

CONSOLIDATED FINANCIAL STATEMENTS  
OF  
BARTELS LUTHERAN RETIREMENT COMMUNITY  
AND AFFILIATE  
WAVERLY, IOWA  
AT  
DECEMBER 31, 2020 AND 2019

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Certified Public Accountants

Stephen D. Givens, CPA

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## 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, 2020 and 2019, and the related consolidated statements of activities, functional expenses, 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  
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**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, 2020 and 2019, 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.

**Change in Accounting Principle**

As described in Note 1 to the consolidated financial statements, the Organization adopted ASU 2018-08, the new accounting pronouncement, which provides guidance in evaluating whether transactions should be accounted for as contributions or exchange transactions and whether a contribution is conditional. Our opinion is not modified with respect to that matter.

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

  
Certified Public Accountants

March 23, 2021

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,420,352	\$ 1,892,831
Certificates of Deposit	351,049	335,418
Investments	10,985,322	9,088,369
Resident Receivables, Net of Allowance for Doubtful Accounts of \$87,000 in 2020 and \$103,000 in 2019	566,390	745,964
Prepaid Expenses and Other Current Assets	228,625	272,683
<b>Total Current Assets</b>	<b>13,551,738</b>	<b>12,335,265</b>
<b>Assets Limited as to Use</b>	<b>311,406</b>	<b>370,589</b>
Property and Equipment:		
Land	1,851,847	1,836,847
Buildings and Improvements	39,940,078	39,099,340
Equipment and Furniture	5,061,704	4,768,932
Construction in Progress	1,522,985	732,947
<b>Total Property and Equipment</b>	<b>48,376,614</b>	<b>46,438,066</b>
<b>LESS - Accumulated Depreciation</b>	<b>17,231,876</b>	<b>16,352,426</b>
<b>Net Property and Equipment</b>	<b>31,144,738</b>	<b>30,085,640</b>
Other Assets:		
Restricted Cash	20,466	20,970
Unconditional Promises to Give	25,914	104,967
Certificates of Deposit	981,306	958,846
Other Assets	120,570	118,270
Franchise Fees, Net of Accumulated Amortization of \$72,189 in 2020 and \$65,626 in 2019	190,311	196,874
Long-Term Investments Restricted for Endowment	2,737,495	2,551,810
<b>Total Other Assets</b>	<b>4,076,062</b>	<b>3,951,737</b>
<b>TOTAL ASSETS</b>	<b>\$ 49,083,944</b>	<b>\$ 46,743,231</b>

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Current Maturities of Long-Term Debt	\$ 760,393	\$ 733,623
Accounts Payable	428,697	322,206
Accrued Salaries and Benefits	563,764	534,641
Other Current Liabilities	117,665	129,681
Total Current Liabilities	1,870,519	1,720,151
Long-Term Liabilities:		
Long-Term Debt, Less Current Maturities	7,981,586	8,727,427
Deferred Revenue from Advance Fees	2,110,301	2,108,881
Refundable Advance Fees	19,006,845	18,075,641
Deferred Compensation	311,406	370,589
Total Long-Term Liabilities	29,410,138	29,282,538
Total Liabilities	31,280,657	31,002,689
Net Assets:		
Without Donor Restrictions:		
Board Designated, Chaplaincy Endowment	771,126	771,126
Undesignated	14,537,093	12,681,868
Total Net Assets Without Donor Restrictions	15,308,219	13,452,994
Net Assets With Donor Restrictions	2,495,068	2,287,548
Total Net Assets	17,803,287	15,740,542
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 49,083,944</b>	<b>\$ 46,743,231</b>

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

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Revenues, Gains and Other Support:		
Resident Service Revenue, Including Amortization of Advance Fees of \$282,685 for 2020 and \$355,345 for 2019	\$ 11,822,987	\$ 12,573,749
Investment Income	352,282	388,594
Relief Fund Contributions	905,111	-
Contributions	192,326	93,513
Other Operating Revenue	82,219	42,514
Gain on Extinguishment of Debt	1,504,900	-
Net Assets Released from Restrictions Used for Operations	240,581	182,022
<b>Total Revenues, Gains and Other Support</b>	<b>15,100,406</b>	<b>13,280,392</b>
Expenses:		
Salaries and Benefits	8,438,612	8,125,629
Contracted and Outsourced Services	1,033,898	1,058,983
Food and Departmental Supplies	1,082,949	1,036,839
Occupancy	910,991	894,108
Other Expenses	283,255	431,969
Depreciation and Amortization	1,404,538	1,367,625
Interest and Amortization	339,519	367,568
<b>Total Expenses</b>	<b>13,493,762</b>	<b>13,282,721</b>
Operating Income (Loss)	1,606,644	(2,329)
Change in Net Unrealized Gains (Losses) on Investments	347,862	449,550
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	10,719	14,642
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	<b>1,965,225</b>	<b>461,863</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Investment Income	95,787	183,806
Contributions	51,699	20,059
Change in Net Unrealized Gains (Losses) on Investments	201,334	287,732
Net Assets Released from Restrictions	(251,300)	(196,664)
<b>Increase (Decrease) in Net Assets With Donor Restrictions</b>	<b>97,520</b>	<b>294,933</b>
 Increase (Decrease) in Net Assets	 2,062,745	 756,796
Net Assets, Beginning of Year	15,740,542	14,983,746
<b>Net Assets, End of Year</b>	<b>\$ 17,803,287</b>	<b>\$ 15,740,542</b>

