

CONSOLIDATED FINANCIAL STATEMENTS
OF
BARTELS LUTHERAN RETIREMENT COMMUNITY
AND AFFILIATE
WAVERLY, IOWA
AT
DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

	Page No.
Independent Auditors' Report	1 - 2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3 - 4
Consolidated Statements of Activities	5
Consolidated Statements of Cash Flows	6 - 7
Notes to Consolidated Financial Statements	8 - 20
Consolidating Information	
Independent Auditors' Report on Consolidating Information	22
Schedule I - Consolidating Statements of Financial Position	23 - 24
Schedule II - Consolidating Statements of Activities	25 - 26

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bartels Lutheran Retirement Community and Affiliate
Waverly, Iowa

We have audited the accompanying consolidated financial statements of Bartels Lutheran Retirement Community (a nonprofit health care entity) and affiliate, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Bartels Lutheran Retirement Community and Affiliate
Page Two

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bartels Lutheran Retirement Community and affiliate as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RYUN, GIVENS & COMPANY, P.L.C.


Certified Public Accountants

March 22, 2018

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	2017	2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,652,293	\$ 1,874,923
Certificates of Deposit	318,858	312,312
Investments	9,353,579	10,651,096
Resident Receivables, Net of Allowance for Doubtful Accounts of \$75,000 in 2017 and \$100,000 in 2016	431,972	545,290
Prepaid Expenses and Other Current Assets	274,362	186,776
Total Current Assets	12,031,064	13,570,397
Assets Limited as to Use	312,126	286,978
Property and Equipment:		
Land	1,761,847	981,397
Buildings and Improvements	32,268,130	30,825,729
Equipment and Furniture	4,134,952	3,894,569
Construction in Progress	4,166,190	1,409,574
Total Property and Equipment	42,331,119	37,111,269
LESS - Accumulated Depreciation	13,935,605	12,807,707
Net Property and Equipment	28,395,514	24,303,562
Other Assets:		
Unconditional Promises to Give	349,587	594,292
Certificates of Deposit	799,955	1,043,867
Other Assets	165,897	165,801
Franchise Fees, Net of Accumulated Amortization of \$52,503 in 2017 and \$45,940 in 2016	209,999	216,562
Long-Term Investments Restricted for Endowment	2,521,313	2,280,538
Total Other Assets	4,046,751	4,301,060
TOTAL ASSETS	\$ 44,785,455	\$ 42,461,997

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2017 AND 2016**

	2017	2016
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current Maturities of Long-Term Debt	\$ 685,397	\$ 662,070
Accounts Payable	613,709	207,129
Accrued Salaries and Benefits	415,206	391,087
Other Current Liabilities	143,867	144,273
Total Current Liabilities	1,858,179	1,404,559
Long-Term Liabilities:		
Long-Term Debt, Less Current Maturities	10,141,533	10,812,390
Deferred Revenue from Advance Fees	4,238,482	3,548,661
Refundable Advance Fees	10,995,325	10,393,260
Deferred Compensation	312,126	286,978
Total Long-Term Liabilities	25,687,466	25,041,289
Total Liabilities	27,545,645	26,445,848
Net Assets:		
Unrestricted Net Assets:		
Board Designated, Chaplaincy Endowment	771,126	771,126
Undesignated	14,059,124	12,436,448
Total Unrestricted Net Assets	14,830,250	13,207,574
Temporarily Restricted	1,640,430	2,061,755
Permanently Restricted	769,130	746,820
Total Net Assets	17,239,810	16,016,149
TOTAL LIABILITIES AND NET ASSETS	\$ 44,785,455	\$ 42,461,997

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
UNRESTRICTED NET ASSETS		
Revenues, Gains and Other Support:		
Net Resident Service Revenue, Including Amortization of Advance Fees of \$419,827 for 2017 and \$504,554 for 2016	\$ 11,727,692	\$ 12,142,709
Investment Income	366,066	320,000
Contributions	286,329	15,504
Other Operating Revenue	91,112	49,182
Net Assets Released from Restrictions Used for Operations	180,138	162,152
Total Revenues, Gains and Other Support	12,651,337	12,689,547
Expenses:		
Salaries and Wages	6,217,221	6,039,401
Employee Benefits and Payroll Taxes	1,249,552	1,212,917
Professional Fees	195,257	137,403
Medical Supplies, Drugs and Therapies	870,789	997,431
Food and Other Supplies	747,820	769,851
Insurance and Other	1,193,262	1,076,850
Utilities	484,075	462,893
Depreciation	1,150,981	1,110,242
Interest and Amortization	426,203	618,880
Loss on Bond Refinance	-	85,537
Total Expenses	12,535,160	12,511,405
Operating Income (Loss)	116,177	178,142
Change in Net Unrealized Gains (Losses) on Investments	256,996	55,636
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	1,249,503	-
Increase (Decrease) in Unrestricted Net Assets	1,622,676	233,778
TEMPORARILY RESTRICTED NET ASSETS		
Investment Income	81,805	72,565
Contributions	688,530	1,005,710
Change in Net Unrealized Gains (Losses) on Investments	237,981	41,734
Net Assets Released from Restrictions	(1,429,641)	(162,152)
Increase (Decrease) in Temporarily Restricted Net Assets	(421,325)	957,857
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	22,310	2,850
Increase (Decrease) in Permanently Restricted Net Assets	22,310	2,850
Increase (Decrease) in Net Assets	1,223,661	1,194,485
Net Assets, Beginning of Year	16,016,149	14,821,664
Net Assets, End of Year	\$ 17,239,810	\$ 16,016,149

