

**Nebraska Lutheran Outdoor Ministries, Inc.
and Affiliate**
Ashland, Nebraska

**Consolidated Financial Statements and Supplementary Information
December 31, 2019 and 2018**

Together with Independent Auditor's Report

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Table of Contents

| | <u>Page</u> |
|---|--------------------|
| Independent Auditor's Report | 1 – 2 |
| Consolidated Financial Statements: | |
| Consolidated Statements of Financial Position December 31, 2019 and 2018 | 3 |
| Consolidated Statements of Activities and Changes in Net Assets For the Years Ended December 31, 2019 and 2018 | 4 – 5 |
| Consolidated Statements of Cash Flows For the Years Ended December 31, 2019 and 2018 | 6 |
| Notes to Consolidated Financial Statements December 31, 2019 and 2018 | 7 – 20 |
| Supplementary Information: | |
| Exhibit 1 Consolidating Statement of Financial Position December 31, 2019 | 21 |
| Exhibit 2 Consolidating Statement of Activities and Changes in Net Assets Without Donor Restrictions For the Year Ended December 31, 2019 | 22 |

Independent Auditor's Report

To the Board of Directors
Nebraska Lutheran Outdoor Ministries, Inc.
and Affiliate
Ashland, Nebraska:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate (the Organization) which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information in Exhibits 1 and 2 is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual organizations and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Spim Johnson, LLP

Omaha, Nebraska,
June 9, 2020.

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

**Consolidated Statements of Financial Position
December 31, 2019 and 2018**

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 947,727 | 255,761 |
| Receivables: | | |
| Contributions | 27,805 | 30,203 |
| Bequests | 836,000 | 781,382 |
| Other | 43,272 | 34,191 |
| Prepaid expenses | 6,783 | 9,019 |
| Inventory | 17,566 | 13,530 |
| Real estate held for sale | <u>1,400,000</u> | <u>1,400,000</u> |
| Total current assets | 3,279,153 | 2,524,086 |
| Investments, primarily assets limited as to use | 1,362,187 | 1,053,214 |
| Property and equipment, net | 6,484,504 | 6,512,713 |
| Beneficial interest in perpetual trusts | 683,980 | 593,693 |
| Beneficial interest in charitable trust | <u>273,693</u> | <u>231,543</u> |
| Total assets | <u>\$ 12,083,517</u> | <u>10,915,249</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 46,371 | 27,631 |
| Accrued salaries, vacation, and benefits | 45,034 | 31,032 |
| Deferred revenue | 158,766 | 145,157 |
| Other accrued liabilities | <u>586</u> | <u>330</u> |
| Total current liabilities | <u>250,757</u> | <u>204,150</u> |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated | 8,600,496 | 8,392,828 |
| Designated by Board for endowments | <u>174,261</u> | <u>110,419</u> |
| Total without donor restrictions | 8,774,757 | 8,503,247 |
| With donor restrictions | <u>3,058,003</u> | <u>2,207,852</u> |
| Total net assets | <u>11,832,760</u> | <u>10,711,099</u> |
| Total liabilities and net assets | <u>\$ 12,083,517</u> | <u>10,915,249</u> |

See notes to consolidated financial statements

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

**Consolidated Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2019**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|-------------------|
| REVENUE AND OTHER SUPPORT: | | | |
| Camp fees and retreats | \$ 1,173,499 | -- | 1,173,499 |
| Individual, group and congregational gifts | 1,257,281 | 1,100,539 | 2,357,820 |
| Nebraska Synod of the Evangelical Lutheran Church in America | 68,430 | -- | 68,430 |
| Investment income | 70,160 | 119,248 | 189,408 |
| Change in value of beneficial interest in perpetual trusts | -- | 90,287 | 90,287 |
| Change in value of beneficial interest in charitable trust | -- | 42,150 | 42,150 |
| Special events | 476,886 | -- | 476,886 |
| Store sales and vending | 21,562 | -- | 21,562 |
| Miscellaneous | 73,681 | -- | 73,681 |
| Net assets released from restrictions | 502,073 | (502,073) | -- |
| | <u>3,643,572</u> | <u>850,151</u> | <u>4,493,723</u> |
| Total revenue and other support | | | |
| EXPENSES: | | | |
| Administration | 366,355 | -- | 366,355 |
| Program | 602,135 | -- | 602,135 |
| Guest services | 807,710 | -- | 807,710 |
| Buildings and grounds | 557,405 | -- | 557,405 |
| Development | 280,913 | -- | 280,913 |
| Marketing | 434,024 | -- | 434,024 |
| Depreciation | 323,520 | -- | 323,520 |
| | <u>3,372,062</u> | <u>--</u> | <u>3,372,062</u> |
| Total expenses | | | |
| CHANGE IN NET ASSETS | 271,510 | 850,151 | 1,121,661 |
| NET ASSETS, beginning of year | <u>8,503,247</u> | <u>2,207,852</u> | <u>10,711,099</u> |
| NET ASSETS, end of year | <u>\$ 8,774,757</u> | <u>3,058,003</u> | <u>11,832,760</u> |

