

**LUTHER PARK, INC.**  
**DANBURY, WISCONSIN**

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015 AND 2014

(Compiled)

To the Board of Directors of  
Luther Park, Inc.  
Danbury, Wisconsin

Management is responsible for the accompanying financial statements of Luther Park, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2015 and December 31, 2014, and the related statements of activities and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all disclosures required in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, changes in net assets, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

### **Supplementary Information**

The supplementary information contained in Supplemental Schedules 1 through 2 are presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

*Anderson, Hager & Moore SC*

February 12, 2016

LUTHER PARK, INC.  
DANBURY, WISCONSIN

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2015 AND 2014

	2015	2014
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 317,418	\$ 254,662
Accounts receivable	229	186
Inventory	7,397	9,145
Investments	10,000	35,234
Marketable securities	1,228	132
Prepaid expense	8,669	10,113
Loan Costs, net	15	35
Property, equipment and improvements, net	867,531	902,084
Total assets	\$ 1,212,487	\$ 1,211,591
<b>LIABILITIES:</b>		
Accounts payable	\$ 1,886	\$ 1,733
Credit card payable	2,037	1,767
Payroll liabilities payable	-	1,891
Unearned deposits	10,614	11,382
Sales tax payable	189	264
Accrued real estate taxes	6,112	6,490
Accrued salaries & wages	12,983	11,460
Accrued interest	142	173
Notes payable	122,357	135,215
Total liabilities	\$ 156,320	\$ 170,375
<b>NET ASSETS:</b>		
Unrestricted-		
Operating	\$ 611,285	\$ 673,768
Board designated	76,504	76,994
Temporarily restricted	358,378	280,454
Permanently restricted	10,000	10,000
Total net assets	\$ 1,056,167	\$ 1,041,216
Total liabilities and net assets	\$ 1,212,487	\$ 1,211,591

See accompanying notes and independent accountant's compilation report.

LUTHER PARK, INC.  
DANBURY, WISCONSIN

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
<b>UNRESTRICTED NET ASSETS:</b>		
Revenue and Other Support-		
Annual fund	\$ 138,936	\$ 155,375
Program revenue	165,050	167,302
Other income	2,091	4,223
Net assets released from restriction	35,107	30,106
Donated items capitalized	5,047	7,285
Total revenue and other support	\$ 346,231	\$ 364,291
<b>Expenses:</b>		
Camp programs	\$ 40,936	\$ 49,699
Human resources	181,959	190,643
Camp operations	119,387	122,402
Total program services	\$ 342,282	\$ 362,744
<b>Supporting Services:</b>		
General and administrative	\$ 49,080	\$ 47,999
Marketing and development	17,842	16,266
Total supporting services	\$ 66,922	\$ 64,265
Total expenses	\$ 409,204	\$ 427,009
Increase (decrease) in unrestricted net assets	\$ (62,973)	\$ (62,718)
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>		
Contributions-Donor restricted	\$ 111,155	\$ 40,750
Restricted interest earned	1,876	2,099
Net assets released from restrictions	(35,107)	(30,106)
Increase in temporarily restricted net assets	\$ 77,924	\$ 12,743
<b>PERMANENTLY RESTRICTED NET ASSETS:</b>		
Changes in net assets	\$ 14,951	\$ (49,975)
Net Assets at Beginning of Year	\$ 1,041,216	\$ 1,091,191
Net Assets at End of Year	\$ 1,056,167	\$ 1,041,216

See accompanying notes and independent accountant's compilation report.

LUTHER PARK, INC.  
DANBURY, WISCONSIN

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 14,951	\$ (49,975)
Adjustments to reconcile change in net assets to net cash used in operating activities-		
Depreciation expense and amortization	68,817	67,450
(Gain) Loss on disposal of fixed assets	-	(1,475)
(Increase) decrease in operating assets-		
Accounts receivable	(43)	(126)
Inventory	1,748	2,161
Prepaid expense	1,444	(1,988)
Other assets		
Increase (decrease) in operating liabilities-		
Accounts payable and credit card payable	(345)	(4,744)
Accrued liabilities	(852)	5,357
	<u>\$ 85,720</u>	<u>\$ 16,660</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment and improvements	\$ (34,243)	\$ (60,438)
Proceeds from sale of fixed assets	-	1,883
Proceeds from sale of investments	24,137	-
Purchase of investments	-	(166)
	<u>\$ (10,106)</u>	<u>\$ (58,721)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on notes payable	\$ (12,858)	\$ (12,316)
	<u>\$ (12,858)</u>	<u>\$ (12,316)</u>
Net cash (used in) financing activities		
Net increase (decrease) in cash	\$ 62,756	\$ (54,377)
Cash and cash equivalents, Beginning of year	<u>254,662</u>	<u>309,039</u>
Cash and cash equivalents, End of year	<u>\$ 317,418</u>	<u>\$ 254,662</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Interest paid	<u>\$ 5,574</u>	<u>\$ 6,115</u>
<b>Noncash Investing and Financing Transactions:</b>		
Donations of fixed assets	<u>\$ 5,047</u>	<u>\$ 7,285</u>

See accompanying notes and independent accountant's compilation report.