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 1,223,661	\$ 1,194,485
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Gain on Sale of Investments	(177,769)	(140,962)
Change in Net Unrealized (Gains) Losses on Investments	(494,977)	(97,370)
Depreciation and Amortization	1,172,045	1,136,269
Loss on Disposal of Property and Equipment	1,566	14,505
Discount on Unconditional Promises to Give	9,044	16,243
Uncollectable Promises to Give	2,752	-
Contributions Restricted for Long-Term Purposes	(344,480)	(824,535)
Loss on Bond Refinance	-	85,537
Proceeds from Advance Fees	2,020,758	3,004,734
Amortization of Advance Fees	(419,827)	(504,554)
Change in Deferred Compensation	25,148	22,711
(Increase) Decrease in:		
Resident Receivables	113,318	(71,246)
Prepaid Expenses and Other Current Assets	(87,586)	(17,682)
Other Assets	(96)	(3,014)
Increase (Decrease) in:		
Accounts Payable	16,533	(135,961)
Accrued Salaries and Benefits	24,119	52,871
Other Current Liabilities	(406)	(56,169)
Net Cash Provided (Used) by Operating Activities	3,083,803	3,675,862
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificates of Deposit	-	(26,473)
Proceeds from Sale of Certificates of Deposit	237,366	-
Purchase of Investments	(2,329,608)	(4,792,867)
Proceeds from Sale of Investments	4,081,406	4,816,140
Purchase of Property and Equipment	(4,854,452)	(2,322,195)
Purchase of Assets Restricted for Long-Term Purposes	(22,310)	(2,850)
Net Cash Provided (Used) by Investing Activities	(2,887,598)	(2,328,245)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Sale of Assets Limited as to Use	-	53,596
Net Change in Assets Limited as to Use	(25,148)	(22,305)
Proceeds from Contributions Restricted for Long-Term Purposes	577,389	214,000
Payments for Bond Issue Costs	-	(614)
Principal Payments on Long-Term Debt	(662,031)	(478,756)
Proceeds from Issuance of Long-Term Debt	-	31,077
Refunds of Advance Fees	(309,045)	(945,721)
Net Cash Provided (Used) by Financing Activities	(418,835)	(1,148,723)

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
Net Increase (Decrease) in Cash and Cash Equivalents	(222,630)	198,894
Cash and Cash Equivalents at Beginning of Year	1,874,923	1,676,029
Cash and Cash Equivalents at End of Year	\$ 1,652,293	\$ 1,874,923

Supplemental Disclosure of Cash Flow Information:

Cash Paid for Interest	\$ 406,083	\$ 629,187
------------------------	------------	------------

Supplemental Schedule of Noncash Investing and Financing Activities:

At December 31, 2017 and 2016, accounts payable included \$390,047 and \$40,472 of property and equipment additions, respectively.

At December 31, 2016, other current liabilities included \$43,734 of property and equipment additions.

During 2016, the Organization used proceeds from the sale of assets limited as to use to pay off long-term debt in the amount of \$1,231,600.

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Bartels Lutheran Retirement Community and Memorial Foundation of Bartels Lutheran Retirement Community (hereinafter the Organization). Intra-entity transactions and balances have been eliminated in the consolidation.

Nature of Business

Bartels Lutheran Home d/b/a Bartels Lutheran Retirement Community is an Iowa nonprofit corporation organized for the purpose of operating a nursing facility and a retirement facility in Waverly, Iowa. The retirement community includes 36 independent living units (Eichhorn Haus), 30 assisted living units (Linden Place), and a 120 bed licensed nursing facility (Woodland Terrace). The Organization is also in the process of developing an independent living community (Eisenach Village) consisting of townhomes that currently consists of 56 completed units. Of the 120 nursing facility beds, 112 are dually certified for Medicare and Medicaid participation, including 30 beds that are for residents with Alzheimer's or dementia (Evergreen Arbor), and 8 are certified for Medicare only.

