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Return of Organization Exempt From Income Tax

2009

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)Department of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements

Open to Public Inspection

For the 2009 calendar year, or tax year beginning 10/01, 2009, and ending 9/30, 2010

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Please use IRS label or print or type. See specific instructions. LUTHERAN SOCIAL SERVICES OF THE NATIONAL CAPITAL AREA 4406 GEORGIA AVENUE, NW WASHINGTON, DC 20011	D Employer Identification Number 53-0207407
		E Telephone number 202-723-3000
F Name and address of principal officer SAME AS C ABOVE		G Gross receipts \$ 5,428,281.
I Tax-exempt status <input checked="" type="checkbox"/> 501(c) (3) (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If 'No,' attach a list (see instructions)
J Website: WWW.LSSNCA.ORG		H(c) Group exemption number
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other		L Year of formation 1917 M State of legal domicile DC

Part I Summary		
Activities & Governance	1 Briefly describe the organization's mission or most significant activities <u>TO PROVIDE SOCIAL SERVICES TO INDIVIDUALS AND FAMILIES. ASSIST CONGREGATIONS IN RESPONDING TO COMMUNITY NEEDS THROUGH A VARIETY OF PROGRAMS.</u>	
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets	
	3 Number of voting members of the governing body (Part VI, line 1a)	3 15
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4 15
	5 Total number of employees (Part V, line 2a)	5 67
	6 Total number of volunteers (estimate if necessary)	6 625
	7a Total gross unrelated business revenue from Part VIII, column (C), line 12	7a 0.
7b Net unrelated business taxable income from Form 990-T, line 34	7b 0.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 773,713. Current Year 839,162.
	9 Program service revenue (Part VIII, line 2g)	4,864,497. 4,440,387.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-113,290. -73,295.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	36,691. 15,000.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	5,561,611. 5,221,254.
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	
	14 Benefits paid to or for members (Part IX, column (A), line 4)	
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	3,074,455. 2,679,253.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	
	16b Total fundraising expenses (Part IX, column (D), line 25) 292,407.	
Expenses	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24d)	2,223,360. 2,263,960.
	18 Total expenses Add lines 13-17 (must equal Part IX, column (D), line 25)	5,297,815. 4,943,213.
	19 Revenue less expenses Subtract line 18 from line 12	263,796. 278,041.
	20 Total assets (Part X, line 16)	Beginning of Year 2,711,894. End of Year 3,069,159.
Net Assets or Fund Balances	21 Total liabilities (Part X, line 26)	2,418,527. 2,497,751.
	22 Net assets or fund balances Subtract line 21 from line 20	293,367. 571,408.

Part II Signature Block			
Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.		
	NEAL E. DONAHUE Signature of officer	2/14/2011 Date	
Paid Preparer's Use Only	NEAL E. DONAHUE Type or print name and title		CFO
	Preparer's signature SELF-PREPARED	Date	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed), address, and ZIP + 4		Preparer's identifying number (see instructions)
EIN		Phone no	

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☒ No

BAA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

TEEA0113L 12/29/09 Form 990 (2009)

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Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission:

TO PROVIDE SOCIAL SERVICES TO INDIVIDUALS AND FAMILIES. ASSIST CONGREGATIONS IN RESPONDING TO COMMUNITY NEEDS THROUGH A VARIETY OF PROGRAMS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes ☒ No


If 'Yes,' describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?


☐ Yes ☒ No

If 'Yes,' describe these changes on Schedule O


4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code ) (Expenses \$ 2,483,918. including grants of \$) (Revenue \$)

FOSTER CARE SERVICES PROMOTE THE WELL-BEING OF CHILDREN, YOUTH AND FAMILIES BY LINKING CHILDREN IN NEED OF A HOME WITH PARENTS. FOSTER CARE SERVICES ALSO MAINTAINS PROVISIONS FOR BIRTH PARENT COUNSELING, TEMPORARY FOSTER CARE, DOMESTIC, SPECIAL NEEDS AND INTERNATIONAL ADOPTION ASSISTANCE AND SUPERVISED INDEPENDENT LIVING FOR REFUGEE UNACCOMPANIED MINORS.

4b (Code ) (Expenses \$ 2,019,958. including grants of \$) (Revenue \$)

REFUGEE AND IMMIGRATION - SEEKS TO EMPOWER REFUGEE AND IMMIGRANT COMMUNITY MEMBERS TO SUPPORT EACH OTHER, TO BETTER ACCESS COMMUNITY SERVICES, AND TO BECOME SELF SUFFICIENT AND ACTIVE MEMBERS OF THEIR COMMUNITY. IN ADDITION, REFUGEE AND IMMIGRANT SERVICES INCLUDES RESETTLEMENT SERVICES, EMPLOYMENT PREPARATION AND ASSISTANCE, HEALTH AND WOMEN'S EMPOWERMENT WORKSHOPS, ASYLUM COUNSELING, VOLUNTEER AND COMMUNITY DEVELOPMENT. IN ADDITION \$147,549 OF DONATED GOODS AND SERVICES ENABLED THIS PROGRAM TO ASSIST IT'S TARGET POPULATION.

4c (Code ) (Expenses \$ 146,930. including grants of \$) (Revenue \$)

COMMUNITY SERVICES - PROVIDES A SUMMER CAMP FOR CHILDREN AFFECTED BY HIV/AIDS WHICH GIVES THESE YOUNG PEOPLE AN OPPURTUNITY TO ENJOY A CAMP SETTING WITH OTHER CHILDREN WHO HAVE CONTRACTED HIV/AIDS.

DURING THE YEAR GRANTS WERE RECEIVED TO ASSIST THOSE DISPLACED BY DISASTERS. THOSE DISPLACED WERE GIVEN ASSISTANCE IN FINDING EMPLOYMENT, SHELTER, AND EMPLOYMENT TRAINING. GRANTS WERE ALSO RECEIVED TO ASSIST OTHER ORGANIZATIONS AND CONGREGATIONS IN DISASTER RESPONSE TRAINING.