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

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Expenses:</b>				
Salaries and Benefits	\$ 7,253,327	\$ 1,185,285	\$ -	\$ 8,438,612
Contracted and Outsourced Services	1,029,701	4,197	-	1,033,898
Food and Departmental Supplies	1,071,606	11,343	-	1,082,949
Occupancy	767,589	143,402	-	910,991
Other Expenses	26,434	241,821	15,000	283,255
Depreciation and Amortization	1,404,538	-	-	1,404,538
Interest and Amortization	339,498	21	-	339,519
Total Functional Expenses	\$ 11,892,693	\$ 1,586,069	\$ 15,000	\$ 13,493,762

	<b>2019</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Expenses:</b>				
Salaries and Benefits	\$ 6,946,286	\$ 1,179,343	\$ -	\$ 8,125,629
Contracted and Outsourced Services	1,055,407	3,576	-	1,058,983
Food and Departmental Supplies	1,027,677	9,162	-	1,036,839
Occupancy	766,252	127,856	-	894,108
Other Expenses	87,457	344,512	-	431,969
Depreciation and Amortization	1,367,625	-	-	1,367,625
Interest and Amortization	367,534	34	-	367,568
Total Functional Expenses	\$ 11,618,238	\$ 1,664,483	\$ -	\$ 13,282,721



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

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 2,062,745	\$ 756,796
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Gain on Sale of Investments	(179,275)	(307,025)
Change in Net Unrealized (Gains) Losses on Investments	(549,196)	(737,282)
Depreciation and Amortization	1,419,039	1,382,126
Loss on Disposal of Property and Equipment	6,306	5,355
Discount on Unconditional Promises to Give	(1,362)	(4,091)
Uncollectable Promises to Give	15,000	(3,701)
Investment Income Restricted for Long-Term Purposes	(2,396)	(3,452)
Contributions Restricted for Long-Term Purposes	(100)	(1,240)
Gain on Extinguishment of Debt	(1,504,900)	-
Proceeds from Advance Fees	2,093,189	2,562,839
Amortization of Advance Fees	(282,685)	(355,345)
Change in Deferred Compensation	(59,183)	28,389
(Increase) Decrease in:		
Resident Receivables	179,574	(409,019)
Prepaid Expenses and Other Current Assets	44,058	197,378
Other Assets	(2,300)	(1,959)
Increase (Decrease) in:		
Accounts Payable	(70,522)	(169,551)
Accrued Salaries and Benefits	29,123	84,262
Other Current Liabilities	(12,016)	(10,061)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,185,099</b>	<b>3,014,419</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Certificates of Deposit	(38,091)	(19,009)
Purchase of Investments	(2,293,935)	(868,927)
Proceeds from Sale of Investments	939,768	313,147
Purchase of Property and Equipment	(2,286,366)	(1,530,653)
Purchase of Assets Restricted for Long-Term Purposes	-	(120)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(3,678,624)</b>	<b>(2,105,562)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Change in Assets Limited as to Use	59,183	(28,389)
Proceeds from Investment Income Restricted for Long-Term Purposes	2,396	3,452
Proceeds from Contributions Restricted for Long-Term Purposes	65,515	99,127
Proceeds from Forgivable Long-Term Debt	1,504,900	-
Principal Payments on Long-Term Debt	(733,572)	(709,514)
Refunds of Advance Fees	(877,880)	(486,365)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>20,542</b>	<b>(1,121,689)</b>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(472,983)	(212,832)
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	1,913,801	2,126,633
Cash, Cash Equivalents and Restricted Cash at End of Year	\$ 1,440,818	\$ 1,913,801

Supplemental Disclosure of Cash Flow Information:

Cash Paid for Interest	\$ 326,063	\$ 354,078
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Supplemental Schedule of Noncash Investing and Financing Activities:

At December 31, 2020 and 2019, accounts payable included \$177,013 and \$57,925 for the purchase of property and equipment, respectively.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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), 20 memory care assisted living units (Aspen Cottage), 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 74 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.

**Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

**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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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.

**Resident Receivables**

Receivables for resident accounts reflect the outstanding amount of consideration to which the Organization expects to be entitled in exchange for providing care and services. These amounts are due from residents, third party payors (including health insurers and government programs), and others. As a service to the resident, the Organization bills third-party payers directly and bills the resident when the resident's responsibility for co-pays, insurance, and deductibles is determined. Accounts receivable are due in full when billed. 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 \$311,406 and \$370,589 at December 31, 2020 and 2019, 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 \$1,397,975 and \$1,361,062 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019. Estimated amortization expense for each of the next five years is \$6,563 per year.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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.

**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 over the life of the resident. 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 original advance fee paid by the vacating resident less transfer and refurbishing fees 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 over the life of the resident. 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 fees not to exceed 20%, or 80% of the new advance fee paid by the incoming resident, whichever is greater.

**Operating Income (Loss)**

The consolidated statements of activities include operating income (loss). Changes in net assets without donor restrictions 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).

**Revenue**

Resident Care Revenues

Resident care revenue for the nursing facility is reported at the amount that reflects the consideration the Organization expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments from estimated reimbursements, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Resident care revenue is recognized as performance obligations are satisfied.

The Organization enters into contracts to provide resident health, hospice, and outpatient therapy services. Each service provided under the contract is capable of being distinct, and thus, the services are considered individual and separate performance obligations. The performance obligations are satisfied as services are provided and revenue is recognized as services are provided.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue (Continued)**

Resident Care Revenues (Continued)

The Organization receives payment for services under various third-party payor programs which include Medicare, Medicaid, and other third-party payors. Estimates for settlements with third-party payors for retroactive adjustments from estimated reimbursements due to audits, reviews, or investigations are included in the determination of the estimated transaction price for providing services. The Organization estimates the transaction price based on the terms of the contract with the payor, correspondence with the payor, and historical payment trends. Changes to these estimates for retroactive adjustments are recognized in the period the change or adjustment becomes known or when final settlements are determined.

Assisted Living Revenues

Assisted living provides apartment housing with assistance for elderly citizens. The residents pay a monthly rent based on the type of unit and the level of care provided. Residents are required to pay an application fee when entering into a residency agreement retained by the Organization upon occupancy. The Organization has determined that the services included under the Organization's assisted living residency agreements have the same timing and pattern of transfer and are performance obligations that are satisfied over time.

Retirement Community Revenues

Apartment and townhome revenues consist of monthly maintenance fees and amortization of the retained portion of the fee paid to occupy the apartment or townhome. When an individual enters into a residency agreement, a portion of the residency fee is retained by the Retirement Community, and generally accepted accounting principles require the retained portion be amortized into revenue over the expected life of the resident. The unamortized balance of this retained portion is included in deferred revenue from advance fees on the consolidated statements of financial position. The remaining portion of the residency fee is refundable to the resident (or the resident's estate) when the apartment or townhome is vacated. The refundable balance is included in long-term liabilities on the consolidated statements of financial position as refundable advance fees.

Residents occupying independent living units pay a monthly maintenance fee amount. The Organization has determined that services included under the Organization's residency rental agreement have the same timing and pattern of transfer and are performance obligations that are satisfied over time.

Home Health Revenues

The Organization enters into contracts to provide various types of services to clients on their campus. Each service provided under the contract is capable of being distinct, and thus, the services are considered individual and separate performance obligations. The performance obligations are satisfied as services are provided and revenue is recognized as services are provided.

**Refundable Advance and Relief Fund Contributions**

During the years ended December 31, 2020 and 2019, the Organization received payments totaling \$54,884 and none, respectively, from the Coronavirus Relief Fund and \$850,227 and none, respectively, from the Provider Relief Fund through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The funding supports healthcare-related expenses attributable to COVID-19 and the Provider Relief Fund can also be used to support lost resident service revenue. The funds received are recorded as a refundable advance until healthcare-related expenses attributable to COVID-19 are incurred and lost resident service revenue is recognized. As appropriate expenses are incurred and lost resident service revenue is recognized, contribution revenue is recognized. During the years ended December 31, 2020 and 2019, \$905,111 and none, respectively, of the funds received are recognized as relief fund contributions on the consolidated statements of activities.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Contributions and Donor-Restricted Funds**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**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 \$18,013 and \$25,478 for the years ended December 31, 2020 and 2019, respectively.

**Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on a reasonable basis that is consistently applied.

Expenses are allocated using cost reporting guidelines set forth by the Iowa Administrative Code.

