

**THE SALVATION ARMY USA
WESTERN TERRITORY
SOUTHWEST DIVISION,
LAS VEGAS SOCIAL SERVICES**

Financial Statements as of and for the
Year Ended September 30, 2022, and
Independent Auditor's Reports, Schedule
of Expenditures of Federal Awards for the
Year Ended September 30, 2022, and
Uniform Guidance Compliance Reports

**THE SALVATION ARMY USA, WESTERN TERRITORY
SOUTHWEST DIVISION, LAS VEGAS SOCIAL SERVICES**

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To The Salvation Army USA, Western Territory
Southwest Division, Las Vegas Social Services

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Salvation Army Las Vegas Social Services (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Salvation Army Las Vegas Social Services as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Salvation Army Las Vegas Social Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Salvation Army Las Vegas Social Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Salvation Army Las Vegas Social Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Salvation Army Las Vegas Social Services' ability to continue as a going concern for a reasonable period of time.

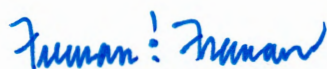
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2023, on our consideration of The Salvation Army Las Vegas Social Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Salvation Army Las Vegas Social Services' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Salvation Army Las Vegas Social Services' internal control over financial reporting and compliance.



Freeman & Freeman
Certified Public Accountants
Orange, California
June 6, 2023

**THE SALVATION ARMY USA WESTERN TERRITORY
SOUTHWEST DIVISION, LAS VEGAS SOCIAL SERVICES**

**STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022**

ASSETS

Accounts Receivable, Net	\$ 1,417,005
Inventory	101,111
Prepaid Expenses	<u>26,411</u>
Total Current Assets	<u>1,544,527</u>
 Vehicles and Equipment (Net of Accumulated Depreciation)	 <u>62,342</u>
 Total Assets	 <u><u>\$ 1,606,869</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 325,750
Accrued Wages	218,639
Due to Divisional Headquarters	282,804
Deferred Revenue	<u>87,704</u>
Total Liabilities	<u>914,897</u>

NET ASSETS

Net Assets Without Donor Restrictions	664,013
Net Assets With Donor Restrictions	<u>27,959</u>
Total Net Assets	<u>691,972</u>
 Total Liabilities and Net Assets	 <u><u>\$ 1,606,869</u></u>

**THE SALVATION ARMY USA WESTERN TERRITORY
SOUTHWEST DIVISION, LAS VEGAS SOCIAL SERVICES**

**STATEMENT OF ACTIVITIES
AS OF SEPTEMBER 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Direct Public Support			
Contributions	\$ 317,049	\$ -	\$ 317,049
Donations-in-kind	155,821	-	155,821
Total Direct Public Support	<u>472,870</u>	<u>-</u>	<u>472,870</u>
Fees and Grants from Government Agencies	<u>9,047,330</u>	<u>-</u>	<u>9,047,330</u>
Total Public Support	<u>9,520,200</u>	<u>-</u>	<u>9,520,200</u>
Other Revenue			
Program Service Fees	613,102	-	613,102
Income from Western Territory Units	950,942	-	950,942
Support and Assessments	430,152	-	430,152
Other Revenue	64,914	-	64,914
Total Support and Revenue	<u>2,059,110</u>	<u>-</u>	<u>2,059,110</u>
Net Assets Released			
Satisfaction of Purpose-Restriction	72,041	(72,041)	-
Total Support and Revenue	<u>11,651,351</u>	<u>(72,041)</u>	<u>11,579,310</u>
EXPENSES			
Program Expenses			
Corps Community Center	125,413	-	125,413
Residential Services	5,400,745	-	5,400,745
Social Services	5,151,273	-	5,151,273
Total Program Expenses	<u>10,677,431</u>	<u>-</u>	<u>10,677,431</u>
Supporting Services			
Management and General	515,604	-	515,604
Fund Raising	2,414	-	2,414
Total Supporting Services	<u>518,018</u>	<u>-</u>	<u>518,018</u>
Total Expenses	<u>11,195,449</u>	<u>-</u>	<u>11,195,449</u>
Change in Net Assets	455,902	(72,041)	383,861
Net Assets - Beginning of Year	208,111	100,000	308,111
Net Assets - End of Year	<u>\$ 664,013</u>	<u>\$ 27,959</u>	<u>\$ 691,972</u>

See notes to financial statements.