4d Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ▶ 4,650,806.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If 'Yes,' complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I		X
4 Section 501(c)(3) organizations Did the organization engage in lobbying activities? If 'Yes,' complete Schedule C, Part II		X
5 Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If 'Yes,' complete Schedule C, Part III		
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If 'Yes,' complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If 'Yes,' complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If 'Yes,' complete Schedule D, Part V		X
11 Is the organization's answer to any of the following questions 'Yes'? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	X	
• Did the organization report an amount for land, buildings and equipment in Part X, line 10? If 'Yes,' complete Schedule D, Part VI		
• Did the organization report an amount for investments— other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VII		
• Did the organization report an amount for investments— program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VIII		
• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part IX		
• Did the organization report an amount for other liabilities in Part X, line 25? If 'Yes,' complete Schedule D, Part X		
• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If 'Yes,' complete Schedule D, Part X		
12 Did the organization obtain separate, independent audited financial statement for the tax year? If 'Yes,' complete Schedule D, Parts XI, XII, and XIII	X	
12A Was the organization included in consolidated, independent audited financial statement for the tax year? If 'Yes,' completing Schedule D, Parts XI, XII, and XIII is optional	Yes	No
		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If 'Yes,' complete Schedule F, Part I		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If 'Yes,' complete Schedule F, Part II		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If 'Yes,' complete Schedule F, Part III		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If 'Yes,' complete Schedule G, Part I		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If 'Yes,' complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If 'Yes,' complete Schedule G, Part III		X
20 Did the organization operate one or more hospitals? If 'Yes,' complete Schedule H		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If 'Yes,' complete Schedule I, Parts I and II</i>	21	X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If 'Yes,' complete Schedule I, Parts I and II</i>	22	X
23 Did the organization answer 'Yes' to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If 'Yes,' complete Schedule J</i>	23	X
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, and that was issued after December 31, 2002? <i>If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25</i>	24a	X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	
d Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?	24d	
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If 'Yes,' complete Schedule L, Part I</i>	25a	X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If 'Yes,' complete Schedule L, Part I</i>	25b	X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If 'Yes,' complete Schedule L, Part II</i>	26	X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If 'Yes,' complete Schedule L, Part III</i>	27	X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
a A current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV</i>	28a	X
b A family member of a current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV</i>	28b	X
c An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or direct or indirect owner? <i>If 'Yes,' complete Schedule L, Part IV</i>	28c	X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If 'Yes,' complete Schedule M</i>	29	X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If 'Yes,' complete Schedule M</i>	30	X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If 'Yes,' complete Schedule N, Part I</i>	31	X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If 'Yes,' complete Schedule N, Part II</i>	32	X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If 'Yes,' complete Schedule R, Part I</i>	33	X
34 Was the organization related to any tax-exempt or taxable entity? <i>If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	X
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If 'Yes,' complete Schedule R, Part V, line 2</i>	35	X
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If 'Yes,' complete Schedule R, Part V, line 2</i>	36	X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If 'Yes,' complete Schedule R, Part VI</i>	37	X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	X

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Form 990 (2009)

Part V Statements Regarding Other IRS Filings and Tax Compliance

		Yes	No
1 a	Enter the number reported in Box 3 of form 1096, Annual Summary and Transmittal of U S Information Returns Enter -0- if not applicable	17	
1 b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	0	
1 c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
2 a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	67	
2 b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to <i>e-file</i> this return (see instructions)	X	
3 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	X	
3 b	If 'Yes,' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O	X	
4 a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
4 b	If 'Yes,' enter the name of the foreign country See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts		
5 a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5 b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5 c	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		
6 a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?		X
6 b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7 a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
7 b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided?		
7 c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7 d	If 'Yes,' indicate the number of Forms 8282 filed during the year		
7 e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7 f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7 g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		
7 h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
9 a	Did the organization make any taxable distributions under section 4966?		
9 b	Did the organization make any distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10 a	Initiation fees and capital contributions included on Part VIII, line 12		
10 b	Gross Receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter		
11 a	Gross income from other members or shareholders		
11 b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
12 a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12 b	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year		

Part VI Governance, Management and Disclosure For each 'Yes' response to lines 2 through 7b below, and for a 'No' response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Section A. Governing Body and Management

	Yes	No
1 a Enter the number of voting members of the governing body	15	
b Enter the number of voting members that are independent	15	
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee? SEE SCHEDULE O	X	
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
4 Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		X
5 Did the organization become aware during the year of a material diversion of the organization's assets?		X
6 Does the organization have members or stockholders?		X
7 a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		X
b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a The governing body?	X	
b Each committee with authority to act on behalf of the governing body?	X	
9 Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code)

	Yes	No
10 a Does the organization have local chapters, branches, or affiliates?		X
b If 'Yes,' does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
11 Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	X	
11 A Describe in Schedule O the process, if any, used by the organization to review this Form 990 SEE SCHEDULE O		
12 a Does the organization have a written conflict of interest policy? If 'No,' go to line 13	X	
b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c Does the organization regularly and consistently monitor and enforce compliance with the policy? If 'Yes,' describe in Schedule O how this is done SEE SCHEDULE O	X	
13 Does the organization have a written whistleblower policy?	X	
14 Does the organization have a written document retention and destruction policy?	X	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official	X	
b Other officers of key employees of the organization		X
If 'Yes' to line 15a or 15b, describe the process in Schedule O (See instructions)		
16 a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
b If 'Yes,' has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosures

17 List the states with which a copy of this Form 990 is required to be filed ► NONE

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
☐ Own website ☒ Another's website ☒ Upon request

19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public SEE SCHEDULE O

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization
 ► NEAL E. DONAHUE 7401 LEESBURG PIKE FALLS CHURCH VA 22043 703-698-5026

Part VII	Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors
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Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organizations's tax year. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees. See instructions for definition of "key employees."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if the organization did not compensate any current officer, director, or trustee

[illegible]

Part VII.	Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (cont.)
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[illegible]

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization ▶ 2

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If 'Yes,' complete Schedule J for such individual</i>	3	X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If 'Yes' complete Schedule J for such individual</i>	4	X
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? <i>If 'Yes,' complete Schedule J for such person</i>	5	X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A) Name and business address	(B) Description of Services	(C) Compensation
BALTIMORE CITY COMMUNITY COLLEGE 2901 LIBERTY HEIGHTS AVE BALTIMORE,	REFUGEE TRAINING	128,347.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶ 1