See notes to consolidated financial statements

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

**Consolidated Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2018**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|-------------------|
| REVENUE AND OTHER SUPPORT: | | | |
| Camp fees and retreats | \$ 1,292,793 | -- | 1,292,793 |
| Individual, group and congregational gifts Nebraska Synod of the Evangelical Lutheran Church in America | 2,867,271 | 463,070 | 3,330,341 |
| Investment income | 79,980 | -- | 79,980 |
| Change in value of beneficial interest in perpetual trusts | 5,469 | 10,490 | 15,959 |
| Change in value of beneficial interest in charitable trust | -- | (75,317) | (75,317) |
| Special events | -- | (7,765) | (7,765) |
| Store sales and vending | 444,667 | -- | 444,667 |
| Miscellaneous | 20,099 | -- | 20,099 |
| Net assets released from restrictions | 42,864 | -- | 42,864 |
| | <u>652,044</u> | <u>(652,044)</u> | <u>--</u> |
| Total revenue and other support | <u>5,405,187</u> | <u>(261,566)</u> | <u>5,143,621</u> |
| EXPENSES: | | | |
| Administration | 378,679 | -- | 378,679 |
| Program | 618,730 | -- | 618,730 |
| Guest services | 826,207 | -- | 826,207 |
| Buildings and grounds | 561,321 | -- | 561,321 |
| Development | 283,681 | -- | 283,681 |
| Marketing | 403,816 | -- | 403,816 |
| Depreciation | 323,117 | -- | 323,117 |
| | <u>3,395,551</u> | <u>--</u> | <u>3,395,551</u> |
| Total expenses | <u>3,395,551</u> | <u>--</u> | <u>3,395,551</u> |
| CHANGE IN NET ASSETS | 2,009,636 | (261,566) | 1,748,070 |
| NET ASSETS, beginning of year | <u>6,493,611</u> | <u>2,469,418</u> | <u>8,963,029</u> |
| NET ASSETS, end of year | <u>\$ 8,503,247</u> | <u>2,207,852</u> | <u>10,711,099</u> |

See notes to consolidated financial statements

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Consolidated Statements of Cash Flows For the Years Ended December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 1,121,661 | 1,748,070 |
| Adjustments to reconcile the change in net assets to net cash provided by operating activities - | | |
| Depreciation | 323,520 | 323,117 |
| Realized and unrealized (gains) losses on investments, net | (133,413) | 40,845 |
| Change in cash surrender values of life insurance policies | (4,711) | (4,611) |
| Change in value of beneficial interest in perpetual trusts | (90,287) | 75,317 |
| Change in value of beneficial interest in charitable trust | (42,150) | 7,765 |
| Contribution of real estate held for sale | -- | (1,400,000) |
| Gain on disposal of property and equipment | (20,477) | (3,816) |
| (Increase) decrease in assets: | | |
| Receivables: | | |
| Contributions | 2,398 | 16,123 |
| Bequests | (54,618) | (781,382) |
| Other | (9,081) | (9,678) |
| Prepaid expenses | 2,236 | (1,514) |
| Inventory | (4,036) | 1,674 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (6,657) | 2,177 |
| Accrued salaries, vacation, and benefits | 14,002 | (13,025) |
| Deferred revenue | 13,609 | 7,051 |
| Other accrued liabilities | 256 | 128 |
| Net cash provided by operating activities | <u>1,112,252</u> | <u>8,241</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of property and equipment | 21,977 | 24,000 |
| Proceeds from sale of investments | 43,600 | 342,798 |
| Purchases of property and equipment | (271,414) | (469,372) |
| Purchases of investments | (214,449) | -- |
| Net cash used in investing activities | <u>(420,286)</u> | <u>(102,574)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 691,966 | (94,333) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>255,761</u> | <u>350,094</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 947,727</u> | <u>255,761</u> |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS, | | |
| Contribution of real estate | \$ -- | 1,400,000 |
| Accrued purchases of property and equipment | \$ 25,397 | -- |

See notes to consolidated financial statements

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

(1) Principles of Consolidation and Summary of Significant Accounting Policies

The following indicates principles of consolidation and summary of significant accounting policies of the Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate (together "the Organization"). These policies are in accordance with accounting principles generally accepted in the United States of America (GAAP).

A. Principles of Consolidation

The financial statements of the Organization include the accounts of the following:

- Nebraska Lutheran Outdoor Ministries, Inc. (NLOM)
- Nebraska Lutheran Outdoor Ministries Foundation, Inc. (Foundation)

NLOM is called by the Nebraska Synod of the Evangelical Lutheran Church in America (Synod) to provide site facilities and programs for the camping and retreating needs of the Synod and its friends. As the camping and retreating ministry of the Synod, the call is to provide a place set apart for people of all ages to grow in Christ.

The Foundation's purpose is to manage and distribute funds, solicited from the statewide Lutheran constituency and the general public, in order to further the services of NLOM.

All significant intercompany accounts and transactions have been eliminated in consolidation.

B. Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with GAAP. Financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation.
- Net assets with donor restrictions are those net assets whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purposes. Other donor imposed restrictions are perpetual in nature that stipulate resources be maintained permanently, but permits the Organization to use or expend part or all of the income (or economic benefits) derived from the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

C. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less, excluding cash and cash equivalents held in investments.

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

E. *Bequests Receivable*

Bequests receivable are recorded based upon information provided by trustees of donor estates and are recognized when the Organization is made aware of the promise to give and the fair value of the promise can be estimated. All bequests are expected to be collected within one year. An allowance for doubtful accounts is maintained at a balance which, in the opinion of management, is adequate to reflect bequests receivable at their net realizable value. Bequests receivable are written off when deemed uncollectible. Recoveries of bequests receivable previously written off are recorded when received. No allowances were established at December 31, 2019 and 2018.