Bartels Lutheran Home Memorial Foundation d/b/a Memorial Foundation of Bartels Lutheran Retirement Community is an Iowa nonprofit corporation organized for the purpose of operating a foundation to exclusively support and benefit Bartels Lutheran Retirement Community through the solicitation of gifts, grants, and other contributions.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, excluding amounts whose use is limited by bond indenture or contractual obligation, board designation and contributions restricted for long term purposes.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in operating income (loss) unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from operating income (loss) unless the investments are trading securities.

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Resident Receivables

Resident receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expenses and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Assets Limited as to Use

Assets limited as to use consist of assets set aside by the Board of Directors for deferred compensation in the amount of \$312,126 and \$286,978 at December 31, 2017 and 2016, respectively.

Property and Equipment

Property and equipment is stated at cost and is being depreciated by the straight-line method over the following estimated useful lives:

Buildings and Improvements	3-60 Years
Equipment and Furniture	5-15 Years

Depreciation expense totaled \$1,150,981 and \$1,110,242 for the years ended December 31, 2017 and 2016, respectively.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals of \$1,000 or more are capitalized. When property, plant and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Franchise Fees

Franchise fees are amortized using the straight-line method over the life of the buildings constructed for the Eisenach Village project. Amortization expense charged to operations was \$6,563 for both years ended December 31, 2017 and 2016. Estimated amortization expense for each of the next five years is \$6,563 per year.

Debt Issuance Costs

Debt issuance costs are amortized using the straight-line method, which approximates the effective interest method, over the term of the debt.

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advance Fees

Advance fees paid by a resident upon entering into a residency agreement for Eichhorn Haus, net of the portion thereof that is refundable to the resident, are amortized into income in accordance with the terms of the residency agreement. The refundable portion is recorded as refundable advance fees. The amount of refund is based on the amount of the advance fee paid by the vacating resident less a transfer and refurbishing fee of 10% of the advance fee.

Advance fees paid by a resident upon entering into a Type A residency agreement for Eisenach Village, net of the portion thereof that is refundable to the resident, are recorded as deferred revenue and amortized into income in accordance with the terms of the contract. The refundable portion is recorded as refundable advance fees. Under the terms of the contract, upon resale of the unit, the advance fee is refunded to the resident or the resident's estate. The amount of refund is based on the new advance fee paid by the incoming resident less transfer and refurbishing fee not to exceed 15%, or 85% of the original advance fee paid by the vacating resident, whichever is greater.

Advance fees paid by a resident upon entering into a Type B residency agreement for Eisenach Village, net of the portion thereof that is refundable to the resident, are recorded as deferred revenue and amortized into income in accordance with the terms of the contract. The refundable portion is recorded as deferred revenue from advance fees and amortized into income over the remaining useful life of the building. Under the terms of the contract, upon resale of the unit, the advance fee is refunded to the resident or the resident's estate. The amount of refund is based on the new advance fee paid by the incoming resident less transfer and refurbishing fee not to exceed 20%, or 80% of the new advance fee paid by the incoming resident, whichever is greater.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

Operating Income (Loss)

The consolidated statements of activities include operating income (loss). Changes in unrestricted net assets which are excluded from operating income (loss), consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Net Resident Service Revenue

Resident service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered.

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Resident Service Revenue (Continued)

Revenue from certain third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretations. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Organization recognizes revenue on the date service is rendered. The related expenses are estimated and accrued accordingly.

Contributions and Donor-Restricted Funds

The Organization reports gifts of cash and other assets at fair value as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

The Organization reports gifts of land, buildings, and equipment at fair value as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions not restricted by donors are recorded as revenue in unrestricted net assets.

Contributed Services

Volunteers provide assistance to the Organization on its programs and other activities. No value has been assigned to these services and, as such, the value of these services is not reflected in the financial statements as revenue and expense.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled \$28,595 and \$37,051 for the years ended December 31, 2017 and 2016, respectively.

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes and Accounting for Uncertain Tax Positions

Bartels Lutheran Retirement Community and the Memorial Foundation of Bartels Lutheran Retirement Community are exempt under Code Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is presented in these financial statements.

The Organization has adopted the accounting standard regarding “Accounting for Uncertain Tax Positions.” This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the entity’s financial statements. It requires an entity to recognize the financial statement benefit of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Organization’s financial position, results of operations, or cash flow. The Organizations’ federal Returns of Organization Exempt from Income Tax (Forms 990) for 2014, 2015, and 2016 remain subject to examination by the IRS, generally for three years after they were filed.