Part VIII. Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
CONTRIBUTIONS, GIFTS, GRANTS, AND OTHER SIMILAR AMOUNTS.	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	839,162.			
	g Noncash contrbns included in lns 1a-1f		\$ 197,568.			
h Total. Add lines 1a-1f			839,162.			
PROGRAM SERVICE REVENUE	Business Code					
	2a CONTRACTS & GRANTS		4,145,720.	4,145,720.		
	b RECOVERY OF PY RECEIVABLE		165,598.	165,598.		
	c ADOPTION ASSIST FEES		83,374.	83,374.		
	d OTHER GRANTS		22,922.	22,922.		
	e IMMIGRATION FEES		12,450.	12,450.		
	f All other program service revenue		10,323.	10,323.		
g Total. Add lines 2a-2f			4,440,387.			
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts)		-73,295.			-73,295.
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
	(i) Real (ii) Personal					
	6a Gross Rents	207,027.				
	b Less rental expenses	207,027.				
	c Rental income or (loss)					
	d Net rental income or (loss)					
	(i) Securities (ii) Other					
	7a Gross amount from sales of assets other than inventory					
	b Less cost or other basis and sales expenses					
	c Gain or (loss)					
	d Net gain or (loss)					
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a 15,000.				
	b Less direct expenses	b				
	c Net income or (loss) from fundraising events		15,000.			15,000.
	9a Gross income from gaming activities See Part IV, line 19	a				
b Less direct expenses	b					
c Net income or (loss) from gaming activities						
10a Gross sales of inventory, less returns and allowances	a					
b Less cost of goods sold	b					
c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code				
11a						
b						
c						
d All other revenue						
e Total. Add lines 11a-11d						
12 Total revenue. See instructions			5,221,254.	4,440,387.	0.	-58,295.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	127,683.	0.	127,683.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1) and persons described in section 4958(c)(3)(B))	0.	0.	0.	0.
7 Other salaries and wages	2,109,679.	1,689,714.	271,300.	148,665.
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	58,287.	42,418.	12,257.	3,612.
9 Other employee benefits	154,271.	109,976.	32,441.	11,854.
10 Payroll taxes	229,333.	192,967.	30,625.	5,741.
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting	35,000.	8,000.	27,000.	
d Lobbying				
e Prof fundraising svcs See Part IV, ln 17				
f Investment management fees				
g Other	41,339.	41,339.		
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy	61,684.	41,983.	17,629.	2,072.
17 Travel	73,354.	70,829.	1,417.	1,108.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	53,799.	29,658.	23,565.	576.
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	46,552.	24,283.	21,078.	1,191.
23 Insurance	37,778.	27,190.	10,241.	347.
24 Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below)				
a FOSTER CARE STIPENDS	661,847.	661,847.		
b PROFESSIONAL SERVICES	355,891.	280,070.	75,237.	584.
c ASSISTANCE TO INDIVIDUALS	319,351.	319,351.		
d DONATED GOODS & SERVICES	198,664.	197,568.	1,044.	52.
e INDIRECT ALLOCATION	96,470.	739,523.	-692,115.	49,062.
f All other expenses	282,231.	174,090.	40,598.	67,543.
25 Total functional expenses Add lines 1 through 24f	4,943,213.	4,650,806.	0.	292,407.
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

BAA

Form 990 (2009)

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
ASSETS	1 Cash – non-interest-bearing	440,353.	1	1,309,059.
	2 Savings and temporary cash investments	334,976.	2	335,050.
	3 Pledges and grants receivable, net	144,049.	3	80,965.
	4 Accounts receivable, net	1,020,888.	4	585,251.
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	29,012.	9	39,009.
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 1,582,389.		
	b Less accumulated depreciation	10b 863,664.	740,666.	10c 718,725.
	11 Investments – publicly-traded securities		11	
	12 Investments – other securities See Part IV, line 11		12	
	13 Investments – program-related See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11	1,950.	15	1,100.
16 Total assets Add lines 1 through 15 (must equal line 34)	2,711,894.	16	3,069,159.	
LIABILITIES	17 Accounts payable and accrued expenses	366,430.	17	281,802.
	18 Grants payable		18	
	19 Deferred revenue	22,919.	19	194,214.
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	1,727,484.	23	1,674,981.
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities Complete Part X of Schedule D	301,694.	25	346,754.
	26 Total liabilities Add lines 17 through 25	2,418,527.	26	2,497,751.
NET ASSETS OR FUND BALANCES	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29 and lines 33 and 34.			
	27 Unrestricted net assets	223,090.	27	510,298.
	28 Temporarily restricted net assets	70,277.	28	61,110.
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, and equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	293,367.	33	571,408.
	34 Total liabilities and net assets/fund balances	2,711,894.	34	3,069,159.

BAA

Form 990 (2009)

Part XI Financial Statements and Reporting

1 Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other

If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O

2a Were the organization's financial statements compiled or reviewed by an independent accountant?

2a Yes No X

b Were the organization's financial statements audited by an independent accountant?

2b X

c If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?

2c X

If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O

d If 'Yes' to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both

☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

3a X

b If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

3b X

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Form 990 (2009)

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include 'unusual grants'.)						
2 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf.						
3 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.						
4 Total. Add lines 1-through 3.						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f).						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
7 Amounts from line 4.						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources.						
9 Net income from unrelated business activities, whether or not the business is regularly carried on.						
10 Other income. Do not include gain or loss from the sale of capital assets. (Explain in Part IV.)						
11 Total support. Add lines 7 through 10.						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here. ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2008 Schedule A, Part II, line 14	15	%
16a 33-1/3 support test – 2009. If the organization did not check the box on line 13, and the line 14 is 33-1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
b 33-1/3 support test – 2008. If the organization did not check a box on line 13, or 16a, and line 15 is 33-1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test – 2009. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances test – 2008. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions. ▶ <input type="checkbox"/>		

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Schedule A (Form 990 or 990-EZ) 2009

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal yr beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions and membership fees received (Do not include 'unusual grants'.)	991,637.	817,110.	772,017.	773,713.	839,162.	4,193,639.
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in a activity that is related to the organization's tax-exempt purpose	5,286,816.	4,121,665.	4,802,140.	4,864,497.	4,440,387.	23,515,505.
3 Gross receipts from activities that are not an unrelated trade or business under section 513						0.
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0.
5 The value of services or facilities furnished by a governmental unit to the organization without charge						0.
6 Total. Add lines 1 through 5	6,278,453.	4,938,775.	5,574,157.	5,638,210.	5,279,549.	27,709,144.
7a Amounts included on lines 1, 2, 3 received from disqualified persons	0.	0.	0.	0.	0.	0.
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the amount on line 13 for the year	0.	0.	0.	0.	0.	0.
c Add lines 7a and 7b	0.	0.	0.	0.	0.	0.
8 Public support (Subtract line 7c from line 6.)						27,709,144.