**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 2017, 2018, and 2019 remain subject to examination by the IRS, generally for three years after they were filed.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**New Accounting Pronouncement**

On June 21, 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update provides guidance in evaluating whether transactions should be accounted for as contributions or exchange transactions and whether a contribution is conditional. The Organization has adjusted the presentation of these statements accordingly.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets available for general expenditures within one year at December 31, 2020 and 2019:

	2020	2019
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 1,420,352	\$ 1,892,831
Certificates of Deposit	1,332,355	1,294,264
Investments	10,985,322	9,088,369
Resident Receivables, Net	566,390	745,964
Assets Limited as to Use	311,406	370,589
Restricted Cash	20,466	20,970
Unconditional Promises to Give, Net	25,914	104,967
Long-Term Investments Restricted for Endowment	2,737,495	2,551,810
Total Financial Assets	\$ 17,399,700	\$ 16,069,764
Less Amounts Not Available to be Used Within One Year:		
Net Assets Board Designated for Chaplaincy Endowment	\$ 771,126	\$ 771,126
Net Assets With Donor Restrictions	2,495,068	2,287,548
Less Net Assets with Purpose Restrictions to be Met in Less Than One Year	(276,936)	(122,765)
Certificates of Deposit Board Designated to Repay Debt	854,726	833,266
Assets Limited as to Use Board Designated for Deferred Compensation	311,406	370,589
Unconditional Promises to Give, Net, Not Expected to be Collected Within One Year	10,200	35,500
Total	\$ 4,165,590	\$ 4,175,264
Financial Assets Available for General Expenditures Within One Year	\$ 13,234,110	\$ 11,894,500

The Organization has net assets, certificates of deposit, and assets limited to use that are board designated and could be made available, if necessary.

The Organization has certain investments which are available for general expenditures within one year in the normal course of operations. The Organization has other investments which are not available for general expenditures within the next year. However, the amounts that are board designated could be made available, if necessary. (See Note 1 and Note 8.)



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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

**NOTE 3 - CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,420,352	\$ 1,892,831
Restricted Cash	<u>20,466</u>	<u>20,970</u>
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidated Statements of Cash Flows	<u>\$ 1,440,818</u>	<u>\$ 1,913,801</u>

**NOTE 4 - INVESTMENT INCOME**

Investment income is summarized as follows:

	<u>2020</u>	<u>2019</u>
Increase in Net Assets Without Donor Restrictions:		
Interest and Dividend Income, Net	\$ 234,952	\$ 224,878
Gain on Sale of Investments	<u>117,330</u>	<u>163,716</u>
	<u>\$ 352,282</u>	<u>\$ 388,594</u>
Increase in Net Assets With Donor Restrictions:		
Interest and Dividend Income, Net	\$ 33,842	\$ 40,497
Gain on Sale of Investments	<u>61,945</u>	<u>143,309</u>
	<u>\$ 95,787</u>	<u>\$ 183,806</u>
Total Investment Income	<u>\$ 448,069</u>	<u>\$ 572,400</u>
Change in Net Unrealized Gains (Losses) on Investments:		
Net Assets Without Donor Restrictions	\$ 347,862	\$ 449,550
Net Assets With Donor Restrictions	<u>201,334</u>	<u>287,732</u>
Total Change in Net Unrealized Gains (Losses) on Investments	<u>\$ 549,196</u>	<u>\$ 737,282</u>

**NOTE 5 - FAIR VALUE MEASUREMENTS**

**Fair Values Measured on a Recurring Basis**

Fair values of assets measured on a recurring basis at December 31, 2020 and 2019:

<u>December 31, 2020</u>	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash Alternatives	\$ 107,766	\$ 107,766	\$ 0
Money Market	25,376	25,376	0
Certificates of Deposit	4,500,000	0	4,500,000
Equity Securities	4,299,629	4,299,629	0
Fixed Income Securities	4,737,622	4,737,622	0
International Equity Securities	<u>363,830</u>	<u>363,830</u>	<u>0</u>
Total	<u>\$ 14,034,223</u>	<u>\$ 9,534,223</u>	<u>\$ 4,500,000</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

**Fair Values Measured on a Recurring Basis (Continued)**

<u>December 31, 2019</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 Alternatives	\$ 283,492	\$ 283,492	\$ 0
Certificates of Deposit	4,450,000	0	4,450,000
Equity Securities	4,201,116	4,201,116	0
Fixed Income Securities	2,759,554	2,759,554	0
International Equity Securities	<u>316,606</u>	<u>316,606</u>	<u>0</u>
Total	<u>\$ 12,010,768</u>	<u>\$ 7,560,768</u>	<u>\$ 4,450,000</u>

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

	<u>2020</u>	<u>2019</u>
Investments	\$ 10,985,322	\$ 9,088,369
Assets Limited as to Use	311,406	370,589
Long-Term Investments Restricted for Endowment	<u>2,737,495</u>	<u>2,551,810</u>
Total	<u>\$ 14,034,223</u>	<u>\$ 12,010,768</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.

