

LUTHER PARK, INC.
DANBURY, WISCONSIN

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 AND 2021

(Compiled)

Anderson·Hager·Moe

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2022 and December 31, 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements 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 promulgated by the 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. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Supplementary Information

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

Anderson, Hager & Moe SC

March 10, 2023

Spooner, Wisconsin

LUTHER PARK, INC.
DANBURY, WISCONSIN

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS:		
Cash and cash equivalents	\$ 239,787	\$ 191,611
Inventory	15,329	15,431
Marketable securities	299	189
Prepaid expense	11,737	9,728
Cash surrender value life ins	67,447	81,847
Operating lease right-of-use asset	3,822	-
Property, equipment and improvements, net	<u>1,461,400</u>	<u>1,497,004</u>
Total assets	<u>\$ 1,799,821</u>	<u>\$ 1,795,810</u>
LIABILITIES:		
Accounts payable	\$ 3,665	\$ 3,326
Credit card payable	2,641	2,340
Payroll liabilities payable	2,190	409
Unearned deposits	5,203	11,994
Sales tax payable	521	272
Accrued real estate taxes	6,431	6,317
Accrued paid leave time	1,615	1,103
Accrued interest	496	524
Operating lease liability	3,822	-
Notes payable	<u>165,063</u>	<u>174,267</u>
Total liabilities	<u>\$ 191,647</u>	<u>\$ 200,552</u>
NET ASSETS:		
Without donor restrictions		
Designated by the board	\$ 15,840	\$ 15,840
Undesignated	1,586,764	1,566,194
With donor restrictions	<u>5,570</u>	<u>13,224</u>
Total net assets	<u>\$ 1,608,174</u>	<u>\$ 1,595,258</u>
Total liabilities and net assets	<u>\$ 1,799,821</u>	<u>\$ 1,795,810</u>

See accompanying notes and independent accountant's compilation report.

LUTHER PARK, INC.
DANBURY, WISCONSIN

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and Other Support-		
Annual fund	\$ 311,930	\$ 355,478
Program revenue	105,133	67,959
Other income	12,504	43,790
Gain upon debt extinguishment	-	54,656
Net assets released from restriction	36,304	36,416
Total revenues and gains without donor restrictions	\$ 465,871	\$ 558,299
Expenses:		
Camp programs	\$ 175,925	\$ 110,017
Camp operations	157,459	177,249
Management and general	111,917	120,849
Total expenses	\$ 445,301	\$ 408,115
Increase (decrease) in net assets without donor restrictions	\$ 20,570	\$ 150,184
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	\$ 28,650	\$ 32,250
Net assets released from restrictions	(36,304)	(36,416)
(Decrease) increase in net assets with donor restrictions	\$ (7,654)	\$ (4,166)
Increase (decrease) in net assets	\$ 12,916	\$ 146,018
Net Assets at Beginning of Year	\$ 1,595,258	\$ 1,449,240
Net Assets at End of Year	\$ 1,608,174	\$ 1,595,258

See accompanying notes and independent accountant's compilation report.