The Organization has been named a beneficiary in a number of wills and trust agreements, the assets of which have not been recorded in the accompanying financial statements. Such amounts are recorded when a will is declared valid by probate court, or the rights to the assets otherwise become irrevocable, and the proceeds are measureable.

F. *Real Estate Held for Sale*

In 2018, the Organization received a gift of real estate for which it is actively marketing for sale and intends to sell within the next year. The gift was recorded at appraised value at the date of donation, which approximates fair value.

G. *Investments*

All investments are measured at fair value in the consolidated statements of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in revenue and other support without donor restrictions unless the income or loss is restricted by donor or law.

H. *Assets Limited as to Use*

Assets limited as to use primarily include assets with donor restrictions and designated assets set aside by the Board of Directors for specific purposes, over which the Board retains control and may at its discretion subsequently use for other purposes.

I. *Property and Equipment, net*

Property and equipment acquisitions are recorded at cost. The Organization maintains a capitalization policy of \$2,500. Depreciation is computed using the straight-line method based upon useful lives of each class of depreciable asset as follows:

| | |
|---------------------------|--------------|
| Transportation equipment | 5 years |
| Furniture and equipment | 3 – 15 years |
| Building and improvements | 5 – 40 years |

Gifts and transfers of long-lived assets such as land, buildings or equipment are reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts and transfers of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are capitalized.

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

J. *Beneficial Interest in Perpetual Trusts*

The Organization has been named as an irrevocable beneficiary of several perpetual trusts held and administered by independent trustees, and annually receives income from these trusts. The beneficial interest is recorded at fair value and the income from the trusts is reported as investment income in the consolidated statements of activities and changes in net assets. Changes in the value of the beneficial interest in the perpetual trusts are included in net assets with donor restrictions.

K. *Beneficial Interest in Charitable Trust*

The Organization has been named as an irrevocable partial beneficiary of a non-perpetual charitable remainder unitrust held by a third-party trustee. The trust was created independently of the Organization and is neither in the possession nor under the control of the Organization. The trust is administered by a third-party trustee as designated by the donor. The Organization records its partial interest in the trust at fair value as measured by the present value of the estimated future distributions to be received by the Organization over the term of the agreement, discounted at the rates commensurate with the risks involved.

The beneficial interests in charitable trusts are recognized as revenue when the Organization is notified that it has been named as an irrevocable beneficiary and has sufficient information to make a reasonable estimate of the fair value of its interest. The value of the beneficial interest in charitable trust is adjusted annually for the change in fair value. The changes in value are reported as changes in net assets with donor restrictions. Upon the termination date specified by the trust, the partial interest in trust assets will be distributed to the Organization by the trustee under the provisions of the trust agreement and the net assets will be reclassified from those with donor restrictions to those without donor restrictions.

L. *Deferred Revenue*

Deferred revenue consists primarily of revenue received in advance of camp and retreat services. Deferred revenue at December 31, 2019 and 2018 consists of the following:

| | <u>2019</u> | <u>2018</u> |
|--------------|-------------------|----------------|
| Camp fees | \$ 15,586 | 13,350 |
| Retreat fees | 131,769 | 117,251 |
| Event income | <u>11,411</u> | <u>14,556</u> |
| | <u>\$ 158,766</u> | <u>145,157</u> |

M. *Camp Fees and Retreats*

Camp fees and retreats are recognized in revenue in the year in which the camp or retreat is held. Fees collected, but not yet earned, are reported as deferred revenue.

N. *Contributions*

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received or given. Conditional promises to give, that is, those with measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as an increase in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Contributions restricted by donors whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using an interest rate commensurate with risk applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Donated property is recorded at fair market value on the date it is received or pledged. It is then carried at the lower of donated or current market value. All contributions receivable at December 31, 2019 and 2018 are expected to be collected within one year.

The Organization received multi-year grant that is contingent upon securing matching cash contributions from private donors of \$100,000 in increments of \$5,000 or greater for each of the calendar years ending December 31, 2020 and 2021. The conditional promise to give has not been recognized as assets or revenue in the accompanying financial statements.

O. Contributed Services

A number of volunteers have donated various amounts of their time to NLOM and its programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

P. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets.

Q. Income Taxes

NLOM is exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code as a religious organization by virtue of their inclusion in a group exemption ruling issued to the Evangelical Lutheran Church in America.

The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code. The Foundation has received a determination letter stating that it is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. The Internal Revenue Service has established standards to be met to maintain tax-exempt status.

The Organization accounts for uncertainties in accounting for income tax assets and liabilities using guidance included in FASB ASC 740, *Income Taxes*. The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. At December 31, 2019 and 2018, the Organization had no uncertain tax positions accrued.

R. Concentrations of Credit Risk

The Organization periodically maintains deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes the risk relating to these excess deposits is minimal.

S. Adoption of New Accounting Pronouncements

During 2019, the Organization adopted the provisions of FASB ASC Topic 606, *Revenue from Contracts with Customers*, as amended, which supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

The Organization also adopted the provisions of FASB Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The ASU has been applied on a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

T. Subsequent Events

The Organization considered events occurring through June 9, 2020 for recognition or disclosure in the consolidated financial statements as subsequent events. That date is the date the consolidated financial statements were available to be issued.