Reclassifications

Certain items in the 2016 financial statements have been reclassified to conform to the 2017 presentation. Such reclassifications have no effect on the 2016 increase (decrease) in net assets as previously stated. In Note 10 Functional Expenses, for 2016 health care services was decreased by \$3,973 and administrative and supportive services was increased by \$3,973.

NOTE 2 - INVESTMENT INCOME

Investment income is summarized as follows for the years ended December 31, 2017 and 2016:

	2017	2016
Increase (Decrease) in Unrestricted Net Assets:		
Interest and Dividends	\$ 231,851	\$ 224,450
Gain on Sale of Investments	134,215	95,550
	\$ 366,066	\$ 320,000
Increase (Decrease) in Temporarily Restricted Net Assets:		
Interest and Dividends	\$ 38,251	\$ 27,153
Gain on Sale of Investments	43,554	45,412
	\$ 81,805	\$ 72,565
Total Investment Income	\$ 447,871	\$ 392,565
Change in Net Unrealized Gains (Losses) on Investments:		
Unrestricted Net Assets	\$ 256,996	\$ 55,636
Temporarily Restricted Net Assets	237,981	41,734
Total Change in Net Unrealized Gains (Losses) on Investments	\$ 494,977	\$ 97,370

Investment income is reported net of investment expenses of \$42,781 and \$53,290 for the years ended December 31, 2017 and 2016, respectively.

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair Values Measured on a Recurring Basis

Fair values of assets measured on a recurring basis at December 31, 2017 and 2016 are as follows:

<u>December 31, 2017</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Cash and Cash Equivalents	\$ 172,960	\$ 172,960	\$ 0
Money Market	24,865	24,865	0
Certificates of Deposit	5,945,998	0	5,945,998
Equity Securities	3,963,745	3,963,745	0
Fixed Income Securities	3,125,111	3,125,111	0
International Equity Securities	<u>73,152</u>	<u>73,152</u>	<u>0</u>
Total	<u>\$ 13,305,831</u>	<u>\$ 7,359,833</u>	<u>\$ 5,945,998</u>
 <u>December 31, 2016</u>			
Cash and Cash Equivalents	\$ 66,402	\$ 66,402	\$ 0
Money Market	225,198	225,198	0
Certificates of Deposit	6,681,449	0	6,681,449
Equity Securities	3,470,421	3,470,421	0
Fixed Income Securities	4,036,310	4,036,310	0
International Equity Securities	<u>95,011</u>	<u>95,011</u>	<u>0</u>
Total	<u>\$ 14,574,791</u>	<u>\$ 7,893,342</u>	<u>\$ 6,681,449</u>

Assets measured at fair value consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Certificates of Deposit	\$ 1,118,813	\$ 1,356,179
Investments	9,353,579	10,651,096
Assets Limited as to Use	312,126	286,978
Long-Term Investments Restricted for Endowment	<u>2,521,313</u>	<u>2,280,538</u>
Total	<u>\$ 13,305,831</u>	<u>\$ 14,574,791</u>

Financial Accounting Standards Board for *Fair Value Measurements and Disclosures* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures the fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Level 1 Fair Value Measurements

Fair values for investments and assets limited as to use are determined by reference to quoted market prices and other relevant information generated by market transactions.

Level 2 Fair Value Measurements

Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

NOTE 4 - CONSTRUCTION IN PROGRESS

Projects included in construction in progress are as follows at December 31:

	2017	2016
Eisenach Village independent living townhome development with a potential of 92 units to be constructed as units are sold, estimated total cost is unknown	\$ 1,634,730	\$ 1,198,720
Assisted Living Memory Care, estimated total cost of \$3,500,000	2,531,460	210,854
	\$ 4,166,190	\$ 1,409,574

NOTE 5 - UNCONDITIONAL PROMISES TO GIVE

The Organization is conducting a capital campaign, "More than Bricks", to fund the expansion of Bartels' services and respond to preferences in elder care supports. Promises to give are restricted to the campaign objectives. Unconditional promises to give are as follows at December 31:

	2017	2016
Promises to give expected to be collected in:		
One Year or Less	\$ 176,576	\$ 336,829
One to Five Years	198,298	273,706
Total Unconditional Promises to Give	\$ 374,874	\$ 610,535
LESS: Discount on Promises to Give	(25,287)	(16,243)
Net Unconditional Promises to Give	\$ 349,587	\$ 594,292

Unconditional promises to give are discounted at 3.75%.

