

**CONSOLIDATED FINANCIAL STATEMENTS  
OF  
BARTELS LUTHERAN RETIREMENT COMMUNITY  
AND AFFILIATE  
WAVERLY, IOWA  
AT  
DECEMBER 31, 2023 AND 2022**



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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

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, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bartels Lutheran Retirement Community and affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the Organization adopted ASU 2016-13, the new accounting pronouncement for measurement of credit losses on financial instruments. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bartels Lutheran Retirement Community and affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

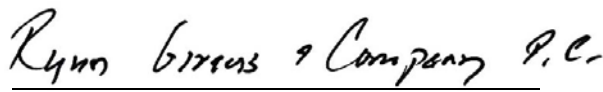
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

RYUN, GIVENS & COMPANY, P.C.

  
Certified Public Accountants

March 26, 2024

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 582,874	\$ 742,243
Certificates of Deposit	313,723	315,737
Investments	9,142,148	8,676,188
Resident Receivables, Net of Allowance for Credit Losses of \$100,000 in 2023 and \$94,028 in 2022	493,154	410,087
Prepaid Expenses and Other Current Assets	203,955	197,597
Total Current Assets	10,735,854	10,341,852
Assets Limited as to Use	95,507	171,007
Property and Equipment:		
Land	2,142,747	2,142,747
Buildings and Improvements	45,332,505	43,888,101
Equipment and Furniture	5,867,454	5,391,886
Construction in Progress	1,711,321	1,227,759
Total Property and Equipment	55,054,027	52,650,493
LESS - Accumulated Depreciation	21,242,866	19,676,220
Net Property and Equipment	33,811,161	32,974,273
Other Assets:		
Restricted Cash	143,738	138,314
Certificates of Deposit	127,073	126,580
Refundable Advance for Construction	394,638	394,638
Right-of-Use Assets for Finance Leases, Net	44,730	63,900
Other Assets	32,802	127,434
Franchise Fees, Net of Accumulated Amortization of \$91,275 in 2023 and \$84,713 in 2022	170,625	177,187
Long-Term Investments Restricted for Endowment	2,733,743	2,438,004
Total Other Assets	3,647,349	3,466,057
<b>TOTAL ASSETS</b>	<b>\$ 48,289,871</b>	<b>\$ 46,953,189</b>

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Line of Credit	\$ -	\$ 400,000
Current Maturities of Finance Lease Liabilities	19,538	18,963
Current Maturities of Long-Term Debt	876,766	851,730
Accounts Payable	930,985	351,985
Accrued Salaries and Benefits	638,789	539,731
Other Current Liabilities	158,434	142,787
<b>Total Current Liabilities</b>	<b>2,624,512</b>	<b>2,305,196</b>
Long-Term Liabilities:		
Finance Lease Liabilities, Less Current Maturities	28,299	47,801
Long-Term Debt, Less Current Maturities	5,476,641	6,336,538
Deferred Revenue from Advance Fees	2,803,282	2,762,114
Refundable Advance Fees	23,288,798	21,905,267
Deferred Compensation	95,507	171,007
<b>Total Long-Term Liabilities</b>	<b>31,692,527</b>	<b>31,222,727</b>
<b>Total Liabilities</b>	<b>34,317,039</b>	<b>33,527,923</b>
Net Assets:		
Without Donor Restrictions:		
Board Designated, Chaplaincy Endowment	771,126	771,126
Undesignated	10,746,265	10,415,790
<b>Total Net Assets Without Donor Restrictions</b>	<b>11,517,391</b>	<b>11,186,916</b>
Net Assets With Donor Restrictions	2,455,441	2,238,350
<b>Total Net Assets</b>	<b>13,972,832</b>	<b>13,425,266</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 48,289,871</b>	<b>\$ 46,953,189</b>