Section B. Total Support

Calendar year (or fiscal yr beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6	6,278,453.	4,938,775.	5,574,157.	5,638,210.	5,279,549.	27,709,144.
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	13,783.	2,106.	-86,115.	-113,290.	-73,295.	-256,811.
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						0.
c Add lines 10a and 10b	13,783.	2,106.	-86,115.	-113,290.	-73,295.	-256,811.
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						0.
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) SEE PART IV	18,511.	4,610.	-75,148.	36,691.	15,000.	-336.
13 Total support. (add lns 9, 10c, 11, and 12.)						27,451,997.
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f))	15	100.0 %
16 Public support percentage from 2008 Schedule A, Part III, line 15	16	100.0 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2009 (line 10c, column (f) divided by line 13, column (f))	17	0.0 %
18 Investment income percentage from 2008 Schedule A, Part III, line 17	18	0.0 %

- 19a **33-1/3 support tests – 2009.** If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☒
- b **33-1/3 support tests – 2008.** If the organization did not check a box on line 14 or 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐
- 20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

Part IV

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Provide any other additional information. See instructions.

[illegible]

2009

SCHEDULE A, PART IV - SUPPLEMENTAL INFORMATION PAGE 5

LUTHERAN SOCIAL SERVICES OF THE NATIONAL
CAPITAL AREA

53-0207407

PART III, LINE 12 - OTHER INCOME

NATURE AND SOURCE	2009	2008	2007	2006	2005
FUNDRAISERS AND MISC	15,000.	36,691.	-75,148.	4,610.	18,511.
TOTAL	<u>\$ 15,000.</u>	<u>\$ 36,691.</u>	<u>\$ -75,148.</u>	<u>\$ 4,610.</u>	<u>\$ 18,511.</u>

**SCHEDULE D
(Form 990)**Department of the Treasury
Internal Revenue Service**Supplemental Financial Statements**

- ▶ **Complete if the organization answered 'Yes,' to Form 990, Part IV, lines 6, 7, 8, 9, 10, 11, or 12.**
▶ **Attach to Form 990. ▶ See separate instructions**

OMB No 1545 0047

2009**Open to Public
Inspection**

Name of the organization

LUTHERAN SOCIAL SERVICES OF THE NATIONAL
CAPITAL AREA

Employer identification number

53-0207407

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts Complete if the organization answered 'Yes' to Form 990, Part IV, line 6

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements Complete if the organization answered 'Yes' to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

<input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easement it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets Complete if the organization answered 'Yes' to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3. Using the organization's acquisition accession and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a ☐ Public exhibition
 b ☐ Scholarly research
 c ☐ Preservation for future generations
 d ☐ Loan or exchange programs
 e ☐ Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements Complete if organization answered 'Yes' to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If 'Yes,' explain the arrangement in Part XIV and complete the following table

- c Beginning balance
 d Additions during the year
 e Distributions during the year
 f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If 'Yes,' explain the arrangement in Part XIV

Part V Endowment Funds Complete if organization answered 'Yes' to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶ _____ %
 b Permanent endowment ▶ _____ %
 c Term endowment ▶ _____ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

- (i) unrelated organizations
 (ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated Depreciation	(d) Book Value
1a Land		201,691.		201,691.
b Buildings		892,449.	643,105.	249,344.
c Leasehold improvements		272,591.	122,661.	149,930.
d Equipment		215,658.	97,898.	117,760.
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				718,725.

BAA

Schedule D (Form 990) 2009

Part VII Investments—Other Securities See Form 990, Part X, line 12. N/A

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives		
Closely-held equity interests		
Other		
Total (Column (b) must equal Form 990 Part X, col (B) line 12) ▶		

Part VIII Investments—Program Related (See Form 990, Part X, line 13) N/A

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total (Column (b) must equal Form 990, Part X, Col (B) line 13) ▶		

Part IX Other Assets (See Form 990, Part X, line 15) N/A

(a) Description	(b) Book value
Total. (Column (b) must equal Form 990, Part X, col (B), line 15) ▶	

Part X Other Liabilities (See Form 990, Part X, line 25)

(a) Description of Liability	(b) Amount
Federal Income Taxes	
CAPITAL LEASE OBLIGATION	16,600.
SECURITY DEPOSIT MARTIN POLLAK	6,000.
UNREALIZED INTEREST RATE SWAP LIABILITY	324,154.
Total (Column (b) must equal Form 990, Part X, col (B) line 25) ▶	346,754.

2. FIN 48 Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	5,221,254.
2	Total expenses (Form 990, Part IX, column (A), line 25)	4,943,213.
3	Excess or (deficit) for the year Subtract line 2 from line 1	278,041.
4	Net unrealized gains (losses) on investments	
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV)	
9	Total adjustments (net) Add lines 4 through 8	
10	Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9	278,041.

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	5,221,254.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	5,221,254.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investments expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	5,221,254.

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	4,943,213.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	4,943,213.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investments expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	4,943,213.

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Part XIV Supplemental Information *(continued)*

**SCHEDULE M
(Form 990)**

Department of the Treasury
Internal Revenue Service

Noncash Contributions

- **Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.**
► **Attach to Form 990.**

OMB No 1545 0047

2009

**Open To Public
Inspection**

Name of the organization **LUTHERAN SOCIAL SERVICES OF THE NATIONAL
CAPITAL AREA**

Employer identification number
53-0207407

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods			121,968.	THRIFT SHOP
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution— Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial		1	66,000.	COMPARABLE
17 Real estate—Other		1	9,600.	COMPARABLE
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► ()				
26 Other ► ()				
27 Other ► ()				
28 Other ► ()				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

b If "Yes," describe the arrangement in Part II

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

b If "Yes," describe in Part II

33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II

	Yes	No
30a		X
31	X	
32a		X
33		

BAA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule M (Form 990) 2009

Part II Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

This image shows a full page of white paper with horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings present.

SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
▶ Attach to Form 990.

OMB No 1545-0047

2009

Open to Public
Inspection

Name of the organization **LUTHERAN SOCIAL SERVICES OF THE NATIONAL
CAPITAL AREA**

Employer identification number
53-0207407

FORM 990, PART VI, LINE 2 - BUSINESS OR FAMILY RELATIONSHIP OF OFFICERS, DIRECT

1. BOARD MEMBER IS RELATED TO AN EMPLOYEE OF THE ORGANIZATION

2. BOARD MEMBER IS EXECUTIVE VP OF WACHOVIA BANK WHICH HOLDS THE MORTGAGE ON
PROPERTY OWNED BY THE ORGANIZATION.

FORM 990, PART VI, LINE 11 - FORM 990 REVIEW PROCESS

THE 990 IS SENT TO THE EXECUTIVE COMMITTEE OF THE BOARD PRIOR TO PREPARATION SO THAT
COMMITTEE COULD BECOME FAMILIAR WITH THE FORMAT AND QUESTIONS. PREPARED RETURN IS
SENT FOR REVIEW TO EXECUTIVE DIRECTOR AND BOARD TREASURER AND OTHER BOARD MEMBERS
HAVING FINANCIAL EXPERTISE. AFTER REVIEW PROCESS FINAL 990 IS REVIEWED BY THE
COMPLETE BOARD OF DIRECTORS BEFORE BEING SUBMITTED.