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2017 and 2016 represent unexpended gifts from donors who specified that they were to be used for the following purposes:

	2017	2016
More than Bricks Campaign	\$ 376,064	\$ 1,054,274
Good Shepherd Fund	193,821	191,471
Donor Restrictions	74,018	38,509
Employee Scholarships and Chaplaincy	996,527	777,501
	\$ 1,640,430	\$ 2,061,755

NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted for the following as of December 31, 2017 and 2016:

	2017	2016
Employee Scholarships	\$ 124,580	\$ 122,330
Chaplaincy Endowment	644,550	624,490
	\$ 769,130	\$ 746,820

NOTE 8 - ENDOWMENT

The Organization's endowment fund consists of two individual funds established for employee scholarships and chaplaincy. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The income from the permanently restricted funds is classified as temporarily restricted until appropriated for expenditure by the Board of Directors.

***Endowment Net Asset Composition by Fund
as of December 31, 2017***

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	\$ 0	\$ 996,527	\$ 769,130	\$ 1,765,657
Board Designated Endowment Funds	771,126	0	0	771,126
Total Funds	\$ 771,126	\$ 996,527	\$ 769,130	\$ 2,536,783

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 8 - ENDOWMENT (Continued)

Interpretation of Relevant Law (Continued)

*Changes in Endowment of Net Assets
for the year ended December 31, 2017*

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 771,126	\$ 780,441	\$ 746,820	\$ 2,298,387
Investment Return:				
Investment Income	\$ 0	\$ 81,805	\$ 0	\$ 81,805
Change in Net Unrealized Gains (Losses) on Investments	0	237,981	0	237,981
Total Investment Return	\$ 0	\$ 319,786	\$ 0	\$ 319,786
Contributions	\$ 0	\$ 0	\$ 22,310	\$ 22,310
Appropriation of Endowment for Expenditure	\$ 0	\$ (103,700)	\$ 0	\$ (103,700)
Endowment Net Assets, End of Year	\$ 771,126	\$ 996,527	\$ 769,130	\$ 2,536,783

*Endowment Net Asset Composition by Fund
as of December 31, 2016*

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	\$ 0	\$ 780,441	\$ 746,820	\$ 1,527,261
Board Designated Endowment Funds	771,126	0	0	771,126
Total Funds	\$ 771,126	\$ 780,441	\$ 746,820	\$ 2,298,387

*Changes in Endowment of Net Assets
for the year ended December 31, 2016*

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 771,126	\$ 758,892	\$ 743,970	\$ 2,273,988
Investment Return:				
Investment Income	\$ 0	\$ 72,565	\$ 0	\$ 72,565
Change in Net Unrealized Gains (Losses) on Investments	0	41,734	0	41,734
Total Investment Return	\$ 0	\$ 114,299	\$ 0	\$ 114,299
Contributions	\$ 0	\$ 0	\$ 2,850	\$ 2,850
Appropriation of Endowment for Expenditure	\$ 0	\$ (92,750)	\$ 0	\$ (92,750)
Endowment Net Assets, End of Year	\$ 771,126	\$ 780,441	\$ 746,820	\$ 2,298,387

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment.

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 8 - ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both unrealized gains and interest and dividends.

Spending Policy

The Organization has a policy of appropriating earnings on funds to be used for employee scholarships and future chaplaincy related expenses.

NOTE 9 - LONG-TERM DEBT

<u>Description</u>	<u>2017</u>	<u>2016</u>
Iowa Finance Authority, Retirement Facility Revenue Refunding Note (Bartels Lutheran Retirement Community), Series 2015, payable in monthly payments of \$61,107, including interest at 3.375%, and a balloon payment on November 15, 2027. Note is secured by the First Amendment to Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Financing Statement dated November 1, 2015.	\$ 7,645,968	\$ 8,108,974
Iowa Finance Authority, Retirement Facility Revenue Refunding Note (Bartels Lutheran Retirement Community), Series 2016, payable in monthly payments of \$26,808, including interest at 3.525%, and a balloon payment on November 15, 2027. Note is secured by the First Amendment to Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Financing Statement dated November 1, 2015.	<u>3,323,894</u>	<u>3,522,919</u>
Total Long-Term Debt	\$ 10,969,862	\$ 11,631,893
LESS: Unamortized Debt Issuance Costs	<u>142,932</u>	<u>157,433</u>
Total Long-Term Debt, Less Unamortized Debt Issuance Costs	\$ 10,826,930	\$ 11,474,460
LESS: Current Maturities of Long-Term Debt	<u>685,397</u>	<u>662,070</u>
Long-Term Debt, Less Current Maturities	<u>\$ 10,141,533</u>	<u>\$ 10,812,390</u>

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 9 - LONG-TERM DEBT (Continued)

Maturities required on long-term debt as of December 31, 2017, are due in the future years as follows:

Year ending December 31:	
2018	\$ 685,397
2019	709,545
2020	733,623
2021	760,393
2022	787,186
Thereafter	<u>7,293,718</u>
	<u>\$ 10,969,862</u>

The Series 2015 and Series 2016 Notes contain certain restrictive covenants which include liquidity covenants for the maintenance of 120 days cash on hand and historical debt service coverage must be at least 1.20.