**THE SALVATION ARMY USA, WESTERN TERRITORY,
SOUTHWEST DIVISION, LAS VEGAS SOCIAL SERVICES**

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 383,861
Adjustments to reconcile change in net assets to Cash provided by operating activities:	
Depreciation and amortization	23,943
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(387,533)
Inventory	(61,087)
Prepaid expenses and deferred charges	(1,175)
Increase: (decrease) in:	
Accounts payable and accrued expenses	123,194
Due to Divisional Headquarters	247,362
Deferred Revenue	21,089
Other current Liabilities	(314,822)
 Net cash provided by operating activities	 <u>34,832</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Fixed Asset Additions	(34,832)
 Net cash used in investing activities	 <u>(34,832)</u>

CHANGE IN CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS—Beginning of year

CASH AND CASH EQUIVALENTS—End of year

SUPPLEMENTAL CASH FLOW INFORMATION:

Donations-in-kind and contributed services—public support	 <u>\$ 155,821</u>
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See notes to financial statements.

**THE SALVATION ARMY USA WESTERN TERRITORY
SOUTHWEST DIVISION, LAS VEGAS SOCIAL SERVICES**

**FUNCTIONAL EXPENSE REPORT
FOR THE YEAR ENDED, SEPTEMBER 30, 2022**

	Corps Community Center	Residential Services	Social Services	Total Program	Management and General	Fund Raising and Public Relations	Total Supporting Services	Total Expenses
EXPENSES								
Salaries, Allowances and Taxes	\$ 38,069	\$ 1,530,000	\$ 1,842,171	\$ 3,410,240	\$ 208,802	\$ -	\$ 208,802	\$ 3,619,042
Employee and Officer Benefits	42,011	409,054	405,307	856,372	79,486	-	79,486	935,858
Professional Fees	-	23,517	99,493	123,010	97,672	-	97,672	220,682
Supplies	18,276	838,878	39,315	896,469	4,447	-	4,447	900,916
Communications, Postage and Shipping	111	42,432	24,735	67,278	9,778	-	9,778	77,056
Occupancy, Furnishings and Equipment	10,483	636,173	323,020	969,676	101,109	-	101,109	1,070,785
Printing and Publications	2,054	3,727	9,890	15,671	1,876	-	1,876	17,547
Conferences, Meetings and Travel	12,715	74,356	21,632	108,703	10,149	-	10,149	118,852
Direct Assistance	1,500	1,350,997	1,853,125	3,205,622	-	-	-	3,205,622
Other Expenses	-	30,719	23,395	54,114	2,024	-	2,024	56,138
Support Service to THQ	194	460,892	509,190	970,276	261	2,414	2,675	972,951
Total Expenses	\$ 125,413	\$ 5,400,745	\$ 5,151,273	\$ 10,677,431	\$ 515,604	\$ 2,414	\$ 518,018	\$ 11,195,449

See notes to the financial statements.

THE SALVATION ARMY USA, WESTERN TERRITORY SOUTHWEST DIVISION, LAS VEGAS SOCIAL SERVICES

Notes to Financial Statements September 30, 2022

1. PURPOSE AND ORGANIZATION

The Salvation Army, founded in 1865, is a not-for-profit international religious organization and charitable movement organized and operated on a quasi-military pattern and is a branch of the Christian Church. Its membership includes officers (clergy), soldiers and adherents (laity), members of varied activity groups and volunteers who serve as advisors, associates and committed participants in its service functions.

The Salvation Army, a California Corporation, is an organization exempt from income taxation under Section 501 (a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements are summaries of the financial position, results of operations, net asset classifications and statement of cash flows of The Salvation Army Las Vegas Social Services (the "Unit"), an Operating Unit of the Western Territory of The Salvation Army.

The Salvation Army – Las Vegas Social Services provides a complete range of services through various departments such as supportive housing programs, shelter programs, veteran programs and a variety of other social service programs.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the national accounting policies of The Salvation Army. These policies are consistent with accounting principles generally accepted in the United States of America.

In order to observe restrictions which donors place on grants and other gifts, as well as designations made by the Board of Trustees/Directors, all assets, liabilities and activities are accounted for in the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes or locations by action of the Board of Directors.

Net Assets with Donor Restrictions

Net assets that are subject to stipulations imposed by donors or grantors. Certain donor-imposed stipulations are temporary and may be fulfilled by actions of the Unit to meet the stipulations or through passage of time as specified by the donor. Donor-imposed stipulations may also be perpetual in nature and require that the net assets be retained and invested in perpetuity by The Salvation Army.