LUTHER PARK, INC.
DANBURY, WISCONSIN

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	Program Services		Supporting Services		Program Services		Supporting Services	
	Camp programs	Camp operations	Management and general	Total	Camp programs	Camp operations	Management and general	Total
Other operating expenses								
Food and dairy	\$ 19,762	\$ -	\$ -	\$ 19,762	\$ 7,269	\$ -	\$ -	\$ 7,269
Health care supplies	674	-	-	674	1,087	-	-	1,087
Materials and resources	1,511	-	-	1,511	2,087	-	-	2,087
Sales tax	521	-	-	521	282	-	-	282
Day camp-program expense	753	-	-	753	184	-	-	184
Summer staff recruitment	312	-	-	312	674	-	-	674
Summer staff training	2,530	-	-	2,530	220	-	-	220
Boat expenses	623	-	-	623	-	-	-	-
Canteen expenses	3,698	-	-	3,698	1,422	-	-	1,422
Electricity	-	12,241	-	12,241	-	12,105	-	12,105
Fuel	-	16,816	-	16,816	-	11,044	-	11,044
Building and grounds maintenance	-	19,404	3,375	22,779	-	13,563	-	13,563
Cleaning supplies	-	1,645	-	1,645	-	878	-	878
Dumping fees	-	1,367	-	1,367	-	1,226	-	1,226
Real estate taxes	-	6,431	-	6,431	-	6,317	-	6,317
Depreciation	-	63,166	-	63,166	-	95,423	-	95,423
Telephone	-	1,603	-	1,603	-	1,628	-	1,628
Kitchen supplies	-	1,263	-	1,263	-	1,140	-	1,140
Credit card fees	1,788	-	-	1,788	810	-	-	810
Commercial insurance	-	15,585	-	15,585	-	14,642	-	14,642
Office supplies	-	12,229	-	12,229	-	10,261	-	10,261
Dues	-	2,402	-	2,402	-	2,207	-	2,207
Professional fees	-	1,773	9,165	10,938	-	1,648	7,523	9,171
Auto expenses	8,628	-	-	8,628	9,857	-	-	9,857
Continuing education	-	-	925	925	-	-	234	234
Conferences	-	-	1,099	1,099	-	-	1,150	1,150
Interest	-	-	9,301	9,301	-	-	10,032	10,032
Change in cash value life insurance	-	-	14,400	14,400	-	-	-	-
Promotional expenses and materials	9,425	-	-	9,425	10,297	-	-	10,297
Postage	5,056	-	-	5,056	2,923	-	-	2,923
Development	2,218	-	-	2,218	2,545	-	-	2,545
Total other operating expenses	\$ 57,499	\$ 155,925	\$ 38,265	\$ 251,689	\$ 39,657	\$ 172,082	\$ 18,939	\$ 230,678
Salaries and related expenses								
Staff salaries	\$ 94,930	\$ 1,425	\$ 60,643	\$ 156,998	\$ 44,292	\$ 4,800	\$ 75,549	\$ 124,641
International camp staff	846	-	-	846	3,355	-	-	3,355
Payroll taxes	6,936	109	4,639	11,684	4,185	367	5,764	10,316
Worker's compensation insurance	6,864	-	-	6,864	6,994	-	-	6,994
Health insurance	7,315	-	5,870	12,985	9,330	-	16,064	25,394
Pension benefits	1,524	-	2,700	4,224	2,204	-	4,533	6,737
Staff support	11	-	-	11	-	-	-	-
Total salaries and related expenses	\$ 118,426	\$ 1,534	\$ 73,652	\$ 193,612	\$ 70,360	\$ 5,167	\$ 101,910	\$ 177,437
Total expenses	\$ 175,925	\$ 157,459	\$ 111,917	\$ 445,301	\$ 110,017	\$ 177,249	\$ 120,849	\$ 408,115

See accompanying notes and independent accountant's compilation report.

LUTHER PARK, INC.
DANBURY, WISCONSIN

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 12,916	\$ 146,018
Adjustments to reconcile change in net assets to net cash used in operating activities-		
Depreciation expense and amortization	63,166	95,423
Gain upon debt extinguishment	-	(54,656)
Decrease (increase) cash value life insurance policy	14,400	(71,768)
Disposal of fixed assets	-	(1,500)
Unrealized (gain) loss on investments	(100)	(51)
(Increase) decrease in operating assets:		
Inventory	102	(3,183)
Prepaid expenses and other assets	(2,009)	1,470
Increase (decrease) in operating liabilities:		
Accounts payable and credit card payable	(6,151)	6,147
Accrued liabilities	2,628	(13,578)
	<u>84,952</u>	<u>104,322</u>
Net cash provided by operating activities	\$	\$
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment and improvements	\$ (27,563)	\$ (29,946)
Proceeds from sale of fixed assets	-	1,500
Purchase of investments	(9)	(8)
	<u>(27,572)</u>	<u>(28,454)</u>
Net cash (used in) investing activities	\$	\$
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of notes payable	\$ -	\$ 54,656
Payments on notes payable	(9,204)	(33,713)
	<u>(9,204)</u>	<u>20,943</u>
Net cash provided by (used in) financing activities	\$	\$
Net increase (decrease) in cash	\$ 48,176	\$ 96,811
Cash and cash equivalents, beginning of year	191,611	94,800
Cash and cash equivalents, end of year	<u>\$ 239,787</u>	<u>\$ 191,611</u>
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	\$ 234,217	\$ 178,387
Restricted cash - donor restricted	5,570	13,224
	<u>\$ 239,787</u>	<u>\$ 191,611</u>
Net (decrease) increase in cash	\$	\$
SUPPLEMENTAL DISCLOSURE:		
Interest paid	<u>\$ 9,329</u>	<u>\$ 10,058</u>

See accompanying notes and independent accountant's compilation report.