The amount of interest incurred for the years ended December 31, 2017 and 2016 was \$405,139 and \$592,853, respectively, all of which was charged to operations. Amortization of bond discount was none and \$936 for the years ended December 31, 2017 and 2016, respectively, all of which was charged to operations. Amortization expense for debt issuance costs charged to operations was \$14,501 and \$18,528 for the years ended December 31, 2017 and 2016, respectively.

NOTE 10 - FUNCTIONAL EXPENSES

The Organization's expenses by function for the years ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Health Care Services	\$ 10,866,542	\$ 10,858,263
Administrative and Supportive Services	1,593,598	1,542,816
Fundraising Expenses	<u>75,020</u>	<u>110,326</u>
Total	<u>\$ 12,535,160</u>	<u>\$ 12,511,405</u>

NOTE 11 - RETIREMENT PLAN

The Organization sponsors a 401(k) defined contribution retirement plan. For eligible employees, as defined by the plan, the Organization contributes 100% of the first 3% of employee contributions and 50% of the next 2%. Employer contributions to the plan were \$99,341 and \$81,943 for the years ended December 31, 2017 and 2016, respectively.

NOTE 12 - RELATED PARTY TRANSACTIONS

At December 31, 2017 and 2016, the Organization had amounts deposited with organizations which were affiliated with members of the Board of Directors totaling \$1,846,238 and \$1,623,089, respectively.

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 12 - RELATED PARTY TRANSACTIONS (Continued)

During the years ended December 31, 2017 and 2016, the Organization received none and \$76,934, respectively, from residents related to members of the Organization's Board of Directors.

During the years ended December 31, 2017 and 2016, the Organization received contributions from members of the Board of Directors in the amount of \$24,500 and \$38,500, respectively. Unconditional promises to give due from members of the Board of Directors at December 31, 2017 and 2016 were \$27,000 and \$31,500, respectively.

During the years ended December 31, 2017 and 2016, the Organization paid \$2,581 and \$3,772, respectively, to companies affiliated with members of the Organization's Board of Directors for professional services.

NOTE 13 - MANAGEMENT CONTRACT

The Organization has entered into a contract with Morrison Senior Living to operate and manage the Organization's dining services operation through 2018 with automatic one year renewals, unless terminated earlier. Morrison Senior Living furnishes management personnel, including dietitians, to provide services at the Organization's facility. The management fee is based on services provided and costs incurred by Morrison Senior Living. The amount of management fees incurred, including salaries, benefits, dietary supplies, and food costs, for the years ended December 31, 2017 and 2016 was \$1,033,372 and \$962,790, respectively.

NOTE 14 - CONCENTRATION OF CREDIT RISK

Most of the Organization's business activity is with residents of the facility. Bartels Lutheran Home is under a contractual agreement with the Iowa Department of Human Services and Iowa's Managed Care Organizations as a licensed provider of Title XIX care (Medicaid). Revenue received from Medicaid approximated \$3,173,000 and \$3,357,000 for the years ended December 31, 2017 and 2016, respectively. Included in revenue for the years ended December 31, 2017 and 2016 was provider tax revenue net of provider tax paid of \$146,695 and \$157,483, respectively. Receivables from Medicaid on behalf of residents at December 31, 2017 and 2016 were \$232,284 and \$244,306, respectively.

The Organization is under a contractual agreement with the Department of Health and Human Services – Centers for Medicare and Medicaid Services as a licensed provider of Title XVIII care (Medicare). Revenue received from this source approximated \$1,546,000 and \$1,625,000 for the years ended December 31, 2017 and 2016, respectively. Receivables from Medicare on behalf of residents at December 31, 2017 and 2016 were \$140,127 and \$183,264, respectively.

The Organization has funds deposited in certain banks, which at times exceed the FDIC insurance provided in these banks of \$250,000 at December 31, 2017 and 2016. At December 31, 2017 and 2016, the amounts in excess of the FDIC insurance totaled \$2,150,168 and \$2,506,604, respectively.

At December 31, 2017 and 2016, the Organization had investments and assets limited as to use with a fair value of \$13,178,645 and \$14,449,520, respectively, which are not federally insured and are subject to the market risks inherent in the individual investments.