FORM 990, PART VI, LINE 12C - EXPLANATION OF MONITORING AND ENFORCEMENT OF CONFLICTS

BOARD MEMBERS ANNUALLY ARE REQUIRED TO COMPLETE A CONFLICT OF INTEREST
QUESTIONNAIRE.

FORM 990, PART VI, LINE 19 - OTHER ORGANIZATION DOCUMENTS PUBLICLY AVAILABLE

ALL FINANCIAL STATEMENTS AND FORM 990 ARE GIVEN OUT AS REQUESTED TO CONTRIBUTORS,
VENDORS, CHURCHES.

A-133 AUDIT RREPORT IS ALSO AVAILABLE. IT IS ALSO AVAILABLE THROUGH THE AUDIT
CLEARINGHOUSE.

Name of the organization LUTHERAN SOCIAL SERVICES OF THE NATIONAL
CAPITAL AREA

Employer identification number
53-0207407

ATTACHMENT
Lutheran Social Services of the National Capital Area
Board of Directors FY10

Name	Term	Contact information & Affiliation	PAY	BENE	EXPENSE
Stephen Black Treasurer	Term 1 07/01/09 to 06/30/12	4349 40 th Street North Arlington, VA 22207	0	0	0
Melanie Folstad Vice Chairperson	Term 2 10/01/10 to 09/30/13	3 Bethesda Metro Center. Bethesda, MD 20814	0	0	0
Pat Shaulis	Term 1 10/01/07 to 09/30/10	1330 Braddock Place Alexandria, VA 22314	0	0	0
Deaconness Elizabeth (Liz) DeMik	Term 1 07/01/09 to 06/30/12	6315 Grovedale Drive Alexandria, VA 22310-2501	0	0	0

Bryan Dierkes	Term 1 07/01/08 to 06/30/11	8611 Second Avenue Silver Spring, MD 20910	0	0	0
Thomas Lewis	Term 1 10/01/08 to 09/30/11	7017 16 th Street Washington, DC 20001	0	0	0
Kim Green	Term 1 10/01/08 to 09/30/11	9340 Creek View Drive Laurel, MD 20708	0	0	0
Renee Wentzel Secretary	Term 2 7/01/09 to 6/30/12	2099 Pennsylvania Ave Washington, DC 20006	0	0	0
Rev. Wayne Lehrer	Term 1 10/01/09 to 09/30/12	7426 Idylwood Road Falls, Church, VA 22043	0	0	0

Rev. Thomas Knoll	Term 1 10/01/09 to 09/30/12	309 E Street, NW Washington, DC 20001	0	0	0
Clemmie Solomon	Term 1 7/1/09 to 06/30/12	7255 15 th Place, NW Washington, DC 20012	0	0	0
Rev. Les Stano Chairperson	Term 1 07/01/08 to 06/30/11	12801 Falls Rd Rockville, MD. 20854	0	0	0
George Swygert	Term 1 10/01/09 to 09/30/12	1753 Pinnacle Drive, VA 1948 McLean, VA 222102	0	0	0

EX-OFFICIO MEMBERS OF THE BOARD

The Rev. Jon Diefenthaler		P.O. Box 10415 Alexandria, VA 22310	0	0	0
The Rev. Kenneth G. Carlson - The Rev. Jon Diefenthaler's representative		11501 Brandy Hall Lane Gaithersburg, MD 20878	0	0	0
The Rev. Richard Graham		1025 Connecticut Avenue, NW, #904 Washington, DC 20036	0	0	0

CPAs SERVING CLIENTS SINCE 1947

**LUTHERAN SOCIAL SERVICES OF
THE NATIONAL CAPITAL AREA**

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2010

MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

LUTHERAN SOCIAL SERVICES OF THE NATIONAL CAPITAL AREA

SEPTEMBER 30, 2010

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MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

Independent Auditors' Report

To the Board of Directors
Lutheran Social Services of the National Capital Area
Falls Church, VA

We have audited the accompanying statement of financial position of Lutheran Social Services of the National Capital Area (LSS) as of September 30, 2010, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of LSS's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lutheran Social Services of the National Capital Area as of September 30, 2010, and its changes in net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated January xx, 2011, on our consideration of LSS'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 those reports 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Matthews, Carter and Boyce, P.C.

Fairfax, Virginia
January 20, 2011

LUTHERAN SOCIAL SERVICES OF THE NATIONAL CAPITAL AREA

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,309,059
Investment in mutual funds	335,050
Contract and grant receivables, net of allowance for doubtful accounts of \$20,000	585,251
Pledges receivable, net of long term	36,371
Prepaid expenses	39,009

Total Current Assets	<u>\$ 2,304,740</u>
----------------------	---------------------

LONG TERM ASSETS

Pledges receivable, net of current portion of \$36,371, discount of \$5,606, and allowance for doubtful accounts of \$15,000	\$ 44,594
Property and equipment, net	718,725
Deposits	1,100

Total Long Term Assets	<u>\$ 764,419</u>
------------------------	-------------------

TOTAL ASSETS

<u>\$ 3,069,159</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 74,791
Accrued expenses	213,011
Deferred revenue	194,214
Capital lease payable, current portion	10,439
Mortgage, current portion	56,590

Total Current Liabilities	\$ 549,045
---------------------------	------------

Capital lease payable, net of current portion	6,161
Interest rate swap agreement	324,154
Mortgage, net of current portion	1,618,391

Total Liabilities	<u>\$ 2,497,751</u>
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COMMITMENTS

NET ASSETS

Unrestricted	\$ 510,298
Temporarily restricted	61,110

Total Net Assets	<u>\$ 571,408</u>
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TOTAL LIABILITIES AND NET ASSETS

<u>\$ 3,069,159</u>

See notes to the financial statements.