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

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Revenues, Gains and Other Support:		
Resident Service Revenue, Including Amortization of Advance Fees of \$309,252 for 2023 and \$336,782 for 2022	\$ 13,178,953	\$ 11,899,751
Investment Income (Loss)	253,856	(284,053)
Contributions	282,048	228,826
Other Operating Revenue	274,908	53,637
Net Assets Released from Restrictions Used for Operations	207,824	223,424
<b>Total Revenues, Gains and Other Support</b>	<b>14,197,589</b>	<b>12,121,585</b>
Expenses:		
Salaries and Benefits	8,424,359	7,603,815
Contracted and Outsourced Services	1,920,345	1,636,102
Food and Departmental Supplies	1,063,215	958,990
Occupancy	1,119,826	1,031,976
Other Expenses	363,120	329,689
Depreciation and Amortization	1,633,287	1,537,708
Interest and Amortization	233,566	254,527
Infrastructure Development	-	1,326,035
<b>Total Expenses</b>	<b>14,757,718</b>	<b>14,678,842</b>
Operating Income (Loss)	(560,129)	(2,557,257)
Change in Net Unrealized Gains (Losses) on Investments	874,901	(1,231,353)
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	15,703	25,145
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	<b>330,475</b>	<b>(3,763,465)</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Investment Income	49,335	96,179
Contributions	11,411	144,789
Change in Net Unrealized Gains (Losses) on Investments	379,872	(554,642)
Net Assets Released from Restrictions	(223,527)	(248,569)
<b>Increase (Decrease) in Net Assets With Donor Restrictions</b>	<b>217,091</b>	<b>(562,243)</b>
 Increase (Decrease) in Net Assets	 547,566	 (4,325,708)
Net Assets, Beginning of Year	13,425,266	17,750,974
<b>Net Assets, End of Year</b>	<b>\$ 13,972,832</b>	<b>\$ 13,425,266</b>

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

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Expenses:</b>				
Salaries and Benefits	\$ 6,987,550	\$ 1,436,809	\$ -	\$ 8,424,359
Contracted and Outsourced Services	1,911,744	8,601	-	1,920,345
Food and Departmental Supplies	1,035,400	27,815	-	1,063,215
Occupancy	944,648	175,178	-	1,119,826
Other Expenses	45,086	318,034	-	363,120
Depreciation and Amortization	1,633,287	-	-	1,633,287
Interest and Amortization	233,566	-	-	233,566
Total Functional Expenses	\$ 12,791,281	\$ 1,966,437	\$ -	\$ 14,757,718

	<b>2022</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Expenses:</b>				
Salaries and Benefits	\$ 6,290,128	\$ 1,313,687	\$ -	\$ 7,603,815
Contracted and Outsourced Services	1,631,131	4,971	-	1,636,102
Food and Departmental Supplies	946,459	12,531	-	958,990
Occupancy	867,285	164,691	-	1,031,976
Other Expenses	24,662	305,027	-	329,689
Depreciation and Amortization	1,537,708	-	-	1,537,708
Interest and Amortization	254,279	248	-	254,527
Infrastructure Development	1,326,035	-	-	1,326,035
Total Functional Expenses	\$ 12,877,687	\$ 1,801,155	\$ -	\$ 14,678,842



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

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 547,566	\$ (4,325,708)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
(Gain) Loss on Sale of Investments	(25,527)	423,740
Change in Net Unrealized (Gains) Losses on Investments	(1,254,773)	1,785,995
Depreciation and Amortization	1,647,788	1,552,209
(Gain) Loss on Disposal of Property and Equipment	(3,080)	10,555
Infrastructure Development	-	1,326,035
Investment Income Restricted for Long-Term Purposes	(49,335)	(1,836)
Contributions Restricted for Long-Term Purposes	(4,666)	(35,398)
Proceeds from Advance Fees	3,181,386	3,791,289
Amortization of Advance Fees	(309,252)	(336,782)
Change in Deferred Compensation	(75,500)	(72,333)
(Increase) Decrease in:		
Resident Receivables	(83,067)	(20,174)
Prepaid Expenses and Other Current Assets	(6,358)	105,163
Other Assets	94,632	(3,917)
Increase (Decrease) in:		
Accounts Payable	148,256	107,268
Accrued Salaries and Benefits	99,058	39,914
Other Current Liabilities	15,647	(19,071)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,922,775</b>	<b>4,326,949</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Certificates of Deposit	1,521	917,676
Purchase of Investments	(298,828)	(1,044,293)
Proceeds from Sale of Investments	817,429	2,324,017
Purchase of Property and Equipment	(2,027,819)	(3,851,269)
Proceeds from Sale of Property and Equipment	17,200	4,500
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(1,490,497)</b>	<b>(1,649,369)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Change in Assets Limited as to Use	75,500	72,333
Proceeds from Investment Income Restricted for Long-Term Purposes	49,335	1,836
Proceeds from Contributions Restricted for Long-Term Purposes	4,666	35,398
Principal Payments on Line of Credit	(400,000)	-
Proceeds from Line of Credit	-	5,362
Principal Payments on Finance Lease Liabilities	(18,927)	(18,391)
Principal Payments on Long-Term Debt	(849,362)	(822,967)
Refunds of Advance Fees	(1,447,435)	(1,622,400)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>(2,586,223)</b>	<b>(2,348,829)</b>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(153,945)	328,751
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	880,557	551,806
Cash, Cash Equivalents and Restricted Cash at End of Year	\$ 726,612	\$ 880,557

Supplemental Disclosure of Cash Flow Information:

Cash Paid for Interest	\$ 220,112	\$ 241,041
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Supplemental Schedule of Noncash Investing and Financing Activities:

At December 31, 2023 and 2022, accounts payable included \$430,744 and \$25,926, respectively, for the purchase of property and equipment.