LUTHER PARK, INC.
DANBURY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2021

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.

Basis of Accounting:

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

Basis of Presentation:

The Church Camp is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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.

Use of Estimates in Preparation of Financial Statements:

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.

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, 2022 and 2021, the Church Camp's uninsured cash balances total \$1,622 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, 2022 and 2021, the balance in this fund was \$216 and \$215, respectively.

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 net assets without donor restrictions; unrealized holdings gains and losses are reported in net assets without donor restrictions.

Financial Instruments:

The Church Camp's financial instruments consist primarily of cash, receivables, accounts payable and notes payable. The carrying value of these financial instruments is considered to be representative of their respective fair values as of December 31, 2022 and 2021.

Revenue Recognition:

Program fees: Program fees are recognized in the year in which the camp programs are delivered. In addition, the Church Camp maintains a store on site where campers may purchase items during their stay.

Contribution revenue: Contribution revenue is recognized when received and is accounted for following generally accepted accounting principles whereby contributions received are recorded as either with or without donor restrictions.

Grants: Grant revenue is recognized when earned.

Events: The Church Camp holds various events and fundraisers throughout the year. Revenue from these events is recognized as the funds are received in event income.

Deposit Refunds: The Church Camp will refund deposits to groups if the group provides at least three months notification of cancellation. Deposits for campers are not refundable. Exceptions to the refund policy were made for COVID related cancellations.

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.

Contributions:

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Inventory:

Inventories consist of items available for resale in the canteen and food, valued at the lower of cost or market.

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 satisfactions of donor restrictions to net assets without donor restriction at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty-nine years.

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.

Leases:

The Church Camp determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Church Camp does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments for those leases are reported as lease expense on a straight-line basis over the lease term.

Cost Allocation:

The costs of the Church Camp's programs and supporting services have been reported on a functional basis in the Statement of Functional Expenses. Expenses are charged to programs based on direct expenses incurred. Any program expenses not directly identifiable by program or support service, are allocated based on the best estimates of management.

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. The Church Camp has processes in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; and to identify and evaluate other matters that may be considered tax positions. The Church Camp has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Under Section 501(c)(3) of the Internal Revenue Code, the Church Camp is not required to file a not-for-profit tax return unless they have unrelated business income. The Church Camp evaluates their activity each year and files a not-for-profit tax return when required.

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, 2022 and 2021 are \$9,425 and \$10,297, 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, 2022 and 2021 were \$1,615 and \$1,103, respectively.

Events:

Each year, the Church Camp holds various events and fundraisers. The costs associated with these events are expensed as paid. Fund raising costs for the years ended December 31, 2022 and 2021 are \$1,384 and \$1,159, respectively.

Presentation of Sales Tax:

The State of Wisconsin imposes a sales tax of 5.5% on all of the Church Camp's sales to nonexempt customers. The Church Camp collects that sales tax from customers and remits the entire amount to the State. The Church Camp's accounting policy is to include the tax collected and remitted to the State in revenues and cost of sales.

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.

FASB Accounting Standards Update:

ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, effective for annual reporting periods beginning after June 15, 2021, has been implemented in 2022. This ASU changed the financial reporting and disclosures related to contributed nonfinancial assets. Additional disclosures related to this ASU have been included in the following notes. See Note 10 – In-Kind and Contributions Received.

ASU No. 2016-02 Leases (Topic 842), effective for annual reporting periods beginning after December 15, 2021, has been implemented in 2022. This ASU changed the financial reporting and disclosures related to leases. The Church Camp has elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. Additional disclosures related to this ASU have been included in the following notes. See Note 11 – Leases.