THE SALVATION ARMY USA, WESTERN TERRITORY SOUTHWEST DIVISION, LAS VEGAS SOCIAL SERVICES

Notes to Financial Statements September 30, 2022

Support and Revenue

All items of support and revenue are stated on the accrual basis. Contributions subject to donor-imposed restrictions are recorded as temporarily restricted support and are reclassified as unrestricted when the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed. Contributions with restrictions that are met during the fiscal year are recorded as unrestricted support. Fees and grants from government agencies are recognized as services and other conditions, as outlined in the related grants, are performed. Support and revenue are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions that are not fulfilled in the accounting period. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulations or by law. All expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions on net assets, that is, the expiration of the donor-imposed stipulated purpose or the elapsing of the specified time period, are reported as reclassifications of net assets.

Pledges receivable that are scheduled to be received after the end of the reporting period are shown as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or time restriction is met. Pledges receivable subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets.

Cash and Cash Equivalents

For purposes of this statement, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and having original maturities of three months or less at the date of purchase.

Accounts Receivable

Accounts receivable include amounts due from government agencies related to grants that are expected to be collected within one year. Amounts are recorded once services are performed and qualifying expenses are incurred.

Land and Building

Title to land and buildings is held by the Western Territory corporation. These assets are made available to Unit which has responsibility for control and maintenance but are not included in the statements of financial position.

Donations-in-Kind and Contributed Goods

Material gifts-in kind items used in Unit's programs and services and donated goods distributed (clothing, furniture, foodstuffs, etc.) are recorded at their estimated fair market value as income and expense at the time the items are placed into service or distributed.

Contributed vehicles and equipment are recorded at fair value at the date of donation as unrestricted support and revenue unless the use of such contributed assets is restricted by a donor-imposed restriction.

**THE SALVATION ARMY USA, WESTERN TERRITORY
SOUTHWEST DIVISION, LAS VEGAS SOCIAL SERVICES**

**Notes to Financial Statements
September 30, 2022**

Donations-in-Kind and Contributed Goods (continued)

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets, would have been purchased if not provided by contribution, require specialized skills and are provided by individuals possessing such specialized skill. In addition, the appropriate value of donated services of individuals is recorded as an expense when such services qualify for cost reimbursement from third-party providers.

Expenses

All expenses are stated on the accrual basis and presented in a functionalized statement.

Depreciation

Depreciation is provided on vehicles and equipment at straight-line rates based on estimated service lives. Depreciation is charged on a monthly convention as assets are acquired and disposed.

Minor equipment, furnishings, repairs and improvements to buildings, which are not accounted for as described in the preceding paragraphs, are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates

Vehicles and Equipment

Vehicles and equipment are summarized by major classification at September 30, 2022 as follows:

Vehicles	\$ 69,791
Equipment	<u>509,414</u>
Subtotal	579,205
Less accumulated depreciation	<u>(516,863)</u>
Total	<u>\$ 62,342</u>

**THE SALVATION ARMY USA, WESTERN TERRITORY
SOUTHWEST DIVISION, LAS VEGAS SOCIAL SERVICES**

**Notes to Financial Statements
September 30, 2022**

3. CONCENTRATIONS OF RISK

Certain financial instruments potentially subject the Unit to concentrations of credit risk. The financial instruments consist primarily of cash and cash equivalents and receivables. The Unit places its cash and cash equivalents with high credit quality financial institutions. Concentration of credit risk with respect to receivables are generally diversified due to the large number of entities, government agencies and individuals composing Unit's program and donor base.

4. TRANSACTIONS WITH THQ

The Salvation Army Las Vegas Social Services receives significant support from and has significant transactions with its Territorial Headquarters, (THQ) a related party. Accordingly, the accompanying financial statements may not necessarily be indicative of the financial position, results of operations, or cash flows that would have existed if the Unit had operated without such affiliation.

Funds on Deposit with THQ - the receipt of donations is centralized at THQ. These funds are deposited daily into the unit's accounts at THQ and are available to be transferred back to the Unit as needed. Income is earned and distributed to the Unit's accounts balances for these funds. Interest is paid on these fund balances based on an interest rate formula approved by the Board of Directors.

Other Funds Controlled by THQ – Each constituent unit of The Salvation Army raises funds from various sources, including bequests, trusts, and donor-restricted contributions. These funds are owned, controlled, and invested by the Board of Directors of the Territory in accordance with applicable donor restrictions and distributed in accordance with such restrictions. Accordingly, the funds are not reflected in the accompanying financial statements.