During the year ended December 31, 2022, the Organization used proceeds from line of credit to pay a refundable advance for construction in the amount of \$394,638.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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), 92 independent living townhome units (Eisenach Village), 30 assisted living units (Linden Place), 20 memory care assisted living units (Aspen Cottage), and a 100 bed licensed nursing facility (Woodland Terrace). Of the 100 nursing facility beds, 93 are dually certified for Medicare and Medicaid participation, including 30 beds that are for residents with Alzheimer's or dementia (Evergreen Arbor), and 7 are certified for Medicare only. The Organization is in the process of completing construction of an independent living community (Anna Estates) consisting of single family homes and duplexes that currently consists of one completed duplex unit.

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, whereby 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, 2023 AND 2022**

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.

**Certificates of Deposit**

Certificates of deposit are measured at cost, which is the initial amount of cash invested plus accrued interest.

**Investments**

The Organization classifies its debt securities as “available for sale” and reports them in the consolidated statements of financial position at fair value. All equity securities held by the Organization have readily determinable fair values and are reported at fair value. Realized gains and losses are determined using the first-in, first out (FIFO) method. Realized gains and losses on available for sale debt securities are included in operating income (loss) unless the income or loss is restricted by donor or law. Management assesses the financial condition and indicators of impairment at the individual security level for available for sale securities. When there is not an intent to sell or it is more likely than not that the Organization will not be required to sell the security before the impairment is recovered, management assesses whether the decline in fair value has resulted from credit losses or other factors. Losses attributable to credit losses are recorded as an allowance for available for sale credit losses. Losses attributable to other factors are charged to other comprehensive income. Investment income or loss (including realized gains and losses on investments, interest and dividends) on equity securities is included in operating income (loss) unless the income or loss is restricted by donor or law. Unrealized gains and losses on equity securities are excluded from operating income (loss).

**Resident Receivables**

Resident receivables are due when billed. The Organization uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of resident receivables at year-end is consistent with historical conditions as credit terms and practices and the resident base has not changed significantly.

**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 \$95,507 and \$171,007 at December 31, 2023 and 2022, 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	5-60 Years
Equipment and Furniture	3-20 Years

Depreciation expense totaled \$1,607,555 and \$1,511,976 for the years ended December 31, 2023 and 2022, respectively.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Property and Equipment (Continued)**

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.

**Refundable Advance for Construction**

During the year ended December 31, 2022, the Organization paid refundable advances to MidAmerican Energy for installation of utilities to serve the Anna Estates development. Refunds will be made to the Organization for a ten-year period based on the number of new MidAmerican Energy customers at Anna Estates and the revenue from those customers. At December 31, 2023 and 2022, the balance of the refundable advance for construction was \$394,638.

**Right-of-Use Assets for Finance Leases**

Right-of-use assets for finance leases are amortized using the straight-line method over the shorter of the lease term or useful life of the right-of-use asset. Amortization expense charged to operations was \$19,170 for both years ended December 31, 2023 and 2022.

**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 \$6,562 for both years ended December 31, 2023 and 2022. Estimated amortization expense for each of the next five years is \$6,562 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.

**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 over the life of the resident. 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.

Advance fees paid by a resident upon entering into a Type A residency agreement for Eisenach Village and Anna Estates, 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.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Contract Assets and Liabilities**

When the timing of the Organization's revenue recognition is different from the timing of payments made by its residents, the Organization recognizes either a contract asset (performance precedes contractual due date) or a contract liability (customer payment precedes performance). Contract liabilities primarily relate to advance fees that are amortized over time as the performance obligation is satisfied.

**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 Recognition**

Contract Balances

Resident receivables and contract liabilities from contracts with customers at January 1, 2022 were \$389,913 and \$22,835,274, respectively.

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.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue Recognition (Continued)**

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.

**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 \$26,865 and \$30,370 for the years ended December 31, 2023 and 2022, respectively.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Infrastructure Development**

In conjunction with the construction of a new independent living subdivision, the Organization entered into an agreement with the City of Waverly (City) for infrastructure development. As the developer, the Organization agrees to create and fund the streets, public sanitary sewer and water mains. Upon completion, the Organization dedicated the infrastructure to City during the year ended December 31, 2022.