NOTE 2 – LIQUIDITY AND AVILABILITY OF FINANCIAL ASSETS

For purposes of analyzing resources available to meet general expenses over a 12-month period, the Church Camp considers all expenses related to its ongoing program and support activities to be general expenses. Assets not available to meet current operating needs are not included in our analysis below.

The following reflects the Church Camp's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor-imposed restrictions.

NOTE 2 – LIQUIDITY AND AVILABILITY OF FINANCIAL ASSETS (CONTINUED)

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 239,787	\$ 191,611
Marketable securities	<u>299</u>	<u>189</u>
	240,086	191,800
Less those unavailable for general expenditures within one year, due to donor restrictions	<u>5,570</u>	<u>13,224</u>
Financial assets available to meet cash needs for general expenditure within year	<u>\$ 234,516</u>	<u>\$ 178,576</u>

As part of the Church Camp's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 3 - PROPERTY, EQUIPMENT AND IMPROVEMENTS

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

	<u>2022</u>	<u>2021</u>
Land	\$ 36,100	\$ 36,100
Land improvements	8,198	8,198
Buildings	2,774,618	2,774,618
Furniture and fixtures	259,695	232,132
Vehicles and trailers	16,999	16,999
Lawn equipment	2,800	2,800
Boats and canoes	<u>18,500</u>	<u>18,500</u>
	\$ 3,116,910	\$ 3,089,347
Less-accumulated depreciation	<u>(1,655,510)</u>	<u>(1,592,343)</u>
	<u>\$ 1,461,400</u>	<u>\$ 1,497,004</u>

Depreciation expense for the year ended December 31, 2022 and 2021 was \$63,166 and \$95,423, respectively.

NOTE 4 - NOTES PAYABLE

Notes payable consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Note payable to Bank, With an interest rate of 5.41%, Matures in 2024, secured by real estate Net of loan costs of \$874	<u>\$ 165,063</u>	<u>\$ 174,267</u>
	<u>\$ 165,063</u>	<u>\$ 174,267</u>

NOTE 4 - NOTES PAYABLE (CONTINUED)

Maturities of long-term debt as of December 31, 2022 are as follows:

2023	\$	9,844
2024		<u>155,219</u>
	\$	<u><u>165,063</u></u>

Interest expense for the years ended December 31, 2022 and 2021 was \$9,301 and \$10,032, respectively.

NOTE 5 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other specified by donors during 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Purpose restrictions accomplished:		
Capital improvements	\$ 27,563	\$ 29,946
Operations	<u>8,741</u>	<u>6,470</u>
	<u><u>\$ 36,304</u></u>	<u><u>\$ 36,416</u></u>

NOTE 6 – 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, 2022 and 2021, the Church Camp's contributions to the plan totaled \$4,224 and \$6,737, respectively.

NOTE 7 – DONOR RESTRICTIONS ON NET ASSETS

Donor restricted net assets are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Hope Goodman memorial	\$ -0-	\$ 623
Retreat center	1,194	6,722
Striding into the next 60	<u>4,376</u>	<u>5,879</u>
	<u><u>\$ 5,570</u></u>	<u><u>\$ 13,224</u></u>

NOTE 8 – BOARD DESIGNATED NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Cabin renovations	\$ 15,840	\$ 15,840
	<u>\$ 15,840</u>	<u>\$ 15,840</u>

The board designated these funds in 2018 to be used over the next three years to renovate three cabins. As of December 31, 2022, these funds have not been used. The board approved to continue with the board designated funds during the October 2022 board meeting.

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>2022</u>	<u>2021</u>
Original cost	\$ 168	\$ 158
Unrealized gain (loss)	<u>131</u>	<u>31</u>
Fair market value	<u>\$ 299</u>	<u>\$ 189</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 – IN-KIND AND CONTRIBUTIONS RECEIVED

Contributions of cash and other financial assets are considered gifts with no exchange element. These amounts are reported separately from other forms of income. Contributions received as of December 31, 2022 and 2021 were \$290,965 and \$320,583, respectively.

Contributions of nonfinancial assets included in the statements of activities totaled \$0 and \$0 for the years ended December 31, 2022 and 2021, respectively.