(2) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|------------------|
| Financial assets, at year-end: | | |
| Cash and cash equivalents | \$ 947,727 | 255,761 |
| Receivables: | | |
| Contributions | 27,805 | 30,203 |
| Bequests | 836,000 | 781,382 |
| Other | 43,272 | 34,191 |
| Investments, primarily assets limited as to use | 1,362,187 | 1,053,214 |
| Beneficial interest in perpetual trusts | 683,980 | 593,693 |
| Beneficial interest in charitable trust | <u>273,693</u> | <u>231,543</u> |
| | 4,174,664 | 2,979,987 |
| Less those unavailable for general expenditures within one year, due to: | | |
| Donor-imposed restrictions: | | |
| Restricted by donor with time or purpose restrictions | (2,374,023) | (1,614,159) |
| Investments in perpetual trusts | (683,980) | (593,693) |
| Board designations: | | |
| General endowment | <u>(174,261)</u> | <u>(110,419)</u> |
| Total financial assets available for general expenditure | <u>\$ 942,400</u> | <u>661,716</u> |

The Organization is substantially supported by donor contributions, a significant portion of which require resources to be used in a particular manner or in a future period. Thus, financial assets may not be available for general expenditure within one year. The Board of Directors has designated certain assets for the Organization's general endowment, and although the Organization does not intend to spend from the board designated endowment, these amounts could be made available if necessary.

The Organization also has a bank line of credit available for short-term borrowings as part of its liquidity management plan, which has a \$500,000 limit and carries an interest rate of 4.75%.

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

(3) Investments, Primarily Assets Limited as to Use

The composition of investments, primarily assets limited as to use, at December 31, 2019 and 2018 is as follows:

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|------------------|
| Cash surrender value of life insurance policies | \$ 70,431 | 65,720 |
| Assets limited as to use - | | |
| By donor | 1,117,495 | 877,075 |
| By Board | 174,261 | 110,419 |
| | <u>1,291,756</u> | <u>987,494</u> |
| Total investments, primarily assets limited as to use | \$ <u>1,362,187</u> | <u>1,053,214</u> |

Investment return for the years ended December 31, 2019 and 2018 is summarized as follows:

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|---------------|
| Interest and dividends | \$ 26,393 | 26,806 |
| Income from beneficial interest in perpetual trusts | 24,891 | 25,387 |
| Change in cash surrender value | 4,711 | 4,611 |
| Realized and unrealized gain (loss), net | 133,413 | (40,845) |
| Total | \$ <u>189,408</u> | <u>15,959</u> |
| Investment income, without donor restrictions | \$ 70,160 | 5,469 |
| Investment income, with donor restrictions | 119,248 | 10,490 |
| Total | \$ <u>189,408</u> | <u>15,959</u> |

(4) Fair Value

Fair Value Hierarchy

The Fair Value Measurements and Disclosures Topic of the FASB ASC defines fair value, and establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy, and descriptions of the valuation methodologies used, are as follows:

Level 1 inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 Inputs – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly through either corroboration or observable market data.

Level 3 Inputs – Inputs are unobservable for the asset or liability. Therefore, unobservable inputs shall reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Cash and cash equivalents – The fair value is based on quoted market prices.

Equity securities – The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

Mutual funds and exchange traded funds – The fair value is based on quoted market prices.

Beneficial interest in perpetual trusts – The fair value is estimated as the fair value of the underlying assets held by the third-party trust.

Beneficial interest in charitable trust – The valuation of the beneficial interests in charitable trusts are classified as level 3 as there are no significant observable inputs, as they trade infrequently or not at all. The trust valuations are based on assumptions about the present value of distributions to be received from the trusts, which generally include the current market value of the underlying assets using observable market inputs based on its beneficial interest in the trusts discounted for present value using market rates.

For the fiscal years ended December 31, 2019 and 2018, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

| | December 31, 2019 | | | |
|---|--------------------------|------------------|----------------|----------------|
| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Cash and cash equivalents | \$ 32,131 | 32,131 | -- | -- |
| Equity securities | 329,557 | 329,557 | -- | -- |
| Exchange traded funds | 554,986 | 554,986 | -- | -- |
| Mutual funds | 375,082 | 375,082 | -- | -- |
| Beneficial interest in perpetual trusts | 683,980 | -- | -- | 683,980 |
| Beneficial interest in charitable trust | 273,693 | -- | -- | 273,693 |
| Total assets at fair value | <u>\$ 2,249,429</u> | <u>1,291,756</u> | <u>--</u> | <u>957,673</u> |

| | December 31, 2018 | | | |
|---|--------------------------|----------------|----------------|----------------|
| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Cash and cash equivalents | \$ 80,601 | 80,601 | -- | -- |
| Equity securities | 328,933 | 328,933 | -- | -- |
| Mutual funds | 577,960 | 577,960 | -- | -- |
| Beneficial interest in perpetual trusts | 593,693 | -- | -- | 593,693 |
| Beneficial interest in charitable trust | 231,543 | -- | -- | 231,543 |
| Total assets at fair value | <u>\$ 1,812,730</u> | <u>987,494</u> | <u>--</u> | <u>825,236</u> |

There were no transfers, purchases or issues of Level 3 assets for the years ended December 31, 2019 and 2018, respectively.