**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 Organizations' federal Returns of Organization Exempt from Income Tax (Forms 990) remain subject to examination by the IRS, generally for three years after they were filed. The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**New Accounting Pronouncement**

Effective January 1, 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's consolidated financial statements but did change how the allowance for credit losses is determined.

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, 2023 and 2022:

	2023	2022
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 582,874	\$ 742,243
Certificates of Deposit	440,796	442,317
Investments	9,142,148	8,676,188
Resident Receivables, Net	493,154	410,087
Other Current Assets - Unconditional Promises to Give, Net	2,446	2,446
Assets Limited as to Use	95,507	171,007
Restricted Cash	143,738	138,314
Long-Term Investments Restricted for Endowment	<u>2,733,743</u>	<u>2,438,004</u>
Total Financial Assets	<u>\$ 13,634,406</u>	<u>\$ 13,020,606</u>



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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following represents the Organization's financial assets available for general expenditures within one year at December 31, 2023 and 2022 (Continued):

	2023	2022
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	2,455,441	2,238,350
Less Net Assets with Purpose Restrictions to be Met in		
Less Than One Year	(33,494)	(291,610)
Assets Limited as to Use Board Designated for Deferred		
Compensation	95,507	171,007
Total	\$ 3,288,580	\$ 2,888,873
Financial Assets Available for General Expenditures		
Within One Year	\$ 10,345,826	\$ 10,131,733

The Organization has net assets 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 10.)

Additionally, the Organization obtained a \$500,000 line of credit during the year ended December 31, 2022 with \$100,000 available at December 31, 2022. The line of credit expired during the year ended December 31, 2023.

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, 2023 and 2022:

	2023	2022
Cash and Cash Equivalents	\$ 582,874	\$ 742,243
Restricted Cash	143,738	138,314
Total Cash, Cash Equivalents, and Restricted Cash		
Shown in the Consolidated Statements of Cash Flows	\$ 726,612	\$ 880,557

NOTE 4 - INVESTMENT INCOME (LOSS)

Investment income (loss) is summarized as follows:

	2023	2022
Increase (Decrease) in Net Assets Without Donor Restrictions:		
Interest and Dividend Income, Net	\$ 228,771	\$ 199,090
Gain (Loss) on Sale of Investments	25,085	(483,143)
	\$ 253,856	\$ (284,053)
Increase in Net Assets With Donor Restrictions:		
Interest and Dividend Income, Net	\$ 48,893	\$ 36,776
Gain on Sale of Investments	442	59,403
	\$ 49,335	\$ 96,179
Total Investment Income (Loss)	\$ 303,191	\$ (187,874)

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

NOTE 4 - INVESTMENT INCOME (LOSS) (Continued)

Investment income (loss) is summarized as follows (Continued):

	2023	2022
Change in Net Unrealized Gains (Losses) on Investments:		
Net Assets Without Donor Restrictions	\$ 874,901	\$ (1,231,353)
Net Assets With Donor Restrictions	379,872	(554,642)
Total Change in Net Unrealized Gains (Losses) on Investments	\$ 1,254,773	\$ (1,785,995)

NOTE 5 - FAIR VALUE MEASUREMENTS

**Fair Values Measured on a Recurring Basis**

Fair values of assets measured on a recurring basis at December 31, 2023 and 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<i>December 31, 2023</i>			
Money Market	\$ 86,248	\$ 86,248	\$ 0
Equity Securities	6,062,493	6,062,493	0
Fixed Income Securities	5,822,657	5,822,657	0
Total	\$ 11,971,398	\$ 11,971,398	\$ 0
 <i>December 31, 2022</i>			
Money Market	\$ 298,249	\$ 298,249	\$ 0
Certificates of Deposit	250,000	0	250,000
Equity Securities	5,167,579	5,167,579	0
Fixed Income Securities	5,558,149	5,558,149	0
International Equity Securities	11,222	11,222	0
Total	\$ 11,285,199	\$ 11,035,199	\$ 250,000

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

	2023	2022
Investments	\$ 9,142,148	\$ 8,676,188
Assets Limited as to Use	95,507	171,007
Long-Term Investments Restricted for Endowment	2,733,743	2,438,004
Total	\$ 11,971,398	\$ 11,285,199

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

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

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 - FINANCIAL INSTRUMENTS

Allowance for Credit Losses

An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the payor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of payors. Resident receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The Organization had the following activity for its allowance for credit losses for resident receivables for the years ended December 31, 2023 and 2022:

	2023	2022
Beginning Balance	\$ 94,028	\$ 100,000
Provision for Expected Credit Losses	27,406	0
Write-Offs	(21,434)	(5,972)
Ending Balance	\$ 100,000	\$ 94,028

Concentrations 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 Health and Human Services and Iowa's Managed Care Organizations as a licensed provider of Title XIX care (Medicaid). Revenue received from Medicaid approximated \$3,275,000 and \$2,617,000 for the years ended December 31, 2023 and 2022, respectively. Included in revenue for the years ended December 31, 2023 and 2022 was provider tax revenue net of provider tax paid of \$210,431 and \$127,446, respectively. Receivables from Medicaid on behalf of residents at December 31, 2023 and 2022 were \$361,974 and \$228,617, 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 \$964,000 and \$1,096,000 for the years ended December 31, 2023 and 2022, respectively. Receivables from Medicare on behalf of residents at December 31, 2023 and 2022 were \$71,500 and \$142,012, respectively.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

NOTE 6 - FINANCIAL INSTRUMENTS (Continued)

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains cash deposits and certificates of deposit at area financial institutions which at times exceed federal insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Concentrations of Credit Risk Arising from Investments

The Organization has investments, assets limited as to use, and investments restricted for endowment, which are not federally insured and are subject to the market risks inherent in the individual investments.

NOTE 7 - CONSTRUCTION IN PROGRESS

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

	2023	2022
Eisenach Village independent living townhome development with 92 units to be constructed as units are sold, estimated total cost is unknown.	\$ 1,910	\$ 840,183
Anna Estates independent living community development, estimated total cost is unknown.	1,419,823	165,390
Renovations and equipment upgrades, estimated total cost is unknown.	289,588	112,072
Chapel renovations, completed at a total cost of \$129,705.	0	110,114
	\$ 1,711,321	\$ 1,227,759

NOTE 8 - LEASES - LESSEES

The Organization has a lease arrangement for certain equipment. The lease has an original term of 5 years and contains renewal options, which are not reasonably certain of exercise. The Organization's lease arrangement contains both lease and non-lease components. The Organization has elected to account for non-lease components as operating expenses as incurred.

Maturities of finance lease liabilities as of December 31, 2023 are as follows:

2024	\$ 20,661
2025	20,661
2026	8,212
Total Undiscounted Liabilities	\$ 49,534
LESS: Imputed Interest	1,697
Total Finance Lease Liabilities	\$ 47,837
LESS: Current Maturities	19,538
Finance Lease Liabilities, Less Current Maturities	\$ 28,299

The weighted-average remaining lease term related to the Organization's lease liabilities as of December 31, 2023 and 2022 was 2.33 and 3.33 years, respectively.

The weighted-average discount rate related to the Organization's lease liabilities as of December 31, 2023 and 2022 was 3%. The discount rates are generally based on stated interest rates or calculated rates based on terms of the various agreements. The amount of interest incurred on lease liabilities for the years ended December 31, 2023 and 2022 was \$1,733 and \$2,271, respectively, all of which was charged to operations.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

NOTE 9 - LONG-TERM DEBT

<u>Description</u>	<u>2023</u>	<u>2022</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 2.96%, 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.	\$ 4,466,625	\$ 5,056,213
Iowa Finance Authority, Retirement Facility Revenue Refunding Note (Bartels Lutheran Retirement Community), Series 2016, payable in monthly payments of \$26,808, including interest at 2.96%, 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>1,942,706</u>	<u>2,202,480</u>
Total Long-Term Debt	<u>\$ 6,409,331</u>	<u>\$ 7,258,693</u>
LESS: Unamortized Debt Issuance Costs	<u>55,924</u>	<u>70,425</u>
Total Long-Term Debt,		
Less Unamortized Debt Issuance Costs	<u>\$ 6,353,407</u>	<u>\$ 7,188,268</u>
LESS: Current Maturities of Long-Term Debt	<u>876,766</u>	<u>851,730</u>
Long-Term Debt, Less Current Maturities	<u>\$ 5,476,641</u>	<u>\$ 6,336,538</u>

Maturities required on long-term debt as of December 31, 2023, are due in the future years as follows:

Year ending December 31:	
2024	\$ 876,766
2025	903,593
2026	930,705
2027	<u>3,698,267</u>
	<u>\$ 6,409,331</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 on long-term debt for the years ended December 31, 2023 and 2022 was \$217,332 and \$237,755, 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, 2023 and 2022.