LUTHER PARK, INC.  
DANBURY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities:

Luther Park Inc., (the Church Camp) is a nonprofit corporation, established under the laws of the State of Minnesota, operates as a religious organization. The Church Camp is a cooperative ministry of ELCA congregations serving people of all ages through a variety of programs in an outdoor setting in Danbury, Wisconsin. Its mission is to provide an environment in which the Christian faith may be strengthened and people may grow in their personal relationship with God.

Contributed Services:

No amounts have been reflected in the financial statements for donated services. The Church Camp generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Church Camp at their facilities, but these services do not meet the criteria for recognition as contributed services.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, the Church Camp considers all highly liquid investments, with a maturity date of three months or less when purchased, to be cash equivalents.

Concentrations of Credit Risk:

The Church Camp maintains cash balances at institutions located in Northern Wisconsin. Those cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015 and 2014, the Company's uninsured cash balances total \$-0- and \$-0-, respectively.

The Church Camp also has cash balances with an institution located in Illinois, which is not insured by the FDIC. At December 31, 2015 and 2014, the balance in this fund was \$216,620 and \$214,735, respectively.

Investments:

Investments include certificates of deposit with original maturities of more than three months.

#### Fair Value Measurements:

A three-tier hierarchy has been established as a framework for measuring fair value which requires an entity to give highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements.

Fair value is defined as the price to sell an asset or transfer a liability between market participants as the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs are unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in active markets.
- Level 3 – Inputs are observable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value drivers are observable.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement with the fair value hierarchy levels.

#### Marketable Securities:

Management determines the appropriate classification of securities at the time of purchase. Securities to be held for indefinite periods of time are classified as available for sale and carried at fair value. Realized gains and losses, determined using the last-in, first-out method, are included in unrestricted net assets; unrealized holding gains and losses are reported in unrestricted net assets.

#### Inventory:

Inventories consist of nonperishable items available for resale in the canteen, day camp, craft materials, and food, valued at original cost per item.

#### Basis of Accounting:

The Church Camp utilizes the accrual method of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

#### Property, Equipment and Improvements:

The Church Camp capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Church Camp reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Church Camp reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty-nine years. Depreciation expense for the year ended December 31, 2015 and 2014 was \$68,797 and \$67,430, respectively.

For assets acquired after December 31, 1994, property, equipment and improvements are capitalized at cost or, if donated, at the approximate fair value at the date of donation. Due to incomplete asset acquisition documents and incomplete records of donated property, the historical cost of assets held prior to December 31, 1994 was not able to be determined. These assets are carried at their fair market value as of December 31, 1994.

**Income Taxes:**

The Church Camp is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Advertising Costs:**

The Church Camp conducts non-direct response advertising. These costs are expensed as incurred. Advertising costs, which includes promotional expenses and materials, for the years ended December 31, 2015 and 2014 are \$8,064 and \$5,518, respectively.

**Compensated Absences:**

Employees of the Church Camp are entitled to paid vacation, sick days and other time off depending on job classification and length of service. Total compensated absences earned but not paid as of December 31, 2015 and 2014 were \$12,983 and \$11,460, respectively.

**Fundraising Activities:**

Each year the Church Camp does different fundraising events. The costs associated with these events are expensed as paid. Fund raising costs for the years ended December 31, 2015 and 2014 are \$4,528 and \$4,570, respectively.