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 15 - CONCENTRATION IN STATE MEDICAID PROGRAM

The Organization has all of its nursing beds designated for care of patients under the state's Medicaid program. The current funding of that program is 30 to 90 days behind filed claims. The current state budget has no provision for reducing that lag, and the proposed budget for next year includes no assurance of increased funding.

NOTE 16 - THIRD PARTY RATE ADJUSTMENTS AND REVENUE

Revenue from the Medicaid program accounted for approximately 27% and 28% of the Organization's net resident service revenue for the years ended December 31, 2017 and 2016, respectively. Revenue from the Medicare program accounted for approximately 13% of the Organization's net resident service revenue for both years ended December 31, 2017 and 2016. Laws and regulations governing the Medicaid and Medicare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

NOTE 17 - SUBSEQUENT EVENT

The date to which events occurring after December 31, 2017, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is March 22, 2018, which is the date the financial statements were available to be issued.

NOTE 18 - COMMITMENTS

The Organization has signed contracts related to the construction of assisted living memory care units totaling \$3,425,924. Costs incurred under the contracts at December 31, 2017 were \$2,453,574.

CONSOLIDATING INFORMATION



Certified Public Accountants

Stephen D. Givens, CPA

Curtis E. Brand, CPA

Timothy K. DeVries, CPA

Kathy A. French, CPA

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING INFORMATION

To the Board of Directors
Bartels Lutheran Retirement Community and Affiliate
Waverly, Iowa

We have audited the consolidated financial statements of Bartels Lutheran Retirement Community and affiliate as of and for the years ended December 31, 2017 and 2016, and our report thereon dated March 22, 2018, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules I and II is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, and cash flows of the individual organizations.

The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RYUN, GIVENS & COMPANY, P.L.C.


Certified Public Accountants

March 22, 2018

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**SCHEDULE I - CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017**

	Bartels Lutheran Retirement Community	Memorial Foundation of Bartels Lutheran Retirement Community	Subtotal	Eliminating Entries	Consolidated Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,650,279	\$ 2,014	\$ 1,652,293	\$ -	\$ 1,652,293
Certificates of Deposit	318,858	-	318,858	-	318,858
Investments	6,128,572	3,225,007	9,353,579	-	9,353,579
Resident Receivables, Net of Allowance for Doubtful Accounts	431,972	-	431,972	-	431,972
Due From Related Party	3,350	-	3,350	(3,350)	-
Prepaid Expenses and Other Current Assets	259,540	14,822	274,362	-	274,362
Total Current Assets	8,792,571	3,241,843	12,034,414	(3,350)	12,031,064
Assets Limited as to Use	312,126	-	312,126	-	312,126
Property and Equipment:					
Land	1,761,847	-	1,761,847	-	1,761,847
Buildings and Improvements	32,268,130	-	32,268,130	-	32,268,130
Equipment and Furniture	4,134,952	-	4,134,952	-	4,134,952
Construction in Progress	4,166,190	-	4,166,190	-	4,166,190
Total Property and Equipment	42,331,119	-	42,331,119	-	42,331,119
LESS - Accumulated Depreciation	13,935,605	-	13,935,605	-	13,935,605
Net Property and Equipment	28,395,514	-	28,395,514	-	28,395,514
Other Assets:					
Unconditional Promises to Give	349,587	-	349,587	-	349,587
Certificates of Deposit	799,955	-	799,955	-	799,955
Other Assets	131,007	34,890	165,897	-	165,897
Franchise Fees, Net of Accumulated Amortization	209,999	-	209,999	-	209,999
Long-Term Investments Restricted for Endowment	127,185	2,394,128	2,521,313	-	2,521,313
Total Other Assets	1,617,733	2,429,018	4,046,751	-	4,046,751
TOTAL ASSETS	\$ 39,117,944	\$ 5,670,861	\$ 44,788,805	\$ (3,350)	\$ 44,785,455

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**SCHEDULE I - CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2017**