LUTHERAN SOCIAL SERVICES OF THE NATIONAL CAPITAL AREA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED SEPTEMBER 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Government contracts and grants	\$ 4,145,720	\$ -	\$ 4,145,720
Contributions	572,653	-	572,653
Donated goods and services	197,568	-	197,568
United Way	35,345	33,596	68,941
Rental income	207,027	-	207,027
Adoption fees	83,374	-	83,374
Special events	15,000	-	15,000
Investment income	194	-	194
Other	45,695	-	45,695
Recovery of bad debt	165,598	-	165,598
Net assets released from restrictions	42,763	(42,763)	-
	<u>\$ 5,510,937</u>	<u>\$ (9,167)</u>	<u>\$ 5,501,770</u>
EXPENSES			
Direct Program Expenses			
Foster care services	\$ 2,072,125	\$ -	2,072,125
Refugee and immigration	1,717,277	-	1,717,277
Community services	121,881	-	121,881
Supporting Services			
Management and general	692,115	-	692,115
Facilities	303,497	-	303,497
Fundraising	243,345	-	243,345
	<u>\$ 5,150,240</u>	<u>\$ -</u>	<u>\$ 5,150,240</u>
OTHER LOSSES			
Unrealized loss on interest rate swap agreement	73,489	-	73,489
	<u>\$ 5,223,729</u>	<u>\$ -</u>	<u>\$ 5,223,729</u>
TOTAL EXPENSES AND OTHER LOSSES			
	<u>\$ 287,208</u>	<u>\$ (9,167)</u>	<u>\$ 278,041</u>
CHANGE IN NET ASSETS			
	<u>223,090</u>	<u>70,277</u>	<u>293,367</u>
NET ASSETS, BEGINNING OF YEAR			
	<u>\$ 510,298</u>	<u>\$ 61,110</u>	<u>\$ 571,408</u>
NET ASSETS, END OF YEAR			

See notes to the financial statements.

LUTHERAN SOCIAL SERVICES OF THE NATIONAL CAPITAL AREA

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 278,041
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	110,296
Unrealized loss on interest rate swap agreement	73,489
Changes in assets and liabilities:	
(Increase) decrease in:	
Receivables	498,721
Prepaid expenses	(9,998)
Deposits	850
Increase (decrease) in:	
Accounts payable	(77,859)
Accrued expenses	(769)
Deferred revenue	147,101
	<hr/>
Net Cash Provided by Operating Activities	\$ 1,019,872

CASH FLOWS FROM INVESTING ACTIVITIES

Investment in mutual funds, net	\$ (74)
Purchases of property and equipment	(88,354)
	<hr/>
Net Cash Used in Investing Activities	\$ (88,428)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments under capital lease payable	\$ (10,235)
Principal payments under mortgages payable	(52,503)
	<hr/>
Net Cash Used in Financing Activities	\$ (62,738)

NET INCREASE IN CASH AND CASH EQUIVALENTS

\$ 868,706

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

440,353

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 1,309,059

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash payments for interest	<hr/> <hr/> \$ 128,000
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There were no non-cash investing or financing activities during the year ended September 30, 2010.

Supporting Services				
Management and General	Facilities	Fundraising	Total Supporting Services	Total
\$ 398,983	\$ 76,098	\$ 148,665	\$ 623,746	\$ 2,313,460
75,323	11,253	21,207	107,783	453,144
-	-	-	-	661,847
-	-	-	-	319,351
98,462	-	-	98,462	378,532
1,044	-	52	1,096	198,664
21,078	63,744	1,191	86,013	110,296
-	1,232	-	1,232	2,324
8,923	2,414	1,687	13,024	61,461
23,565	74,201	576	98,342	128,000
3,775	1,587	584	5,946	55,285
10,241	4,065	347	14,653	41,843
17,629	54,420	2,072	74,121	116,104
-	-	-	-	40,505
6,775	9,909	1,360	18,044	42,324
-	-	-	-	6,968
50	902	-	952	14,424
1,417	519	1,108	3,044	73,873
1,705	-	1,436	3,141	3,652
-	184	-	184	4,785
772	-	17,404	18,176	23,805
3,482	319	2,178	5,979	7,543
753	684	-	1,437	1,437
2,051	859	2,583	5,493	19,677
-	-	29,706	29,706	29,706
1,806	-	-	1,806	2,951
1,337	-	-	1,337	4,746
5,303	253	8,797	14,353	19,388
5,011	-	1,444	6,455	9,296
2,630	854	948	4,432	4,849
\$ 692,115	\$ 303,497	\$ 243,345	\$ 1,238,957	\$ 5,150,240
(692,115)	(96,470)	49,062	(739,523)	-
\$ -	\$ 207,027	\$ 292,407	\$ 499,434	\$ 5,150,240

LUTHERAN SOCIAL SERVICES OF THE NATIONAL CAPITAL AREA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities

Lutheran Social Services of the National Capital Area (LSS) is a not-for-profit organization, which provides professional social services to individuals and families and assists congregations in responding to community needs through a variety of programs. These activities are funded primarily through government grants and contracts.

Recent Accounting Pronouncements

On June 29, 2009, the Financial Accounting Standards Board (FASB) issued an accounting pronouncement establishing the FASB Accounting Standards Codification (the "ASC") as the source of authoritative principles recognized by the FASB to be applied by nongovernmental entities. This pronouncement was effective for financial statements issued for interim and annual periods ending after September 15, 2009, for most entities. On the effective date, all non-SEC accounting and reporting standards were superseded. LSS adopted this new accounting pronouncement for the year ended September 30, 2010, as required, and adoption did not have a material impact on the statements taken as a whole.

LSS adopted the provisions of SFAS No. 157, Fair Value Measurements, which was codified FASB ASC 820 "Fair Value Measurements and Disclosures", during the year ended September 2010. In accordance with FASB ASC 820, LSS has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

- Level 1 – Inputs to the valuation methodology are quoted in an active market or exchanges for identical assets and liabilities.
- Level 2 – Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for assets and liabilities or other market corroborated inputs.
- Level 3 – Significant unobservable inputs based on the best information available in the circumstances to the extent observable inputs are not available, which may include assumptions made by the Board of Directors or persons acting at their direction that are used in determining the fair market value of the asset or liability.

Basis of presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations* which is codified as FASB ASC 958. Under FASB ASC 958, LSS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

LUTHERAN SOCIAL SERVICES OF THE NATIONAL CAPITAL AREA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income taxes

LSS is generally exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, LSS qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income, which is not related to exempt purposes, less applicable deductions, is subject to Federal and state corporate income taxes. LSS did not have any net unrelated business income tax for the year ended September 30, 2010.

The Financial Accounting Standards Board (FASB) issued Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109, which is codified as FASB ASC 740. FASB ASC 740 requires changes in recognition and measurement for uncertain tax positions. LSS has determined that it does not have any uncertain tax positions. If this position changes, LSS will assess the impact of any such matters on its statement of financial position and its results of operations.

Basis of accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents

LSS considers demand deposits and money market funds to be cash and cash equivalents.

Financial risk

LSS maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. LSS has not experienced any losses in such accounts.