**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 6 - CONSTRUCTION IN PROGRESS

Project included in construction in progress is as follows at December 31:

	<u>2020</u>	<u>2019</u>
Eisenach Village independent living townhome development with a potential of 92 units to be constructed as units are sold, estimated total cost is unknown	<u>\$ 1,522,985</u>	<u>\$ 732,947</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

**NOTE 7 - UNCONDITIONAL PROMISES TO GIVE**

The Organization conducted 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:

	2020	2019
Promises to give expected to be collected in:		
One Year or Less	\$ 19,500	\$ 83,615
One to Five Years	<u>10,200</u>	<u>35,500</u>
Total Unconditional Promises to Give	\$ 29,700	\$ 119,115
LESS: Allowance for Uncollectable Promises to Give	(3,000)	(12,000)
LESS: Discount on Promises to Give	<u>(786)</u>	<u>(2,148)</u>
Net Unconditional Promises to Give	<u>\$ 25,914</u>	<u>\$ 104,967</u>

Unconditional promises to give are discounted at 3.75%.

**NOTE 8 - NET ASSETS**

Net assets with donor restrictions are restricted for the following purposes for the years ended December 31, 2020 and 2019:

	2020	2019
Specific Purpose:		
Van with Lift	\$ 15,474	\$ 0
More than Bricks Campaign	75,842	70,852
Good Shepherd Fund	142,910	169,147
Donor Restrictions	2,968	918
Chaplaincy	<u>140,979</u>	<u>114,957</u>
	<u>378,173</u>	<u>355,874</u>
Spending Policy and Appropriation:		
Investment in perpetuity (including amounts above original gift amount of \$771,550), which, once appropriated, is expendable to support:		
Employee Scholarships	134,095	133,725
Chaplaincy Endowment	<u>1,982,800</u>	<u>1,797,949</u>
	<u>2,116,895</u>	<u>1,931,674</u>
Total	<u>\$ 2,495,068</u>	<u>\$ 2,287,548</u>

Net assets without donor restrictions for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Undesignated	\$ 14,537,093	\$ 12,681,868
Board Designated, Chaplaincy Endowment	<u>771,126</u>	<u>771,126</u>
Total	<u>\$ 15,308,219</u>	<u>\$ 13,452,994</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

NOTE 8 - NET ASSETS (Continued)

Net assets released from net assets with donor restrictions are as follows:

	2020	2019
Satisfaction of Purpose Restrictions:		
Purchase of Equipment	\$ 10,719	\$ 14,642
Chaplaincy	193,978	110,000
Other Donor Restrictions	46,603	72,022
Total	\$ 251,300	\$ 196,664

NOTE 9 - 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 net assets with donor restrictions the original value of gifts donated to the endowment as a fund of perpetual duration. The Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of the original value of initial and subsequent gifts donated to the fund and any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater. The income from the funds held in perpetuity is classified as net assets with donor restrictions until appropriated for expenditure by the Board of Directors.

<i><b>Endowment Net Asset Composition by Fund as of December 31, 2020</b></i>	Board Designated	Net Assets With Donor Restrictions	Total
Donor Restricted Endowment Funds	\$ 0	\$ 2,116,895	\$ 2,116,895
Board Designated Endowment Funds	771,126	0	771,126
Total Funds	\$ 771,126	\$ 2,116,895	\$ 2,888,021

<i><b>Endowment Net Asset Composition by Fund as of December 31, 2019</b></i>	Board Designated	Net Assets With Donor Restrictions	Total
Donor Restricted Endowment Funds	\$ 0	\$ 1,931,674	\$ 1,931,674
Board Designated Endowment Funds	771,126	0	771,126
Total Funds	\$ 771,126	\$ 1,931,674	\$ 2,702,800

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

NOTE 9 - ENDOWMENT (Continued)