**Reclassifications:**

Certain accounts in the prior year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**NOTE 2 - PROPERTY, EQUIPMENT AND IMPROVEMENTS:**

Property, equipment and improvements consist of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Land	\$ 36,100	\$ 36,100
Land improvements	2,941	2,941
Buildings	1,724,002	1,697,543
Furniture and fixtures	210,587	204,250
Vehicles and trailers	26,147	27,200
Lawn equipment	2,800	2,800
Boats and canoes	<u>18,500</u>	<u>18,500</u>
	\$ 2,021,077	\$ 1,989,334
Less-accumulated depreciation	<u>(1,153,546)</u>	<u>(1,087,250)</u>
	<u>\$ 867,531</u>	<u>\$ 902,084</u>

NOTE 3 - NOTES PAYABLE:

Notes payable consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Note payable to Bank, With an interest rate of 4.25%, Matures in 2016, secured by real estate	\$ <u>122,357</u>	\$ <u>135,215</u>
	<u>\$ 122,357</u>	<u>\$ 135,215</u>

Maturities of long-term debt as of December 31, 2015 are as follows:

2016	<u>\$ 122,357</u>
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Interest expense for the years ended December 31, 2015 and 2014 was \$5,543 and \$6,100, respectively.

NOTE 4 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other specified by donors during 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Purpose restrictions accomplished:		
Capital improvements	\$ 21,263	\$ 29,149
Operations	<u>13,844</u>	<u>957</u>
	<u>\$ 35,107</u>	<u>\$ 30,106</u>

NOTE 5 - RETIREMENT PLAN:

The full-time employees of the Church Camp participate in the ELCA Board of Pensions retirement plan. The Church Camp's contributions are equal to 6% of the annual salary of participating employees. During the years ended December 31, 2015 and 2014, the Church Camp's contributions to the plan totaled \$4,907 and \$4,281, respectively.

NOTE 6 - RESTRICTIONS ON NET ASSETS:

As of December 31, 2015, restricted net assets exceed available cash, investments and marketable securities. Cash, investments and marketable securities available as of December 31, 2015 are \$328,646 and total temporarily restricted net assets are \$358,378. This results in the Church Camp being out of trust by \$29,732. The Church Camp used the funds for operating expenses.

Temporarily restricted net assets are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Designated Gifts	\$ 101,914	\$ 55,720
ELCA Leadership Grant	40,000	0
Metro Ministry Endowment Fund	0	10,000
Bethel Retreat Center	<u>216,464</u>	<u>214,734</u>
	<u>\$ 358,378</u>	<u>\$ 280,454</u>

The Bethel Retreat Center gift requires that the funds be held in an interest bearing account. This account is included in cash and cash equivalents. The interest earned on this account is also restricted. During the initial four years, the gift is to be used for building of a hotel-style guest facility for older adults. After May, 2014 the funds may be used for other adult housing facilities or may be borrowed against for other capital projects. Any project is to include an acknowledgement of Bethel in the name of the project.

Permanently restricted net assets are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Bethany Lutheran Endowment	<u>\$ 10,000</u>	<u>\$ 10,000</u>

The Bethany Lutheran Endowment requires that only the income from the investment be available for scholarships and that the original principal shall remain intact. In case of financial duress, the Board may loan a portion of the principal to the Camp charging market interest with an appropriate repayment schedule.

No funds were contributed to or distributed from endowment funds in 2015 or 2014. Interest earned on this account was \$297 and \$297 in 2015 and 2014, respectively.

#### NOTE 7 – BOARD DESIGNATED NET ASSETS:

The board has designated certain net assets to be held for specific future purposes. These board designated net assets have the following purposes and balances:

	<u>2015</u>	<u>2014</u>
Retreat Center	\$ 50,000	\$ 50,000
Metro Ministry	10,000	0
Fit for the Next 50	7,915	16,719
Vehicles	371	1,163
Kitchen	953	1,847
Waterfront	2,265	2,265
Metro Ministry fund	<u>5,000</u>	<u>5,000</u>
	<u>\$ 76,504</u>	<u>\$ 76,994</u>

NOTE 8 – INVESTMENTS:

The Investments portfolio consists of one certificate of deposit as of December 31, 2015. The certificate of deposit is permanently restricted by the donor and has a maturity date of February 6, 2018. The fair value and cost basis of the interest bearing investment account are the same. Interest earned on the accounts for the years ending December 31, 2015 and 2014 was \$297 and \$473, respectively.

NOTE 9 – MARKETABLE SECURITIES:

The marketable securities portfolio is comprised of equity securities classified as available for sale as unrestricted funds. The fair value and cost basis of the securities available for sale are as follows as of December 31:

	<u>2015</u>	<u>2014</u>
Original cost	\$ 1,311	\$ 147
Unrealized gain (loss)	<u>(83)</u>	<u>(15)</u>
Fair market value	<u>\$ 1,228</u>	<u>\$ 132</u>

The fair value of all equity securities has been measured on a recurring basis using Level 1 inputs, which are based on unadjusted quoted market prices within active markets. There have been no changes to valuation techniques and related inputs.