NOTE 10 - NET ASSETS

Net assets with donor restrictions are restricted for the following purposes for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Specific Purpose:		
More than Bricks Campaign	\$ 97,875	\$ 96,875
Good Shepherd Fund	160,044	163,587
Donor Restrictions	49,844	45,004
Chaplaincy	<u>33,411</u>	<u>117,824</u>
	<u>341,174</u>	<u>423,290</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

NOTE 10 - NET ASSETS (Continued)

Net assets with donor restrictions are restricted for the following purposes for the years ended December 31, 2023 and 2022 (Continued):

	2023	2022
Spending Policy and Appropriation:		
Investment in perpetuity (including amounts above original gift amount of \$771,700), which, once appropriated, is expendable to support:		
Employee Scholarships	138,830	135,362
Chaplaincy Endowment	1,975,437	1,679,698
	2,114,267	1,815,060
Total	\$ 2,455,441	\$ 2,238,350

Net assets without donor restrictions for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Undesignated	\$ 10,746,265	\$ 10,415,790
Board Designated, Chaplaincy Endowment	771,126	771,126
Total	\$ 11,517,391	\$ 11,186,916

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

	2023	2022
Satisfaction of Purpose Restrictions:		
Purchase of Equipment	\$ 15,703	\$ 25,145
Chaplaincy	106,980	173,045
Other Donor Restrictions	100,844	50,379
Total	\$ 223,527	\$ 248,569

NOTE 11 - 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

NOTE 11 - ENDOWMENT (Continued)

**Interpretation of Relevant Law (Continued)**

<i><b>Endowment Net Asset Composition by Fund as of December 31, 2023</b></i>	<u>Board Designated</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Donor Restricted Endowment Funds	\$ 0	\$ 2,114,267	\$ 2,114,267
Board Designated Endowment Funds	<u>771,126</u>	<u>0</u>	<u>771,126</u>
Total Funds	<u>\$ 771,126</u>	<u>\$ 2,114,267</u>	<u>\$ 2,885,393</u>
<i><b>Endowment Net Asset Composition by Fund as of December 31, 2022</b></i>	<u>Board Designated</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Donor Restricted Endowment Funds	\$ 0	\$ 1,815,060	\$ 1,815,060
Board Designated Endowment Funds	<u>771,126</u>	<u>0</u>	<u>771,126</u>
Total Funds	<u>\$ 771,126</u>	<u>\$ 1,815,060</u>	<u>\$ 2,586,186</u>
<i><b>Changes in Endowment of Net Assets for the year ended December 31, 2023</b></i>	<u>Board Designated</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	<u>\$ 771,126</u>	<u>\$ 1,815,060</u>	<u>\$ 2,586,186</u>
Investment Return:			
Investment Income	\$ 0	\$ 49,335	\$ 49,335
Change in Net Unrealized Gains (Losses)			
on Investments	<u>0</u>	<u>379,872</u>	<u>379,872</u>
Total Investment Return (Loss)	<u>\$ 0</u>	<u>\$ 429,207</u>	<u>\$ 429,207</u>
Appropriation of Endowment for Expenditure	<u>\$ 0</u>	<u>\$ (130,000)</u>	<u>\$ (130,000)</u>
Endowment Net Assets, End of Year	<u>\$ 771,126</u>	<u>\$ 2,114,267</u>	<u>\$ 2,885,393</u>
<i><b>Changes in Endowment of Net Assets for the year ended December 31, 2022</b></i>	<u>Board Designated</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	<u>\$ 771,126</u>	<u>\$ 2,395,521</u>	<u>\$ 3,166,647</u>
Investment Return:			
Investment Income	\$ 0	\$ 96,179	\$ 96,179
Change in Net Unrealized Gains (Losses)			
on Investments	<u>0</u>	<u>(554,642)</u>	<u>(554,642)</u>
Total Investment Return (Loss)	<u>\$ 0</u>	<u>\$ (458,463)</u>	<u>\$ (458,463)</u>
Appropriation of Endowment for Expenditure	<u>\$ 0</u>	<u>\$ (121,998)</u>	<u>\$ (121,998)</u>
Endowment Net Assets, End of Year	<u>\$ 771,126</u>	<u>\$ 1,815,060</u>	<u>\$ 2,586,186</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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

NOTE 11 - 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 12 - 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 \$128,806 and \$114,879 for the years ended December 31, 2023 and 2022, respectively.

NOTE 13 - RELATED PARTY TRANSACTIONS

At December 31, 2023 and 2022, the Organization had amounts deposited with organizations which were affiliated with members of the Board of Directors totaling \$576,870 and \$766,093, respectively.