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

(5) Property and Equipment, Net

A summary of property and equipment at December 31, 2019 and 2018 is as follows:

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|---------------------|------------------|
| Land | \$ 475,600 | 475,600 |
| Buildings and improvements | 4,159,153 | 4,135,074 |
| Equipment and furnishings | 643,764 | 654,698 |
| Swanson Center | 4,463,833 | 4,463,833 |
| Sjogren Center | 1,650,926 | 1,650,926 |
| Challenge Course | 248,885 | 248,885 |
| Western Town | 1,868,241 | 1,868,241 |
| Living Water Retreat Center | 407,710 | 407,710 |
| Vehicles | 308,671 | 271,235 |
| Monke Lodge | 629,727 | 627,744 |
| Construction in progress | 447,964 | 238,708 |
| Total | 15,304,474 | 15,042,654 |
| Less: Accumulated depreciation | 8,819,970 | 8,529,941 |
| Total property and equipment, net | \$ <u>6,484,504</u> | <u>6,512,713</u> |

Depreciation expense of \$323,520 and \$323,117 in 2019 and 2018, respectively, is included in the consolidated statements of activities and changes in net assets.

Construction in progress consists of costs primarily for the campground and ranch pavilions and the Trailhead project. Total costs for all projects are estimated at approximately \$3,200,000. It is anticipated that the pavilion projects will be completed by June 2020 and the Trailhead project will be completed by May 2021.

(6) Beneficial Interest in Perpetual Trusts

The Organization has beneficial interests in several perpetual trusts (Trusts). The Trusts provide income distributions to the Organization by the Trusts' executors with no corresponding transfer of trust assets to the Organization. Distributions from the Trusts to the Organization amounted to \$24,891 and \$25,387 for the years ended December 31, 2019 and 2018, respectively, and are included in investment income in the consolidated statements of activities and changes in net assets. The assets of the Trusts, comprised primarily of ELCA Endowment Pooled Trust investments in 2019 and 2018 are held in trust in perpetuity. Accordingly, the Organization has recorded its beneficial interest in the fair market value of the Trusts as restricted support in the accompanying financial statements. The Organization is also a named beneficiary of additional trusts to which the value was not readily determinable. These additional trusts have not been included in the financial statements. Management does not believe the value of the additional trusts to be material to the financial statements.

(7) Line of Credit

The Organization has a bank line of credit that matures on June 27, 2021 and provides for maximum borrowings of \$500,000 with an interest rate of 4.75%. The agreement is secured by a deed of trust. The line of credit had an outstanding balance of \$ -0- at December 31, 2019 and 2018.

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

(8) Net Assets With Donor Restrictions

The following is a roll-forward of net assets with donor restrictions, excluding those with perpetuity restrictions, for the years ended December 31, 2019 and 2018:

| | December 31, 2018 | Contributions, Investment Income | Restrictions Released | December 31, 2019 |
|--|----------------------|-------------------------------------|--------------------------|----------------------|
| Subject to expenditure for specified purpose: | | | | |
| Trailhead | \$ 15,722 | 750,917 | (46,986) | 719,653 |
| Facilities and Maintenance | 125,148 | 44,517 | (19,847) | 149,818 |
| Faithfully Forward | 211,080 | 17,447 | (142,400) | 86,127 |
| Seminary Scholarship | -- | 62,005 | (515) | 61,490 |
| Special Populations | 40,359 | 18,144 | (12,160) | 46,343 |
| Sullivan Hills | 43,760 | 28,400 | (34,959) | 37,201 |
| Gala | 1,200 | 25,000 | (1,200) | 25,000 |
| 5K Run Event | 1,775 | 1,475 | (1,775) | 1,475 |
| Planned Giving Position | 62,500 | -- | (62,500) | -- |
| Other | -- | 1,692 | (1,692) | -- |
| Capital Administration | -- | 89,033 | (89,033) | -- |
| | <u>501,544</u> | <u>1,038,630</u> | <u>(413,067)</u> | <u>1,127,107</u> |
| Subject to the passage of time: | | | | |
| Camp Scholarships | 315,200 | -- | (43,600) | 271,600 |
| Charitable Remainder Trust | 231,543 | 42,150 | -- | 273,693 |
| | <u>546,743</u> | <u>42,150</u> | <u>(43,600)</u> | <u>545,293</u> |
| Subject to endowment spending policy and appropriation: | | | | |
| Endowments - Undistributed Earnings | 72,716 | 116,828 | (45,406) | 144,138 |
| Total net assets with donor restrictions, excluding those with perpetuity restrictions | <u>\$ 1,121,003</u> | <u>1,197,608</u> | <u>(502,073)</u> | <u>1,816,538</u> |
| | | | | |
| | December 31, 2017 | Contributions, Investment Income | Restrictions Released | December 31, 2018 |
| Subject to expenditure for specified purpose: | | | | |
| Faithfully Forward | \$ 419,382 | 192,129 | (400,431) | 211,080 |
| Facilities and Maintenance | 124,735 | 34,394 | (33,981) | 125,148 |
| Planned Giving Position | -- | 62,500 | -- | 62,500 |
| Sullivan Hills | 34,475 | 38,985 | (29,700) | 43,760 |
| Special Populations | 33,858 | 25,441 | (18,940) | 40,359 |
| Trailhead | -- | 38,587 | (22,865) | 15,722 |
| 5K Run Event | 2,600 | 1,775 | (2,600) | 1,775 |
| Gala | 17,500 | 1,200 | (17,500) | 1,200 |
| Golf Tournament | 9,100 | -- | (9,100) | -- |
| Quilt Auction | 6,050 | -- | (6,050) | -- |
| Other | -- | 971 | (971) | -- |
| Capital Administration | -- | 26,787 | (26,787) | -- |
| | <u>647,700</u> | <u>422,769</u> | <u>(568,925)</u> | <u>501,544</u> |
| Subject to the passage of time: | | | | |
| Camp Scholarships | 358,000 | -- | (42,800) | 315,200 |
| Charitable Remainder Trust | 239,308 | (7,765) | -- | 231,543 |
| | <u>597,308</u> | <u>(7,765)</u> | <u>(42,800)</u> | <u>546,743</u> |
| Subject to endowment spending policy and appropriation: | | | | |
| Endowments - Undistributed Earnings | 102,545 | 10,490 | (40,319) | 72,716 |
| Total net assets with donor restrictions, excluding those with perpetuity restrictions | <u>\$ 1,347,553</u> | <u>425,494</u> | <u>(652,044)</u> | <u>1,121,003</u> |

