 and 2014

NOTE G—NET ASSETS—Continued

During 2015, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, as follows:

	2015
Immigration Community Support/Alternatives to Detention	\$ 102,524
Synod and District Initiative	13,950
Detention-Visitation	106,594
Rusk House of Hospitality	12,128
Central American Migrant Children and Families	210,466
Refugee Mentoring	19,452
Family Placement Alternatives	119,656
Other	134,995
	<u>\$ 719,764</u>

During 2014, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, as follows:

	2014
Immigration Community Support/Alternatives to Detention	\$ 68,156
Synod and District Initiative	47,219
Detention-Visitation	12,249
Rusk House of Hospitality	35,180
Central American Migrant Children and Families	64,743
Refugee Mentoring	50,344
Other	91,611
	<u>\$ 369,502</u>

Lutheran Immigration and Refugee Service, Inc.

Notes to Financial Statements—Continued

December 31, 2015 and 2014

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 \$547,000 and \$483,000, respectively, for the years 2015 and 2014.

NOTE I—LETTER OF CREDIT

As of December 31, 2015, LIRS had not drawn upon its letter of credit, which was originally issued during 2015 in the maximum amount of \$70,000 for Maryland unemployment payments.

NOTE J—SUBSEQUENT EVENTS

LIRS evaluated its December 31, 2015 financial statements for subsequent events through May 13, 2016, 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, 2015

Contract Award Fiscal Year	Refugee Reception and Placement			Refugee Emergency Housing Assistance	Detained Torture Survivors
	SPRMCO14CA1006 2014	SPRMCO15CA1014 2015	SPRMCO16CA1002 2016	SPRMCO09CA081 2009	90ZT0126/03 2015
Revenue					
U.S. Government grants	\$ (24,400)	17,857,560	\$ 5,683,780	\$ (16,928)	\$ 337,230
Expenses					
Program					
Personnel costs	—	868,069	287,221	—	92,686
Office operations	—	211,905	61,416	—	30,387
Travel and meetings	—	146,701	13,120	—	12,882
Supporting services – field operations	(56,487)	6,602,800	2,178,450	—	169,997
Refugee aid and other grants	32,787	8,698,357	2,718,000	(16,928)	—
Depreciation	—	604	202	—	63
Total program expenses	(23,700)	16,528,436	5,258,409	(16,928)	306,015
Management and General					
Administrative allocation and charges	(700)	1,329,124	425,371	—	31,215
Total expenses	(24,400)	17,857,560	5,683,780	(16,928)	337,230
Deficiency of revenue over expenses	—	—	—	—	—
Net Assets, beginning of year	—	—	—	—	—
Transfers	—	—	—	—	—
Net assets, end of year	\$ —	\$ —	\$ —	\$ —	\$ —

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, 2015

Contract Award Fiscal Year	Matching Grant			Employment Services Technical Assistance			Alien Unaccompanied Minors – Family Reunification	
	90RV0062/03 2014	90RV0071/01 2015	90RV0071/02 2016	90RB0045/02 2014	90RB0045/03 2015	90RB0049/01 2016	90ZU0084/02 2015	90ZU0084/03 2016
Revenue								
U.S. Government grants	\$ 380,184	\$ 6,391,031	\$ 2,124,467	\$ (2)	154,586	34,610	\$ 1,739,687	\$ 552,393
Expenses								
Program								
Personnel costs	-	111,497	33,362	-	107,105	25,853	437,282	93,205
Office operations	-	72,608	5,697	-	28,773	5,353	107,340	23,029
Travel and meetings	-	48,622	149	-	4,306	180	10,715	1,372
Supporting services – field operations	344,995	5,566,683	1,888,600	-	-	-	1,023,041	383,598
Refugee aid and other grants	-	-	-	-	-	-	-	-
Depreciation	-	74	20	-	94	21	285	61
Total program expenses	344,995	5,799,484	1,927,828	-	140,278	31,407	1,578,663	501,265
Management and General								
Administrative allocation and charges	35,189	591,547	196,639	(2)	14,308	3,203	161,024	51,128
Total expenses	380,184	6,391,031	2,124,467	(2)	154,586	34,610	1,739,687	552,393
Deficiency of revenue over expenses	—	—	—	—	—	—	—	—
Net Assets, beginning of year	—	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	—	—
Net assets, end of year	\$ —	\$ —	\$ —	—	—	—	\$ —	\$ —