**Interpretation of Relevant Law (Continued)**

<i>Changes in Endowment of Net Assets for the year ended December 31, 2020</i>	<u>Board Designated</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 771,126	\$ 1,931,674	\$ 2,702,800
Investment Return:			
Investment Income	\$ 0	\$ 95,787	\$ 95,787
Change in Net Unrealized Gains (Losses) on Investments	<u>0</u>	<u>201,334</u>	<u>201,334</u>
Total Investment Return	<u>\$ 0</u>	<u>\$ 297,121</u>	<u>\$ 297,121</u>
Contributions	\$ 0	\$ 100	\$ 100
Appropriation of Endowment for Expenditure	<u>\$ 0</u>	<u>\$ (112,000)</u>	<u>\$ (112,000)</u>
Endowment Net Assets, End of Year	<u>\$ 771,126</u>	<u>\$ 2,116,895</u>	<u>\$ 2,888,021</u>
<i>Changes in Endowment of Net Assets for the year ended December 31, 2019</i>	<u>Board Designated</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 771,126	\$ 1,569,016	\$ 2,340,142
Investment Return:			
Investment Income	\$ 0	\$ 183,806	\$ 183,806
Change in Net Unrealized Gains (Losses) on Investments	<u>0</u>	<u>287,732</u>	<u>287,732</u>
Total Investment Return	<u>\$ 0</u>	<u>\$ 471,538</u>	<u>\$ 471,538</u>
Contributions	\$ 0	\$ 1,120	\$ 1,120
Appropriation of Endowment for Expenditure	<u>\$ 0</u>	<u>\$ (110,000)</u>	<u>\$ (110,000)</u>
Endowment Net Assets, End of Year	<u>\$ 771,126</u>	<u>\$ 1,931,674</u>	<u>\$ 2,702,800</u>

**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.

**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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

NOTE 10 - DEBT

**Forgivable Long-Term Debt**

The Organization received a loan from First National Bank in the amount of \$1,504,900 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated May 6, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Organization initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. The Organization recognized \$1,504,900 of loan forgiveness as a gain on extinguishment of debt for the year ended December 31, 2020.

**Long-Term Debt**

Description	2020	2019
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.	\$ 6,158,749	\$ 6,671,127
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.	2,682,658	2,903,852
Total Long-Term Debt	\$ 8,841,407	\$ 9,574,979
LESS: Unamortized Debt Issuance Costs	99,428	113,929
Total Long-Term Debt, Less Unamortized Debt Issuance Costs	\$ 8,741,979	\$ 9,461,050
LESS: Current Maturities of Long-Term Debt	760,393	733,623
Long-Term Debt, Less Current Maturities	\$ 7,981,586	\$ 8,727,427

Maturities required on long-term debt as of December 31, 2020, are due in the future years as follows:

Year ending December 31:	
2021	\$ 760,393
2022	787,349
2023	814,922
2024	843,018
2025	873,341
Thereafter	4,762,384
	\$ 8,841,407

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

NOTE 10 - DEBT (Continued)

**Long-Term Debt (Continued)**

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, 2020 and 2019 was \$325,018 and \$353,067, respectively, all of which was charged to operations. Amortization expense for debt issuance costs charged to operations was \$14,501 for both years ended December 31, 2020 and 2019.

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 \$128,555 and \$111,875 for the years ended December 31, 2020 and 2019, respectively.

NOTE 12 - RELATED PARTY TRANSACTIONS

At December 31, 2020 and 2019, the Organization had amounts deposited with organizations which were affiliated with members of the Board of Directors totaling \$1,355,570 and \$1,921,123, respectively.

During the years ended December 31, 2020 and 2019, the Organization received \$16,134 and \$11,678, respectively, from residents related to members of the Organization's Board of Directors.

During the years ended December 31, 2020 and 2019, the Organization received contributions from members of the Board of Directors in the amount of \$8,542 and \$9,792, respectively. Unconditional promises to give due from members of the Board of Directors at December 31, 2020 and 2019 were \$2,000 and \$5,000, respectively.

NOTE 13 - 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 \$3,534,000 and \$3,105,000 for the years ended December 31, 2020 and 2019, respectively. Included in revenue for the years ended December 31, 2020 and 2019 was provider tax revenue net of provider tax paid of \$204,834 and \$168,492, respectively. Receivables from Medicaid on behalf of residents at December 31, 2020 and 2019 were \$310,449 and \$474,424, 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 \$1,293,000 and \$1,549,000 for the years ended December 31, 2020 and 2019, respectively. Receivables from Medicare on behalf of residents at December 31, 2020 and 2019 were \$129,038 and \$126,315, 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, 2020 and 2019. At December 31, 2020 and 2019, the amounts in excess of the FDIC insurance totaled \$1,806,313 and \$2,253,935, respectively.

At December 31, 2020 and 2019, the Organization had investments and assets limited as to use with a fair value of \$14,034,223 and \$12,010,768, 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, 2020 AND 2019**

**NOTE 14 - 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 15 - THIRD PARTY RATE ADJUSTMENTS AND REVENUE**

Revenue from the Medicaid program accounted for approximately 30% and 25% of the Organization's resident service revenue for the years ended December 31, 2020 and 2019, respectively. Revenue from the Medicare program accounted for approximately 11% and 12% of the Organization's resident service revenue for the years ended December 31, 2020 and 2019, respectively. 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 16 - COVID-19 FINANCIAL STATEMENT IMPACT**

The COVID-19 outbreak in the United States has caused business disruption in the health care industry. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's residents, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain. Management has, to the best of their abilities, made the changes prescribed by government and other health care sources to minimize the impact to their facility, their residents and their employees.