Contract and grant receivables

Receivables are generated from service fees and prime and sub-grant arrangements with governmental agencies and private foundations. The amounts represent invoices that have been prepared and sent to the customer. The provision for doubtful accounts is based on management's evaluation of the collectibility of receivables.

Accounts receivable are considered past due if the invoice has been outstanding for more than 30 days. LSS does not charge interest on accounts receivable.

Pledges receivable and promises to give

Unconditional promises to give are recognized as revenue in the period promises to give are received. Conditional promises to give are only recognized when the conditions, on which they depend, are substantially met and the promise becomes unconditional.

Promises to give, which are to be received in a future period, are discounted to their net present value at the time the promise is received. The provision for doubtful amounts is based on management's evaluation of the collectibility of promises to give.

Property and equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over their estimated useful lives. LSS capitalizes all property and equipment purchased with a cost of \$3,000 or more.

LUTHERAN SOCIAL SERVICES OF THE NATIONAL CAPITAL AREA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Derivative financial instrument

LSS is subject to interest risk exposure in the normal course of pursuing their investment objectives. LSS holds an obligation under a Mortgage Agreement and the value of this obligation may increase as interest rates rise. To help hedge against this risk and to maintain its ability to reduce expenses at the prevailing market rates, LSS entered into an interest rate swap agreement to effectively convert a portion of their variable-rate debt to fixed-rate debt. Interest rate swap agreements involve the exchange by an organization with another party of their respective commitments to pay or receive interest with respect to the notional amount of the principal.

Derivatives are recognized as either assets or liabilities in the accompanying statement of financial position and are measured at fair value in accordance with Statement of Financial Accounting Standards, (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, which is codified as FASB ASC 815, *Derivatives and Hedging* (FASB ASC 815). FASB ASC 815 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Since the derivative instrument is not designated as a hedge instrument, it does not qualify for hedge accounting under FASB ASC 815. Accordingly, changes in the fair value are included as a component of total expenses and other losses on the accompanying statement of activities and changes in net assets.

Valuation of long-lived assets

LSS accounts for the valuation of long-lived assets under Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which is codified as FASB ASC 360. FASB ASC 360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Restricted and unrestricted revenue and support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue, depending on the existence and/or nature of any donor restrictions.

All donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the support is received, LSS reports the support as unrestricted.

Revenue from foster care and mental health service fees are recognized as the services are performed.

LUTHERAN SOCIAL SERVICES OF THE NATIONAL CAPITAL AREA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

Note 1. Nature of Activities and Significant Accounting Policies (Concluded)

Grants and contract awards

LSS has contracts with United States government agencies, as well as with state and local governments and private sources, in exchange for services. Revenue from these contracts is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs subject to certain limitations based on stipulated level of effort requirements. Revenue recognized on grants that are unpaid is reflected as receivables in the accompanying statement of financial position.

Functional allocation of expenses

The costs of providing the various programs and other activities of LSS have been summarized on a functional basis in the accompanying statement of functional expenses. Costs that can be identified with particular programs or support functions are charged directly to that program or function. LSS allocates utilities, telephone and building expenses based on the square footage used by each program and supporting services based on units of service or total program costs.

Indirect costs

Indirect costs are allocated to U.S. Government contracts and all other LSS programs based on direct program costs.

Donated goods and services

LSS receives donated services and goods. Donated goods are recorded as in-kind contributions at their estimated fair value at the date of donation. LSS recognizes contribution revenue for certain contributed services received at the fair value of those services, based upon the requirements of Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, which is codified as FASB ASC 958. During the year ended September 30, 2010, LSS recognized \$197,568 as in-kind goods and services.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Pledges Receivable

Promises to give of \$101,571 are outstanding as of September 30, 2010. The promises due over future periods have been discounted using a discount rate of 4.5%. The provision for doubtful accounts is based on management's evaluation of the collectibility of the pledges.

Promises to give	\$ 101,571
Less, provision for doubtful promises to give	(15,000)
Less, discount on promises to give	(5,606)
	<u>\$ 80,965</u>
Less, current portion	<u>(36,371)</u>
	<u>\$ 44,594</u>

LUTHERAN SOCIAL SERVICES OF THE NATIONAL CAPITAL AREA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

Note 2. Pledges Receivable (concluded)

The anticipated collections of the promises to give based upon the stated payment terms are as follows:

Years Ending September 30,	
2011	\$ 36,371
2012	20,330
2013	14,220
2014	13,510
2015	10,735
Thereafter	<u>6,405</u>
	<u>\$ 101,571</u>

Note 3. Investments in Mutual Funds

All of the investment assets recorded in the statement of financial position are categorized based on the inputs to the valuation technique and are at quoted prices in active markets for identical assets, Level 1 assets. At September 30, 2010, investments maintained by LSS consist of \$335,050 in a mutual fund account with a national brokerage firm. Investment income for the year ended September 30, 2010, was \$74.

Note 4. Property and Equipment

Property and equipment and accumulated depreciation at September 30, 2010 are as follows:

Asset Category	Estimated Useful Lives	Cost	Accumulated Depreciation	Net
Land	-	\$ 201,691	\$ -	\$ 201,691
Buildings	25 years	892,449	643,105	249,344
Office and computer equipment	5 to 10 years	100,238	60,520	39,718
Leasehold improvements	10 to 25 years	272,591	122,661	149,930
Vehicles	5 years	<u>115,420</u>	<u>37,378</u>	<u>78,042</u>
		<u>\$ 1,582,389</u>	<u>\$ 863,664</u>	<u>\$ 718,725</u>

Note 5. Line of Credit

As of September 30, 2010, LSS has a maximum line of credit in the amount of \$175,000. The line of credit is secured by a deed of trust and assignment of rents and security agreements. Borrowings accrue interest at the financial institution's prime rate plus 1%. The agreement will expire on February 26, 2011, at which time all outstanding amounts will be due. Additionally, there was an outstanding letter of credit in the amount of \$63,859 as of September 30, 2010. The letter of credit expires in March 2, 2011.

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Note 6. Mortgage Payable

On April 17, 2006, LSS entered into a modified promissory note agreement with a principal balance of \$1,880,000. This mortgage note is payable in monthly installments of principal and interest of \$15,042. All remaining principal and interest shall be due and payable on April 15, 2016. This note bears interest at the one month LIBOR plus 2%. The mortgage is collateralized by a first deed of trust on property located at 4406 Georgia Avenue, N.W., Washington, DC. The amount outstanding on this mortgage payable as of September 30, 2010 was \$1,674,980.