	Bartels Lutheran Retirement Community	Memorial Foundation of Bartels Lutheran Retirement Community	Subtotal	Eliminating Entries	Consolidated Total
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Current Maturities of Long-Term Debt	\$ 685,397	\$ -	\$ 685,397	\$ -	\$ 685,397
Accounts Payable	606,009	7,700	613,709	-	613,709
Due to Related Party	-	3,350	3,350	(3,350)	-
Accrued Salaries and Benefits	415,206	-	415,206	-	415,206
Other Current Liabilities	142,982	885	143,867	-	143,867
Total Current Liabilities	1,849,594	11,935	1,861,529	(3,350)	1,858,179
Long-Term Liabilities:					
Long-Term Debt, Less Current Maturities	10,141,533	-	10,141,533	-	10,141,533
Deferred Revenue from Advance Fees	4,238,482	-	4,238,482	-	4,238,482
Refundable Advance Fees	10,995,325	-	10,995,325	-	10,995,325
Deferred Compensation	312,126	-	312,126	-	312,126
Total Long-Term Liabilities	25,687,466	-	25,687,466	-	25,687,466
Total Liabilities	27,537,060	11,935	27,548,995	(3,350)	27,545,645
Net Assets:					
Unrestricted Net Assets:					
Board Designated, Chaplaincy Endowment	-	771,126	771,126	-	771,126
Undesignated	10,809,796	3,249,328	14,059,124	-	14,059,124
Total Unrestricted Net Assets	10,809,796	4,020,454	14,830,250	-	14,830,250
Temporarily Restricted	646,508	993,922	1,640,430	-	1,640,430
Permanently Restricted	124,580	644,550	769,130	-	769,130
Total Net Assets	11,580,884	5,658,926	17,239,810	-	17,239,810
TOTAL LIABILITIES AND NET ASSETS	\$ 39,117,944	\$ 5,670,861	\$ 44,788,805	\$ (3,350)	\$ 44,785,455

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**SCHEDULE II - CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Bartels Lutheran Retirement Community	Memorial Foundation of Bartels Lutheran Retirement Community	Subtotal	Eliminating Entries	Consolidated Total
UNRESTRICTED NET ASSETS					
Revenues, Gains and Other Support:					
Net Resident Service Revenue, Including Amortization of					
Advance Fees	\$ 11,727,692	\$ -	\$ 11,727,692	\$ -	\$ 11,727,692
Investment Income	158,096	207,970	366,066	-	366,066
Contributions	520,274	8,855	529,129	(242,800)	286,329
Other Operating Revenue	91,112	-	91,112	-	91,112
Net Assets Released from Restrictions Used for Operations	77,938	102,200	180,138	-	180,138
Total Revenues, Gains and Other Support	12,575,112	319,025	12,894,137	(242,800)	12,651,337
Expenses:					
Salaries and Wages	6,217,221	-	6,217,221	-	6,217,221
Employee Benefits and Payroll Taxes	1,249,552	-	1,249,552	-	1,249,552
Professional Fees	195,257	-	195,257	-	195,257
Medical Supplies, Drugs and Therapies	870,789	-	870,789	-	870,789
Food and Other Supplies	747,820	-	747,820	-	747,820
Insurance and Other	1,187,075	6,187	1,193,262	-	1,193,262
Utilities	484,075	-	484,075	-	484,075
Contributions	-	242,800	242,800	(242,800)	-
Depreciation	1,150,981	-	1,150,981	-	1,150,981
Interest and Amortization	426,203	-	426,203	-	426,203
Total Expenses	12,528,973	248,987	12,777,960	(242,800)	12,535,160
Operating Income (Loss)	46,139	70,038	116,177	-	116,177
Change in Net Unrealized Gains (Losses) on Investments	37,419	219,577	256,996	-	256,996
Net Assets Released from Restrictions Used for					
Purchase of Property and Equipment	1,249,503	-	1,249,503	-	1,249,503
Increase (Decrease) in Unrestricted Net Assets	1,333,061	289,615	1,622,676	-	1,622,676

**BARTELS LUTHERAN RETIREMENT COMMUNITY AND AFFILIATE
WAVERLY, IOWA**

**SCHEDULE II - CONSOLIDATING STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Bartels Lutheran Retirement Community	Memorial Foundation of Bartels Lutheran Retirement Community	Subtotal	Eliminating Entries	Consolidated Total
TEMPORARILY RESTRICTED NET ASSETS					
Investment Income	1,165	80,640	81,805	-	81,805
Contributions	688,530	-	688,530	-	688,530
Change in Net Unrealized Gains (Losses) on Investments	-	237,981	237,981	-	237,981
Net Assets Released from Restrictions	(1,327,441)	(102,200)	(1,429,641)	-	(1,429,641)
Increase (Decrease) in Temporarily Restricted Net Assets	(637,746)	216,421	(421,325)	-	(421,325)
PERMANENTLY RESTRICTED NET ASSETS					
Contributions	2,250	20,060	22,310	-	22,310
Increase (Decrease) in Permanently Restricted Net Assets	2,250	20,060	22,310	-	22,310
Increase (Decrease) in Net Assets	697,565	526,096	1,223,661	-	1,223,661
Net Assets, Beginning of Year	10,883,319	5,132,830	16,016,149	-	16,016,149
Net Assets, End of Year	\$ 11,580,884	\$ 5,658,926	\$ 17,239,810	\$ -	\$ 17,239,810