**NOTE 17 - SUBSEQUENT EVENT**

The date to which events occurring after December 31, 2020, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is March 23, 2021, which is the date the financial statements were available to be issued.



## CONSOLIDATING INFORMATION



Certified Public Accountants

Stephen D. Givens, CPA

Curtis E. Brand, CPA

Timothy K. DeVries, CPA

Kathy A. French, CPA

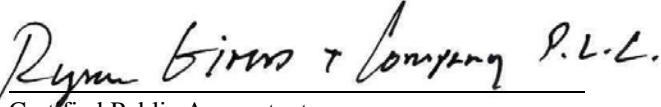
## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING INFORMATION

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, 2020 and 2019, and our report thereon dated March 23, 2021, 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 audit 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 23, 2021

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

**SCHEDULE I - CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020**

	Bartels Lutheran Retirement Community	Memorial Foundation of Bartels Lutheran Retirement Community	Subtotal	Eliminating Entries	Consolidated Total
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 1,362,184	\$ 58,168	\$ 1,420,352	\$ -	\$ 1,420,352
Certificates of Deposit	351,049	-	351,049	-	351,049
Investments	7,218,878	3,766,444	10,985,322	-	10,985,322
Resident Receivables, Net of Allowance for Doubtful Accounts	566,390	-	566,390	-	566,390
Due From Related Party	295	-	295	(295)	-
Prepaid Expenses and Other Current Assets	211,610	17,015	228,625	-	228,625
<b>Total Current Assets</b>	<b>9,710,406</b>	<b>3,841,627</b>	<b>13,552,033</b>	<b>(295)</b>	<b>13,551,738</b>
<b>Assets Limited as to Use</b>	<b>311,406</b>	<b>-</b>	<b>311,406</b>	<b>-</b>	<b>311,406</b>
Property and Equipment:					
Land	1,851,847	-	1,851,847	-	1,851,847
Buildings and Improvements	39,940,078	-	39,940,078	-	39,940,078
Equipment and Furniture	5,061,704	-	5,061,704	-	5,061,704
Construction in Progress	1,522,985	-	1,522,985	-	1,522,985
<b>Total Property and Equipment</b>	<b>48,376,614</b>	<b>-</b>	<b>48,376,614</b>	<b>-</b>	<b>48,376,614</b>
<b>LESS - Accumulated Depreciation</b>	<b>17,231,876</b>	<b>-</b>	<b>17,231,876</b>	<b>-</b>	<b>17,231,876</b>
<b>Net Property and Equipment</b>	<b>31,144,738</b>	<b>-</b>	<b>31,144,738</b>	<b>-</b>	<b>31,144,738</b>
Other Assets:					
Restricted Cash	7,515	12,951	20,466	-	20,466
Unconditional Promises to Give	25,914	-	25,914	-	25,914
Certificates of Deposit	981,306	-	981,306	-	981,306
Other Assets	97,646	22,924	120,570	-	120,570
Franchise Fees, Net of Accumulated Amortization	190,311	-	190,311	-	190,311
Long-Term Investments Restricted for Endowment	-	2,737,495	2,737,495	-	2,737,495
<b>Total Other Assets</b>	<b>1,302,692</b>	<b>2,773,370</b>	<b>4,076,062</b>	<b>-</b>	<b>4,076,062</b>
<b>TOTAL ASSETS</b>	<b>\$ 42,469,242</b>	<b>\$ 6,614,997</b>	<b>\$ 49,084,239</b>	<b>\$ (295)</b>	<b>\$ 49,083,944</b>