Income from THQ – Income from THQ includes funding for capital projects, programs and administrative costs, and interest income and other distributions from funds held at THQ. Funds for capital projects are transferred to the Unit after formal approval has been received from THQ. Donor-restricted contributions are distributed to the Unit as donor-restricted funds are expended for a specified program or purpose.

During the year ended September 30, 2022, the Unit received income from THQ to the following:

Income for programs and administrative needs and other distributions	\$ 77,658
Income for capital projects	<u>36,281</u>
Total income from THQ	<u>\$ 113,939</u>

**THE SALVATION ARMY USA, WESTERN TERRITORY
SOUTHWEST DIVISION, LAS VEGAS SOCIAL SERVICES**

**Notes to Financial Statements
September 30, 2022**

Transactions with THQ – The Unit is required to share 10% of certain unrestricted revenues as dictated by The Salvation Army policy with THQ to fund administrative support, program help and supervisory costs for this Unit. In addition, THQ assesses the Unit for various expenses, which are allocated throughout the Territory. For the year ended September 30, 2022, all such expenses are included in the statement of activities. The assessment to the Unit during the year ended September 30, 2022 totaled:

Employee pension benefits	<u>\$ 330,013</u>
Officer’s assessments	<u>\$ 80,000</u>
Workers’ compensation insurance	\$ 56,938
Automobile insurance	13,951
General and other insurance	<u>108,718</u>
Total Insurance	<u>\$ 179,607</u>
Information technology assessment	<u>\$ 51,349</u>

5. CONTINGENCIES

The Unit has received Federal and other governmental funds for specific purposes that are subject to review and audit by funding agencies. Such audits could generate expenditure disallowances or refunds payable under terms of the agency contracts. Loss of government support would have a significant impact on the Unit’s ability to provide its program services.

6. LIQUIDITY AND AVAILABILITY

Financial assets are available for general expenditure, that is, without donor or other restrictions limiting their use within one year of September 30, 2022, comprising of the following:

Accounts Receivable	<u>\$ 1,417,005</u>
Total financial assets available to meet cash needs within one year	<u>\$ 1,417,005</u>

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through June 6, 2023, the date the financial statements were available to be issued.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND
UNIFORM GUIDANCE COMPLIANCE REPORTS**

THE SALVATION ARMY, WESTERN TERRITORY
SOUTHWEST DIVISION
LAS VEGAS SOCIAL SERVICES

SUPPLEMENTAL COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor and Program Title	Pass-Through Grantor	Federal CFDA Number	Pass-Through Entity Award Number	Federal Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grant	City of North Las Vegas, NV	14.218	N/A	\$ 58,078
Community Development Block Grant	City of Las Vegas, NV	14.218	N/A	78,061
Community Development Block Grant	City of Las Vegas, NV	14.218	N/A	20,940
Community Development Block Grant	City of Las Vegas, NV	14.218	N/A	299,423
Subtotal CFDA # 14.218				<u>456,502</u>
Community Development Block Grant	Clark County, NV	14.228	1080.CDBGCV.2020	191,210
Subtotal CFDA # 14.228				<u>191,210</u>
Emergency Solutions Grant	Clark County, NV	14.231	N/A	36,637
Emergency Solutions Grant	Clark County, NV	14.231	1080.ESGCV.2020	286,086
Emergency Solutions Grant	City of North Las Vegas, NV	14.231	N/A	40,353
Emergency Solutions Grant	City of North Las Vegas, NV	14.231	N/A	184,600
Emergency Solutions Grant	City of Las Vegas, NV	14.231	N/A	57,939
Emergency Solutions Grant	City of Las Vegas, NV	14.231	N/A	667,508
Emergency Solutions Grant	Clark County, NV	14.231	1080.ESGCVNV.2020	1,228,693
Subtotal CFDA # 14.231				<u>2,501,816</u>
Continuum of Care Program	Clark County, NV	14.267	NV0106L9T002004	302,795
Subtotal CFDA # 14.267				<u>302,795</u>
Total U.S. Department of Housing and Urban Development				<u>3,452,323</u>
U.S. Department of Justice				
Crime Victim Assistance (VOCA)	State of Nevada, Dept of Health & Human Services	16.575	16575-20-049	56,962
Subtotal CFDA # 16.575				<u>56,962</u>
Total U.S. Department of Justice				<u>56,962</u>