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

Net assets with donor restrictions also have been restricted by donors to be maintained in perpetuity. Net assets of the Organization with perpetuity restrictions at December 31, 2019 and 2018 are restricted to:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|------------------|
| Endowments: | | |
| NLOM general endowment | \$ 109,457 | 109,457 |
| Sullivan Hills endowment | 267,003 | 267,003 |
| Fenster Sullivan Hills Campership Fund endowment | 20,000 | 20,000 |
| O'Connor endowment | 10,000 | 10,000 |
| Jay Novicki program endowment | 46,395 | 46,395 |
| Dave and Karen Coker Campership Fund endowment | 40,950 | 40,301 |
| Meyer Family Campership Fund | 33,680 | -- |
| Hauptmeier Endowment Fund | 30,000 | -- |
| | <u>557,485</u> | <u>493,156</u> |
| Perpetual trusts: | | |
| Hansen Living Memorial endowment | 150,719 | 130,384 |
| R Lohmeyer Memorial endowment | 185,824 | 160,752 |
| A Lohmeyer Memorial endowment | 75,443 | 65,264 |
| Wallander Memorial endowment | 23,831 | 20,616 |
| Hartung Memorial endowment | 38,597 | 33,390 |
| Harlan G Syring Memorial endowment | 113,607 | 98,279 |
| Wilson & Lillian Schollman endowment | 95,959 | 85,008 |
| | <u>683,980</u> | <u>593,693</u> |
| Total net assets with perpetuity restrictions | <u>\$ 1,241,465</u> | <u>1,086,849</u> |

(9) Endowment

The Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) was enacted April 4, 2007. NUPMIFA sets out guidelines to be considered when managing and investing donor restricted endowment funds. The Organization applies the provisions of FASB ASC Topic 958, Subtopic 205 related to accounting and disclosing endowments.

The Organization's endowment consists of five individual funds and various interests in irrevocable trusts established for a variety of purposes. Its endowment includes donor restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Organization has interpreted NUPMIFA 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 retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NUPMIFA.

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

In accordance with NUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

Endowment net asset composition consists of the following as of December 31, 2019 and 2018:

| | December 31, 2019 | | |
|----------------------------------|---------------------------------------|------------------------------------|----------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board designated endowment funds | \$ 174,261 | -- | 174,261 |
| Donor restricted endowment funds | -- | 701,623 | 701,623 |
| | <u>\$ 174,261</u> | <u>701,623</u> | <u>875,884</u> |

| | December 31, 2018 | | |
|----------------------------------|---------------------------------------|------------------------------------|----------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board designated endowment funds | \$ 110,419 | -- | 110,419 |
| Donor restricted endowment funds | -- | 565,872 | 565,872 |
| | <u>\$ 110,419</u> | <u>565,872</u> | <u>676,291</u> |

Changes in endowment net assets for the year ended December 31, 2019 and 2018 is as follows:

| | December 31, 2019 | | |
|---|---------------------------------------|------------------------------------|----------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets December 31, 2018 | \$ 110,419 | 565,872 | 676,291 |
| Additions to endowment | 50,900 | 64,329 | 115,229 |
| Investment return: | | | |
| Interest and dividends | 4,890 | 24,855 | 29,745 |
| Net appreciation | 12,942 | 71,422 | 84,364 |
| Total investment return | 17,832 | 96,277 | 114,109 |
| Appropriation of endowment assets for expenditure | (4,890) | (24,855) | (29,745) |
| Endowment net assets, December 31, 2019 | <u>\$ 174,261</u> | <u>701,623</u> | <u>875,884</u> |

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

| | December 31, 2018 | | |
|---|-------------------------------|----------------------------|----------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets December 31, 2017 | \$ 417,363 | 555,400 | 972,763 |
| Additions to endowment | -- | 40,301 | 40,301 |
| Investment return: | | | |
| Interest and dividends | 11,712 | 19,186 | 30,898 |
| Net appreciation | (6,944) | (29,829) | (36,773) |
| Total investment return | 4,768 | (10,643) | (5,875) |
| Appropriation of endowment assets for expenditure | (11,712) | (19,186) | (30,898) |
| Release of board designated endowment funds | (300,000) | -- | (300,000) |
| Endowment net assets, December 31, 2018 | \$ <u>110,419</u> | <u>565,872</u> | <u>676,291</u> |

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which is consistent with the level of risk undertaken. Endowment assets are invested in a well-diversified asset mix, which follow the following guidelines:

| | |
|-------------------------|-----------|
| Equity securities | 30% - 70% |
| Fixed income securities | 25% - 60% |
| Real assets | 5% - 30% |
| Alternative investments | 0% - 20% |

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 capital appreciation (realized and unrealized) and current yield (interest and dividends).

Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

The Organization has a policy of appropriating for distribution each year a target of 5% of the previous year's average of quarterly values of both restricted and unrestricted funds. Over the long-term, the net investment return of the portfolio plus net fundraising dollars is expected to be greater than the amount distributed, with the excess return being reinvested. The Organization expects the reinvested portion to be sufficient to cover expected future inflation and investment management fees so that the real value of the Organization's assets is preserved and increased over time.

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

(10) Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis as follows:

| For the year ended December 31, 2019 | | | | | | | |
|--------------------------------------|---------------------|---------|-------------------|--------------------------|------------------|-----------|-----------|
| | ADMINI- STRATION | PROGRAM | | | FUNDRAISING | | TOTAL |
| | | PROGRAM | GUEST SERVICES | BUILDINGS AND GROUNDS | DEVELOP- MENT | MARKETING | |
| Camper services | \$ 17,936 | 78,503 | 250,448 | 27,296 | 7,318 | 16,402 | 397,903 |
| Contracted services | 43,100 | 10,977 | 2,028 | 6,830 | 20,637 | 7,205 | 90,777 |
| Depreciation | -- | -- | -- | 323,520 | -- | -- | 323,520 |
| Dues, fees, and permits | 9,924 | 15,636 | 13,047 | 2,360 | 11,844 | 1,472 | 54,283 |
| Employee benefits | 17,402 | 13,441 | 613 | 9,468 | -- | 2,567 | 43,491 |
| Miscellaneous | 6,647 | 15,552 | 2,208 | 289 | 26,708 | 2,079 | 53,483 |
| Occupancy | 67,101 | -- | -- | 238,176 | -- | -- | 305,277 |
| Payroll taxes | 13,612 | 24,993 | 32,901 | 21,872 | 12,227 | 15,181 | 120,786 |
| Postage and printing | -- | -- | -- | -- | -- | 71,773 | 71,773 |
| Repairs and maintenance | -- | -- | -- | 23,629 | -- | -- | 23,629 |
| Salaries | 184,203 | 391,194 | 446,413 | 218,513 | 188,896 | 200,233 | 1,629,452 |
| Supplies | 1,639 | 38,606 | 54,716 | 672 | 1,455 | 113,621 | 210,709 |
| Travel | 4,791 | 13,233 | 5,336 | 8,300 | 11,828 | 3,491 | 46,979 |
| Total | \$ 366,355 | 602,135 | 807,710 | 880,925 | 280,913 | 434,024 | 3,372,062 |

| For the year ended December 31, 2018 | | | | | | | |
|--------------------------------------|---------------------|---------|-------------------|--------------------------|------------------|-----------|-----------|
| | ADMINI- STRATION | PROGRAM | | | FUNDRAISING | | TOTAL |
| | | PROGRAM | GUEST SERVICES | BUILDINGS AND GROUNDS | DEVELOP- MENT | MARKETING | |
| Camper services | \$ 17,563 | 81,027 | 300,252 | 19,268 | 10,925 | 9,531 | 438,566 |
| Contracted services | 38,581 | 9,710 | -- | 5,370 | 28,557 | 47,250 | 129,468 |
| Depreciation | -- | -- | -- | 323,117 | -- | -- | 323,117 |
| Dues, fees, and permits | 9,296 | 15,188 | 12,170 | 1,901 | 9,795 | 2,738 | 51,088 |
| Employee benefits | 48,214 | 36,579 | 1,839 | 9,627 | 12,677 | 2,096 | 111,032 |
| Miscellaneous | 12,732 | 23,839 | 3,063 | 428 | 14,251 | 1,906 | 56,219 |
| Occupancy | 61,307 | -- | -- | 240,201 | -- | -- | 301,508 |
| Payroll taxes | 13,231 | 25,182 | 30,808 | 20,937 | 11,642 | 11,726 | 113,526 |
| Postage and printing | -- | -- | -- | -- | -- | 72,155 | 72,155 |
| Repairs and maintenance | -- | -- | -- | 14,889 | -- | -- | 14,889 |
| Salaries | 168,313 | 376,142 | 412,920 | 235,296 | 181,280 | 150,237 | 1,524,188 |
| Supplies | 2,403 | 34,878 | 59,848 | 3,708 | 1,780 | 102,821 | 205,438 |
| Travel | 7,039 | 16,185 | 5,307 | 9,696 | 12,774 | 3,356 | 54,357 |
| Total | \$ 378,679 | 618,730 | 826,207 | 884,438 | 283,681 | 403,816 | 3,395,551 |

(11) Subsequent Event

COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. This and other economic events have had a significant adverse impact on investment portfolios. As a result, the Organization’s investments have likely incurred a decline in fair value since December 31, 2019.

In addition, the pandemic has negatively impacted the Organization’s retreat service and summer camp offerings. The Organization is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization’s financial position is not known.

Nebraska Lutheran Outdoor Ministries, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2019 and 2018

Paycheck Protection Program Loan

The Organization applied for and was granted a \$388,500 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest, but payments are not required to begin for six months to one year after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization intends to take measures to maximize the loan forgiveness but cannot reasonably determine the portion of the loan that will ultimately be forgiven.