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, 2015

Contract Award Fiscal Year	Alien Unaccompanied Minors – Foster Care		Preferred Communities Intensive Case Management		Preferred Communities Cultural Orientation	TAG Baltimore	Total
	90ZU0103/02 2015	90ZU0103/03 2016	90RP0101/02 2015	90RP0101/03 2016	90RP0090/03 2015	P533809 2016	
Revenue							
U.S. Government grants	11,316,089	\$ 3,497,364	1,011,648	\$ 368,753	\$ 174,370	\$ 23,813	\$ 51,606,235
Expenses							
Program							
Personnel costs	608,658	167,744	89,935	35,044	40,784	18,130	3,016,575
Office operations	159,528	39,458	35,417	6,040	5,953	3,462	796,366
Travel and meetings	45,342	4,586	10,865	2,958	1,756	—	303,554
Supporting services – field operations	9,454,764	2,961,742	781,734	290,556	109,710	—	31,700,183
Refugee aid and other grants	—	—	—	—	—	—	11,432,216
Depreciation	390	122	60	24	27	17	2,064
Total program expenses	10,268,682	3,173,652	918,011	334,622	158,230	21,609	47,250,958
Management and General							
Administrative allocation and charges	1,047,407	323,712	93,637	34,131	16,140	2,204	4,355,277
Total expenses	11,316,089	3,497,364	1,011,648	368,753	174,370	23,813	51,606,235
Deficiency of revenue over expenses	—	—	—	—	—	—	—
Net Assets, beginning of year	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	—
Net assets, end of year	—	\$ —	—	\$ —	—	\$ —	—

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 Functional Expenses

Year ended December 31, 2015 with Summarized Information for 2014

	Program Services			Supporting Services			Totals	
	U.S. Government Funded Activities	Other Program Activities	Total Program Services	Management and General	Fund- Raising	Total Support Services	2015	2014
Personnel costs	\$ 3,016,575	1,523,721	\$ 4,540,296	\$ 3,265,643	\$ 561,996	\$ 3,827,639	\$ 8,367,935	\$ 7,801,015
Office operations	797,970	711,755	1,509,725	1,245,475	385,683	1,631,158	3,140,883	3,634,957
Travel and meetings	301,948	269,592	571,540	215,168	55,916	271,084	842,624	821,996
Supporting services – field operations	31,702,828	—	31,702,828	—	—	—	31,702,828	32,898,756
Refugee aid and other grants	11,429,572	480,139	11,909,711	37,500	75	37,575	11,947,286	14,396,466
Depreciation and amortization	2,064	11,984	14,048	3,788	10,863	14,651	28,699	8,463
	\$ 47,250,957	\$ 2,997,191	\$ 50,248,148	\$ 4,767,574	\$ 1,014,533	\$ 5,782,107	\$ 56,030,255	\$ 59,561,653

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, 2015

	Balance December 31, 2014	Additions	Deductions	Balance December 31, 2015
Unrestricted Net Assets				
Undesignated, available for general activities	\$ 6,148,674	55,440,409	55,031,960	\$ 6,557,123
Designated				
Capital Reserve	591,003	—	—	591,003
Constituency and Resource Development	200,000	—	55,411	144,589
Partner Stabilization Fund	434,249	13,200	65,000	382,449
Friends of Refugees	21,912	2,000	13,491	10,421
Innovation Fund	500,000	—	157,829	342,171
	1,747,164	15,200	291,731	1,470,633
Total Unrestricted Net Assets	7,895,838	55,455,609	55,323,691	8,027,756
Temporarily Restricted Net Assets				
Asylum and Immigration Community Support	42,524	79,248	121,772	—
The Swanson Refugee and Migrant Travel Fund	113,986	600	—	114,586
Synod, District, Congregational Support Initiative	13,950	856	14,806	—
Detention Visitation	47,751	101,040	106,594	42,197
Rusk House of Hospitality	241,449	10,150	12,128	239,471
Border Crisis	266,836	37,346	210,466	93,716
Refugee Mentoring	27,156	381	19,832	7,705
Family Placement Alternatives	4,880	123,844	128,724	—
Syrian Refugee	—	87,526	—	87,526
Other	66,708	174,499	134,994	106,213
Total Temporarily Restricted Net Assets	\$ 825,240	\$ 615,490	749,316	\$ 691,414

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