Federal Grantor and Program Title	Pass-Through Grantor	Federal CFDA Number	Pass-Through Entity Award Number	Federal Expenditures
U.S. Department of the Treasury				
Coronavirus Relief Fund	Clark County, NV	21.027	175828	106,000
Subtotal CFDA # 21.019				<u>106,000</u>
U.S. Total Department of the Treasury				<u>106,000</u>
U.S. Department of Veteran's Affairs				
VA Homeless Providers Grant and Per Diem Program		64.024	N/A	1,007,132
VA Homeless Providers Grant and Per Diem Program		64.024	N/A	207,631
VA Homeless Providers Grant and Per Diem Program		64.024	N/A	842,362
Subtotal CFDA # 64.024				<u>2,057,125</u>
VA Supportive Services for Veteran's Families		64.033	N/A	2,488,140
Subtotal CFDA # 64.033				<u>2,488,140</u>
Total U.S. Department of Veteran's Affairs				<u>4,545,265</u>
U.S. Department of Homeland Security				
Emergency Food & Shelter Program		97.024	N/A	348,317
Subtotal CFDA # 97.024				<u>348,317</u>
Total U.S. Department of Homeland Security				<u>348,317</u>
Total Expenditures of Federal Awards				<u>\$ 8,508,867</u>

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of The Salvation Army Las Vegas Social Services and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards. (Uniform Guidance) Because the Schedule presents only a selected portion of the operations of The Salvation Army Las Vegas Social Services, it is not intended to and does not present the financial position, changes in net assets or cash flows of The Salvation Army Las Vegas Social Services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - PASS-THROUGH AWARDS

The Salvation Army Las Vegas Social Services receives certain federal awards from pass-through awards. The amounts of such pass-through awards are included in the Schedule.

NOTE 4 - INDIRECT COSTS

The Salvation Army Las Vegas Social Services has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Salvation Army USA, Western Territory
Southwest Division Las Vegas Social Services

We have audited, in accordance with the 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, the financial statements of The Salvation Army Southwest Division Las Vegas Social Services (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 6, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Salvation Army Las Vegas Social Services' (internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Salvation Army Las Vegas Social Services' (internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

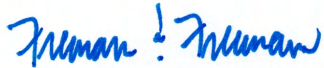
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Salvation Army Las Vegas Social Services (financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Freeman & Freeman
Certified Public Accountants
Orange, California
June 6, 2023

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The Salvation Army USA, Western Territory
Southwest Division Las Vegas Social Services

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Salvation Army Las Vegas Social Services' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Salvation Army Las Vegas Social Services' major federal programs for the year ended September 30, 2022. The Salvation Army Las Vegas Social Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Salvation Army Las Vegas Social Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Salvation Army Las Vegas Social Services and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Salvation Army Las Vegas Social Services' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Salvation Army Las Vegas Social Services' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Salvation Army Las Vegas Social Services' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if

(Continued)

there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Salvation Army Las Vegas Social Services' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Salvation Army Las Vegas Social Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Salvation Army Las Vegas Social Services' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Salvation Army Albuquerque Residences, Inc's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

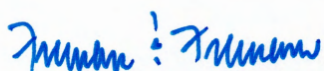
Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Freeman & Freeman
Certified Public Accountants
Orange, California
June 6, 2023

**THE SALVATION ARMY USA, WESTERN TERRITORY
SOUTHWEST DIVISION LAS VEGAS SOCIAL SERVICES**

**Schedule of Findings and Questioned Costs
September 30, 2022**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified ___ Yes X No

Significant deficiency(ies) identified? ___ Yes X No

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? ___ Yes X No

Significant deficiency(ies) identified? ___ Yes X No

Type of auditor's opinion issued on compliance for Major programs: Unmodified

Any audit findings disclosed that are required to be Reported in accordance with 2 CFR 200.516(a) ___ Yes X No

Identification of major federal programs:

Department of Housing and Urban Development

Emergency Solution Grant CFDA 14.231

Dollar threshold for distinguishing Types A and B programs was \$750,000

Auditee qualified as low risk auditee? X Yes ___ No

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

Reportable Conditions - None.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Questioned Costs - None.

**THE SALVATION ARMY USA, WESTERN TERRITORY
SOUTHWEST DIVISION, LAS VEGAS SOCIAL SERVICES**

**Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2022**

None

**THE SALVATION ARMY USA, WESTERN TERRITORY
SOUTHWEST DIVISION, LAS VEGAS SOCIAL SERVICES**

**Corrective Action Plan
For the Year Ended September 30, 2022**

None Necessary