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

**SCHEDULE I - CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
DECEMBER 31, 2020**

	Bartels Lutheran Retirement Community	Memorial Foundation of Bartels Lutheran Retirement Community	Subtotal	Eliminating Entries	Consolidated Total
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities:					
Current Maturities of Long-Term Debt	\$ 760,393	\$ -	\$ 760,393	\$ -	\$ 760,393
Accounts Payable	419,952	8,745	428,697	-	428,697
Due to Related Party	-	295	295	(295)	-
Accrued Salaries and Benefits	563,764	-	563,764	-	563,764
Other Current Liabilities	117,665	-	117,665	-	117,665
<b>Total Current Liabilities</b>	<b>1,861,774</b>	<b>9,040</b>	<b>1,870,814</b>	<b>(295)</b>	<b>1,870,519</b>
Long-Term Liabilities:					
Long-Term Debt, Less Current Maturities	7,981,586	-	7,981,586	-	7,981,586
Deferred Revenue from Advance Fees	2,110,301	-	2,110,301	-	2,110,301
Refundable Advance Fees	19,006,845	-	19,006,845	-	19,006,845
Deferred Compensation	311,406	-	311,406	-	311,406
<b>Total Long-Term Liabilities</b>	<b>29,410,138</b>	<b>-</b>	<b>29,410,138</b>	<b>-</b>	<b>29,410,138</b>
<b>Total Liabilities</b>	<b>31,271,912</b>	<b>9,040</b>	<b>31,280,952</b>	<b>(295)</b>	<b>31,280,657</b>
Net Assets:					
Without Donor Restrictions:					
Board Designated, Chaplaincy Endowment	-	771,126	771,126	-	771,126
Undesignated	10,685,062	3,852,031	14,537,093	-	14,537,093
<b>Total Net Assets Without Donor Restrictions</b>	<b>10,685,062</b>	<b>4,623,157</b>	<b>15,308,219</b>	<b>-</b>	<b>15,308,219</b>
Net Assets With Donor Restrictions	512,268	1,982,800	2,495,068	-	2,495,068
<b>Total Net Assets</b>	<b>11,197,330</b>	<b>6,605,957</b>	<b>17,803,287</b>	<b>-</b>	<b>17,803,287</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 42,469,242</b>	<b>\$ 6,614,997</b>	<b>\$ 49,084,239</b>	<b>\$ (295)</b>	<b>\$ 49,083,944</b>

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

**SCHEDULE II - CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Bartels Lutheran Retirement Community	Memorial Foundation of Bartels Lutheran Retirement Community	Subtotal	Eliminating Entries	Consolidated Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Revenues, Gains and Other Support:					
Resident Service Revenue, Including Amortization of					
Advance Fees	\$ 11,822,987	\$ -	\$ 11,822,987	\$ -	\$ 11,822,987
Investment Income	222,450	129,832	352,282	-	352,282
Relief Fund Contributions	905,111	-	905,111	-	905,111
Contributions	341,939	387	342,326	(150,000)	192,326
Other Operating Revenue	82,219	-	82,219	-	82,219
Gain on Extinguishment of Debt	1,504,900	-	1,504,900	-	1,504,900
Net Assets Released from Restrictions Used for Operations	130,581	110,000	240,581	-	240,581
<b>Total Revenues, Gains and Other Support</b>	<b>15,010,187</b>	<b>240,219</b>	<b>15,250,406</b>	<b>(150,000)</b>	<b>15,100,406</b>
Expenses:					
Salaries and Benefits	8,438,612	-	8,438,612	-	8,438,612
Contracted and Outsourced Services	1,033,898	-	1,033,898	-	1,033,898
Food and Departmental Supplies	1,082,949	-	1,082,949	-	1,082,949
Occupancy	910,991	-	910,991	-	910,991
Other Expenses	280,145	263,110	543,255	(260,000)	283,255
Depreciation and Amortization	1,404,538	-	1,404,538	-	1,404,538
Interest and Amortization	339,498	21	339,519	-	339,519
<b>Total Expenses</b>	<b>13,490,631</b>	<b>263,131</b>	<b>13,753,762</b>	<b>(260,000)</b>	<b>13,493,762</b>
Operating Income (Loss)	1,519,556	(22,912)	1,496,644	110,000	1,606,644
Change in Net Unrealized Gains (Losses) on Investments	70,553	277,309	347,862	-	347,862
Net Assets Released from Restrictions Used for					
Purchase of Property and Equipment	10,719	-	10,719	-	10,719
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	<b>1,600,828</b>	<b>254,397</b>	<b>1,855,225</b>	<b>110,000</b>	<b>1,965,225</b>

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

**SCHEDULE II - CONSOLIDATING STATEMENTS OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Bartels Lutheran Retirement Community	Memorial Foundation of Bartels Lutheran Retirement Community	Subtotal	Eliminating Entries	Consolidated Total
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Investment Income	2,370	93,417	95,787	-	95,787
Contributions	161,599	100	161,699	(110,000)	51,699
Change in Net Unrealized Gains (Losses) on Investments	-	201,334	201,334	-	201,334
Net Assets Released from Restrictions	(141,300)	(110,000)	(251,300)	-	(251,300)
Increase (Decrease) in Net Assets With Donor Restrictions	22,669	184,851	207,520	(110,000)	97,520
Increase (Decrease) in Net Assets	1,623,497	439,248	2,062,745	-	2,062,745
Net Assets, Beginning of Year	9,573,833	6,166,709	15,740,542	-	15,740,542
Net Assets, End of Year	\$ 11,197,330	\$ 6,605,957	\$ 17,803,287	\$ -	\$ 17,803,287