At December 31, 2023 and 2022, the Organization had a line of credit payable to organizations which were affiliated with members of the Board of Directors in the amount of none and \$400,000, respectively. During the years ended December 31, 2023 and 2022, the Organization paid \$12,761 and \$6,511, respectively, for interest incurred on the line of credit.

During the years ended December 31, 2023 and 2022, the Organization received \$12,840 and \$17,160, respectively, from residents related to members of the Organization's Board of Directors or management.

NOTE 14 - CONCENTRATION IN STATE MEDICAID PROGRAM

The Organization has the majority 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 25% and 22% of the Organization's resident service revenue for the years ended December 31, 2023 and 2022, respectively. Revenue from the Medicare program accounted for approximately 7% and 9% of the Organization's resident service revenue for the years ended December 31, 2023 and 2022, 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 - SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2023, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is March 26, 2024, which is the date the financial statements were available to be issued.



## CONSOLIDATING INFORMATION



## INDEPENDENT AUDITOR'S 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, 2023 and 2022, and our report thereon dated March 26, 2024, 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.C.

*Ryun Givens & Company P.C.*  
Certified Public Accountants

March 26, 2024

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

**SCHEDULE I - CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023**

	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	\$ 526,069	\$ 56,805	\$ 582,874	\$ -	\$ 582,874
Certificates of Deposit	313,723	-	313,723	-	313,723
Investments	5,386,080	3,756,068	9,142,148	-	9,142,148
Resident Receivables, Net of Allowance for Credit Losses	493,154	-	493,154	-	493,154
Due From Related Party	4,042	-	4,042	(4,042)	-
Prepaid Expenses and Other Current Assets	178,023	25,932	203,955	-	203,955
<b>Total Current Assets</b>	<b>6,901,091</b>	<b>3,838,805</b>	<b>10,739,896</b>	<b>(4,042)</b>	<b>10,735,854</b>
<b>Assets Limited as to Use</b>	<b>95,507</b>	<b>-</b>	<b>95,507</b>	<b>-</b>	<b>95,507</b>
Property and Equipment:					
Land	2,142,747	-	2,142,747	-	2,142,747
Buildings and Improvements	45,332,505	-	45,332,505	-	45,332,505
Equipment and Furniture	5,867,454	-	5,867,454	-	5,867,454
Construction in Progress	1,711,321	-	1,711,321	-	1,711,321
<b>Total Property and Equipment</b>	<b>55,054,027</b>	<b>-</b>	<b>55,054,027</b>	<b>-</b>	<b>55,054,027</b>
<b>LESS - Accumulated Depreciation</b>	<b>21,242,866</b>	<b>-</b>	<b>21,242,866</b>	<b>-</b>	<b>21,242,866</b>
<b>Net Property and Equipment</b>	<b>33,811,161</b>	<b>-</b>	<b>33,811,161</b>	<b>-</b>	<b>33,811,161</b>
Other Assets:					
Restricted Cash	130,597	13,141	143,738	-	143,738
Certificates of Deposit	127,073	-	127,073	-	127,073
Refundable Advance for Construction	394,638	-	394,638	-	394,638
Right-of-Use Assets for Finance Leases, Net	44,730	-	44,730	-	44,730
Other Assets	7,421	25,381	32,802	-	32,802
Franchise Fees, Net of Accumulated Amortization	170,625	-	170,625	-	170,625
Long-Term Investments Restricted for Endowment	-	2,733,743	2,733,743	-	2,733,743
<b>Total Other Assets</b>	<b>875,084</b>	<b>2,772,265</b>	<b>3,647,349</b>	<b>-</b>	<b>3,647,349</b>
<b>TOTAL ASSETS</b>	<b>\$ 41,682,843</b>	<b>\$ 6,611,070</b>	<b>\$ 48,293,913</b>	<b>\$ (4,042)</b>	<b>\$ 48,289,871</b>