Line of Credit

The Organization increased its bank line of credit agreement to \$1,000,000 in April 2020.

Consolidating Statement of Financial Position
December 31, 2019
See Independent Auditor's Report

| | <u>NLOM</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|---------------------|-------------------|---------------------|---------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 893,932 | 53,795 | -- | 947,727 |
| Receivables: | | | | |
| Contributions | 27,805 | -- | -- | 27,805 |
| Bequests | 836,000 | -- | -- | 836,000 |
| Other | 43,272 | -- | -- | 43,272 |
| Due from related party | 23,630 | -- | (23,630) | -- |
| Prepaid expenses | 6,783 | -- | -- | 6,783 |
| Inventory | 17,566 | -- | -- | 17,566 |
| Real estate held for sale | -- | 1,400,000 | -- | 1,400,000 |
| | <u>1,848,988</u> | <u>1,453,795</u> | <u>(23,630)</u> | <u>3,279,153</u> |
| Total current assets | 1,848,988 | 1,453,795 | (23,630) | 3,279,153 |
| Investments, primarily assets limited as to use | -- | 1,362,187 | -- | 1,362,187 |
| Property and equipment, net | 6,484,504 | -- | -- | 6,484,504 |
| Beneficial interest in perpetual trusts | 95,959 | 588,021 | -- | 683,980 |
| Beneficial interest in charitable trust | 273,693 | -- | -- | 273,693 |
| | <u>273,693</u> | <u>--</u> | <u>--</u> | <u>273,693</u> |
| Total assets | <u>\$ 8,703,144</u> | <u>3,404,003</u> | <u>(23,630)</u> | <u>12,083,517</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 39,862 | 6,509 | -- | 46,371 |
| Accrued salaries, vacation, and benefits | 45,034 | -- | -- | 45,034 |
| Deferred revenue | 158,766 | -- | -- | 158,766 |
| Due to related party | -- | 23,630 | (23,630) | -- |
| Other accrued liabilities | 586 | -- | -- | 586 |
| | <u>586</u> | <u>--</u> | <u>--</u> | <u>586</u> |
| Total current liabilities | <u>244,248</u> | <u>30,139</u> | <u>(23,630)</u> | <u>250,757</u> |
| Net assets: | | | | |
| Without donor restrictions | | | | |
| Undesignated | 7,023,479 | 1,577,017 | -- | 8,600,496 |
| Designated by Board for endowments | -- | 174,261 | -- | 174,261 |
| | <u>7,023,479</u> | <u>1,751,278</u> | <u>--</u> | <u>8,774,757</u> |
| Total without donor restrictions | 7,023,479 | 1,751,278 | -- | 8,774,757 |
| With donor restrictions | 1,435,417 | 1,622,586 | -- | 3,058,003 |
| | <u>1,435,417</u> | <u>1,622,586</u> | <u>--</u> | <u>3,058,003</u> |
| Total net assets | <u>8,458,896</u> | <u>3,373,864</u> | <u>--</u> | <u>11,832,760</u> |
| Total liabilities and net assets | <u>\$ 8,703,144</u> | <u>3,404,003</u> | <u>(23,630)</u> | <u>12,083,517</u> |

**Consolidating Statement of Activities and Changes in Net Assets Without Donor Restrictions
For the Year Ended December 31, 2019
See Independent Auditor's Report**

| | <u>NLOM</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|---------------------|-------------------|---------------------|---------------------|
| REVENUE AND OTHER SUPPORT: | | | | |
| Camp fees and retreats | \$ 1,173,499 | -- | -- | 1,173,499 |
| Individual, group and congregational gifts | 1,246,961 | 10,320 | -- | 1,257,281 |
| Nebraska Synod of the Evangelical Lutheran Church in America | 68,430 | -- | -- | 68,430 |
| Investment income | 513 | 69,647 | -- | 70,160 |
| Special events | 476,886 | -- | -- | 476,886 |
| Store sales and vending | 21,562 | -- | -- | 21,562 |
| Miscellaneous | 50,223 | 23,458 | -- | 73,681 |
| Net assets released from restrictions | 412,552 | 89,521 | -- | 502,073 |
| | <u>3,450,626</u> | <u>192,946</u> | <u>--</u> | <u>3,643,572</u> |
| Total revenue and other support | | | | |
| EXPENSES: | | | | |
| Administration | 366,355 | -- | -- | 366,355 |
| Program | 602,135 | -- | -- | 602,135 |
| Guest services | 807,710 | -- | -- | 807,710 |
| Buildings and grounds | 557,405 | -- | -- | 557,405 |
| Development | 270,487 | 10,426 | -- | 280,913 |
| Marketing | 434,024 | -- | -- | 434,024 |
| Depreciation | 323,520 | -- | -- | 323,520 |
| | <u>3,361,636</u> | <u>10,426</u> | <u>--</u> | <u>3,372,062</u> |
| Total expenses | | | | |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 88,990 | 182,520 | -- | 271,510 |
| TRANSFERS FROM (TO) AFFILIATE | 70,488 | (70,488) | -- | -- |
| NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year | 6,864,001 | 1,639,246 | -- | 8,503,247 |
| NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year | <u>\$ 7,023,479</u> | <u>1,751,278</u> | <u>--</u> | <u>8,774,757</u> |