The scheduled future principal payments under the mortgage payable at September 30, 2010, are as follows:

<u>Years Ending</u> <u>September 30,</u>	
2011	\$ 56,590
2012	60,000
2013	66,035
2014	71,113
2015	76,314
Thereafter	<u>1,344,929</u>
	<u>\$ 1,674,981</u>

Note 7. Capital Lease Payable

LSS uses copiers which were acquired under capital lease arrangements. The copier lease is payable in monthly installments, including principal and interest, through April 2012. The lease payment was originally \$813 through April 2008. The lease payment increases each May by 2% for the following year.

At September 30, 2010, equipment under the capital lease included in property and equipment and the related accumulated depreciation were \$48,780 and \$25,203, respectively. Total depreciation expense on the equipment under capital leases was \$9,756.

The following is a schedule of the future minimum lease payments under the capital lease.

<u>Year Ending</u> <u>September 30,</u>	
2011	\$ 10,439
2012	<u>6,161</u>
	<u>\$ 16,600</u>

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Note 8. Derivative Financial Instruments

FASB ASC 815 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. LSS utilizes a derivative, a fixed interest rate swap, to add stability to interest expense and to manage exposure to interest rate movements. Consistent with FASB ASC 815, LSS records derivative financial instruments in the statement of financial position as a liability measured at fair value. FASB ASC 815 permits special hedge accounting if certain requirements are met.

As of September 30, 2010, no derivatives were designated as fair value hedges or cash flow hedges. Derivatives not designated as hedges are not speculative and are used to manage exposure to interest rate movements, but do not meet the strict hedge accounting requirements of FASB ASC 815. Changes in the fair value of derivative financial instruments are recorded as a component of total expenses and other losses in the statement of activities and changes in net assets. For the year ended September 30, 2010 LSS recorded \$73,489 as an unrealized loss on the interest rate swap agreement in the statement of activities and changes in net assets. At September 30, 2010, the fair value of the interest rate swap was in favor of Wachovia. LSS has recorded a liability for this amount on its September 30, 2010, statement of financial position.

The following table lists the interest rate swap held by LSS as of September 30, 2010:

Notional Amount	Index	Interest Rate	Fair Value	Instrument	Maturity Date
\$1,674,981	One month LIBOR	7.41%	\$ (324,154)	Swap	04/15/16

Note 9. Funds Held in Trust

In prior years LSS held certain funds for the benefit of mental health patients. During the year ended September 30, 2010 these funds were paid to outside persons and organizations.

Note 10. Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2010, consist of time restricted promises to give from the United Way in the amount of \$61,110.

Note 11. 401(k) plan

LSS sponsors a 401(k) plan that covers its full-time employees. This plan was amended effective July 1, 2007. Under the amended plan, employees may make elective deferrals into the plan on the first of the month following date of hire. For employees who make elective deferrals LSS may make a discretionary match. The discretionary match is calculated after the close of the plan year which runs from July 1st to June 30th. To be eligible to receive the match, an employee must have been employed for one year and must work 1000 hours.

There is a three year vesting schedule for the employer match portion. Vesting is attained at 33-1/3% per annum for each of three years. Pension expense totaled \$58,701 for the year ended September 30, 2010.

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Note 12. Major Grantor

LSS receives a substantial portion of its support from the government of the District of Columbia. If a significant reduction in the level of this support should occur, it may have an adverse effect on LSS's programs.

Note 13. Risks and Contingencies

Federal Awards

LSS participates in a number of federally funded programs which are subject to financial and compliance audits by Federal agencies or their representatives. Management does not anticipate any significant adjustments as a result of such an audit.

Department of Health and Human Services (DHHS)

LSS has acquired certain equipment for use in its programs with funding obtained as a pass-through from DHHS from the Maryland Office of Refugees and Asylees of the Department of Human Resources of the State of Maryland (MORA). Under the grant agreement, title of any assets purchased by LSS using the funds received from MORA over \$50 will be vested in MORA while a listing of these assets has to be submitted to MORA at the conclusion of the grant. MORA may require LSS to deliver these assets to MORA. The assets purchased using these grant proceeds are included in the accompanying statement of functional expense under the caption equipment.

Note 14. Commitments

Operating leases

LSS leases space for its offices located in Silver Spring and Baltimore under leases which expired in September 2010. Future minimum rental commitments under these leases at September 30, 2010, are \$0 due during the year ending September 30, 2010. Total rent charged to operations for the year ended September 30, 2010, was \$37,588.

LSS also has sublease arrangements with tenants to lease space from LSS in its building. The total rent income for the year ended September 30, 2010, was \$207,027. Future minimum rental income under these lease arrangements for the years ending September 30 is as follows:

Years Ending September 30,	
2011	\$ 97,197
2012	106,196
2013	<u>26,744</u>
	<u>\$ 230,166</u>

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Note 15. Financial Instruments Reported at Fair Value

Interest rate swap

LSS uses an interest rate swap to manage interest rate risk associated with floating rate debt. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. The valuation of these transactions are based the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, foreign exchange rates and implied volatilities. The fair value of the interest rate swap is determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

To comply with the provisions of FASB ASC 820, LSS incorporates credit valuation adjustments to appropriately reflect both their own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of derivative contracts for the effect of nonperformance risk, LSS have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

Although LSS has determined that the majority of the inputs used to value the interest rate swap fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with this instrument utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by LSS and the counterparty. However, as of September 30, 2010, LSS has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of the derivative position and has determined that the credit valuation adjustments are not significant to the overall valuation of the interest rate swap. As a result, LSS have determined that the interest rate swap valuation in its entirety is classified in Level 2 of the fair value hierarchy.

Assets and liabilities at fair value

The table below presents LSS' assets and liabilities measured at fair value on a recurring basis as of September 30, 2010, aggregated by the level in the fair value hierarchy within which those measurements fall.

	Quoted Prices In Active Markets for Identical Assets And Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 335,050	\$ -	\$ -	\$ 335,050
Interest rate swap	-	(324,154)	-	(324,154)
Totals	<u>\$ 335,050</u>	<u>\$ (324,154)</u>	<u>\$ -</u>	<u>\$ 10,896</u>

LSS did not have any fair value measurements using significant unobservable inputs (Level 3) as of September 30, 2010.

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Note 16. Subsequent Events

As required by the Statement of Financial Accounting Standards (SFAS) No. 165, *Subsequent Events*, which is codified by FASB ASC 855, LSS has evaluated events and transactions that occurred after September 30, 2010 through January 20, 2011, the date the financial statements were available to be issued.

There were no events occurring subsequent to September 30, 2010 that would have a material impact on LSS' results of operations or financial position as of September 30, 2010.