NOTE 10 – UNCERTAIN TAX POSITIONS:

The Church Camp has evaluated for uncertain tax positions and management has determined there are no uncertain tax positions and associated unrecognized benefits that materially impact the financial statements and related disclosures as of December 31, 2015 and 2014. The Church Camp is subject to possible examination by the taxing authorities. Tax returns for the past three tax years remain open for examination by tax jurisdictions.

NOTE 11 – SUBSEQUENT EVENTS:

Management has evaluated subsequent events through February 12, 2015, the date on which the financial statements were available to be issued.

LUTHER PARK, INC.  
DANBURY, WISCONSIN

SUPPLEMENTAL SCHEDULES 1  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
<b>ANNUAL FUND:</b>		
Allocations, current year	\$ 24,858	\$ 28,550
Events	17,675	14,404
Gifts from individuals	71,769	80,449
Gifts from organizations	15,859	17,174
Memorial & estate gifts	8,775	14,798
Total annual fund	\$ 138,936	\$ 155,375
 <b>PROGRAM REVENUE:</b>		
Campground fees	\$ 1,004	\$ 896
Canteen income	5,303	6,865
Day camp fees	16,194	21,408
Retreats	74,521	61,868
Summer camping	68,028	76,265
Total program revenue	\$ 165,050	\$ 167,302
 <b>OTHER INCOME:</b>		
Interest and dividends	\$ 478	\$ 345
Gain on sale of fixed assets	-	1,475
Gain on sale of investments	63	-
Insurance refund/proceeds	911	1,741
Other Income	639	662
Total other income	\$ 2,091	\$ 4,223

See independent accountant's compilation report.

LUTHER PARK, INC.  
DANBURY, WISCONSIN

SUPPLEMENTAL SCHEDULES 2  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>CAMP PROGRAMS:</b>		
Food and dairy	\$ 33,286	\$ 38,813
Recreational equipment	44	863
Health care supplies	681	976
Materials and resources	145	456
Waterfront expenses	-	298
Sales tax	189	264
Day Camp- program expense	396	1,018
Day Camp- mileage	-	72
Summer staff recruitment	552	564
Summer staff training	842	640
Boat expenses	32	-
Canteen expenses	3,659	5,258
Craft supplies	-	200
Transportation	1,110	277
	<u>1,110</u>	<u>277</u>
Total camp programs	<u>\$ 40,936</u>	<u>\$ 49,699</u>
 <b>HUMAN RESOURCES:</b>		
Staff salaries	\$ 140,430	\$ 149,417
International camp staff	1,149	7,526
Payroll tax expense	10,366	10,834
Worker's compensation insurance	9,010	8,585
Health insurance	16,053	10,000
Pension benefits	4,907	4,281
Staff support	44	-
	<u>44</u>	<u>-</u>
Total human resources	<u>\$ 181,959</u>	<u>\$ 190,643</u>

See independent accountant's compilation report.

LUTHER PARK, INC.  
DANBURY, WISCONSIN

SUPPLEMENTAL SCHEDULES 2  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>CAMP OPERATIONS:</b>		
Electricity	\$ 9,269	\$ 9,638
Fuel	17,157	21,728
Building and grounds maintenance	6,811	6,832
Cleaning supplies	1,622	2,289
Dumping fees	1,959	1,231
Real estate taxes	6,111	6,490
Depreciation	68,797	67,430
Telephone	5,019	3,062
Kitchen supplies	2,642	3,702
	<u>          </u>	<u>          </u>
Total camp operations	<u>\$ 119,387</u>	<u>\$ 122,402</u>
<b>GENERAL AND ADMINISTRATIVE:</b>		
Credit card fees	\$ 2,215	\$ 1,766
Commercial insurance	12,702	13,076
Office supplies	2,703	1,668
Dues	2,587	2,252
Accounting	8,719	8,437
Auto expenses	14,243	13,834
Continuing education	-	150
Conferences	-	363
Miscellaneous expenses	265	318
Interest	5,543	6,100
Amortization	20	20
Unrealized loss on investment	83	15
	<u>          </u>	<u>          </u>
Total general and administrative	<u>\$ 49,080</u>	<u>\$ 47,999</u>
<b>MARKETING AND DEVELOPMENT:</b>		
Promotional expenses	\$ 172	\$ 1,207
Promotional materials	7,892	4,311
Postage	4,517	5,194
Printing	531	155
Development	4,730	5,399
	<u>          </u>	<u>          </u>
Total marketing and development	<u>\$ 17,842</u>	<u>\$ 16,266</u>

See independent accountant's compilation report.