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

**SCHEDULE I - CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
DECEMBER 31, 2023**

	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 Finance Lease Liabilities	\$ 19,538	\$ -	\$ 19,538	\$ -	\$ 19,538
Current Maturities of Long-Term Debt	876,766	-	876,766	-	876,766
Accounts Payable	921,663	9,322	930,985	-	930,985
Due to Related Party	-	4,042	4,042	(4,042)	-
Accrued Salaries and Benefits	638,789	-	638,789	-	638,789
Other Current Liabilities	158,434	-	158,434	-	158,434
<b>Total Current Liabilities</b>	<b>2,615,190</b>	<b>13,364</b>	<b>2,628,554</b>	<b>(4,042)</b>	<b>2,624,512</b>
Long-Term Liabilities:					
Finance Lease Liabilities, Less Current Maturities	28,299	-	28,299	-	28,299
Long-Term Debt, Less Current Maturities	5,476,641	-	5,476,641	-	5,476,641
Deferred Revenue from Advance Fees	2,803,282	-	2,803,282	-	2,803,282
Refundable Advance Fees	23,288,798	-	23,288,798	-	23,288,798
Deferred Compensation	95,507	-	95,507	-	95,507
<b>Total Long-Term Liabilities</b>	<b>31,692,527</b>	<b>-</b>	<b>31,692,527</b>	<b>-</b>	<b>31,692,527</b>
<b>Total Liabilities</b>	<b>34,307,717</b>	<b>13,364</b>	<b>34,321,081</b>	<b>(4,042)</b>	<b>34,317,039</b>
Net Assets:					
Without Donor Restrictions:					
Board Designated, Chaplaincy Endowment	-	771,126	771,126	-	771,126
Undesignated	6,895,121	3,851,144	10,746,265	-	10,746,265
<b>Total Net Assets Without Donor Restrictions</b>	<b>6,895,121</b>	<b>4,622,270</b>	<b>11,517,391</b>	<b>-</b>	<b>11,517,391</b>
<b>Net Assets With Donor Restrictions</b>	<b>480,005</b>	<b>1,975,436</b>	<b>2,455,441</b>	<b>-</b>	<b>2,455,441</b>
<b>Total Net Assets</b>	<b>7,375,126</b>	<b>6,597,706</b>	<b>13,972,832</b>	<b>-</b>	<b>13,972,832</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 41,682,843</b>	<b>\$ 6,611,070</b>	<b>\$ 48,293,913</b>	<b>\$ (4,042)</b>	<b>\$ 48,289,871</b>

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

**SCHEDULE II - CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	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	\$ 13,178,953	\$ -	\$ 13,178,953	\$ -	\$ 13,178,953
Investment Income (Loss)	112,669	141,187	253,856	-	253,856
Contributions	459,048	-	459,048	(177,000)	282,048
Other Operating Revenue	274,908	-	274,908	-	274,908
Net Assets Released from Restrictions Used for Operations	207,824	129,000	336,824	(129,000)	207,824
<b>Total Revenues, Gains and Other Support</b>	<b>14,233,402</b>	<b>270,187</b>	<b>14,503,589</b>	<b>(306,000)</b>	<b>14,197,589</b>
Expenses:					
Salaries and Benefits	8,424,359	-	8,424,359	-	8,424,359
Contracted and Outsourced Services	1,920,345	-	1,920,345	-	1,920,345
Food and Departmental Supplies	1,063,215	-	1,063,215	-	1,063,215
Occupancy	1,119,514	312	1,119,826	-	1,119,826
Other Expenses	362,652	306,468	669,120	(306,000)	363,120
Depreciation and Amortization	1,633,287	-	1,633,287	-	1,633,287
Interest and Amortization	233,566	-	233,566	-	233,566
<b>Total Expenses</b>	<b>14,756,938</b>	<b>306,780</b>	<b>15,063,718</b>	<b>(306,000)</b>	<b>14,757,718</b>
Operating Income (Loss)	(523,536)	(36,593)	(560,129)	-	(560,129)
Change in Net Unrealized Gains (Losses) on Investments	457,806	417,095	874,901	-	874,901
Net Assets Released from Restrictions Used for					
Purchase of Property and Equipment	15,703	-	15,703	-	15,703
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	<b>(50,027)</b>	<b>380,502</b>	<b>330,475</b>	<b>-</b>	<b>330,475</b>

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

**SCHEDULE II - CONSOLIDATING STATEMENTS OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	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	4,469	44,866	49,335	-	49,335
Contributions	140,411	-	140,411	(129,000)	11,411
Change in Net Unrealized Gains (Losses) on Investments	-	379,872	379,872	-	379,872
Net Assets Released from Restrictions	(223,527)	(129,000)	(352,527)	129,000	(223,527)
Increase (Decrease) in Net Assets With Donor Restrictions	(78,647)	295,738	217,091	-	217,091
Increase (Decrease) in Net Assets	(128,674)	676,240	547,566	-	547,566
Net Assets, Beginning of Year	7,503,800	5,921,466	13,425,266	-	13,425,266
Net Assets, End of Year	\$ 7,375,126	\$ 6,597,706	\$ 13,972,832	\$ -	\$ 13,972,832