In-kind contributions and corresponding expenses included in the statements of activities totaled \$0 and \$0 for the years ended December 31, 2022 and 2021, respectively.

NOTE 11 – LEASES

The Church Camp evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Church Camp's right to use underlying assets for the lease term, and the lease liabilities represent the Church Camp's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Church Camp has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The risk-free rate is based on the U.S. Treasury yield curve rate for zero coupon bonds for an equivalent term on the commencement date of the lease. The risk-free rate discount rate applied to calculate lease liabilities as of December 31, 2022 was 2.794%.

The Church Camp leases a dishwasher under a short-term lease agreement. The original lease agreement commenced in June 2003 with a one-year term. After the initial term, the lease continued on a year-to-year basis with monthly payments of \$59 until either party makes a notification to cancel the agreement. Dishwasher lease payments are included in kitchen supplies on the statements of functional expenses.

The Church Camp leased a copier with an initial expiration of January 2022 under a short-term lease agreement. A new lease was signed in May 2022. The new lease has been discounted to the present value and recorded on the statements of financial position as an operating right-of-use asset and operating lease liability. Lease payments are included in office supplies on the statements of functional expenses. The operating right-of-use asset and operating lease liability have been adjusted for the present value of the payments made. Future maturities of lease liabilities for the years ended December 31 are as follows:

2023	\$	921
2024		921
2025		921
2026		921
2027		384
		<u>4,068</u>
	\$	<u>4,068</u>

Reconciliation of undiscounted cash flows of operating lease liabilities are as follows:

Total operating lease payments per contract	\$	4,604
Less: lease discount		<u>(312)</u>
Operating lease present value		4,292
Less: current year principal payments		<u>(470)</u>
Operating lease liability	\$	<u>3,822</u>

Cash paid for operating leases totaled \$1,630 and \$1,632 for the years ended December 31, 2022 and 2021, respectively. There were no noncash investing and financing transactions related to leasing.

NOTE 12– FAIR VALUE MEASUREMENTS

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at December 31, 2022 and 2021, respectively:

	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31 2022
Trading securities:				
Equity securities	\$ 299	\$ -0-	\$ -0-	\$ 299
	<u>\$ 299</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 299</u>
	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31 2021
Trading securities:				
Equity securities	\$ 189	\$ -0-	\$ -0-	\$ 189
	<u>\$ 189</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 189</u>

NOTE 13 – RECONCILIATIONS OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

The statement of cash flows reconciliation of cash, cash equivalents, and restricted cash includes one source of restricted cash: donor restricted (see Note 7 – Donor Restrictions on Net Assets). The restricted cash and cash equivalents are held in checking and money market accounts.

NOTE 14 – GAIN UPON DEBT EXTINGUISHMENT

In response to the coronavirus (COVID-19) outbreak in 2021, the U.S. Federal Government enacted the Coronavirus Aid, Relief and Economic Security Act (CARES Act) that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. Loan proceeds could only be used for qualifying expenses, which include payroll, rent, and utilities.

On February 4, 2021, the Church Camp received loan proceeds for \$54,656. Under terms of the PPP, certain amounts of the loan could be forgiven if they were used for qualifying expenses as described in the CARES Act. The Church Camp was granted loan forgiveness on December 3, 2021 and recognized this gain on forgiveness of the loan.

NOTE 15 – CHANGE IN CASH SURRENDER VALUE LIFE INSURANCE

On May 6, 2021, the Church Camp paid off the policy loan on the life insurance policy. The principal amount of the loan paid off was \$63,016. As of December 31, 2022 and 2021, the cash surrender value of the life insurance policy was \$67,447 and \$81,847.

NOTE 16 – LEASE REVENUE – HOUSE

The Church Camp has a residential house it leases on a month-to-month basis. The lease is not considered part of program operations. Lease revenue of \$8,000 for the year ended December 31, 2022 is included in other income on the statement of activities. Expenses related to the maintenance of the residential house are reported as building and grounds maintenance under management and general supporting services on the statement of functional expenses and totaled \$3,375 for the year ended December 31, 2022.

NOTE 17 – SUBSEQUENT EVENTS:

Management has evaluated subsequent events through March 10, 2023, the date on which the financial statements were available to be issued.

The Church Camp continues to monitor the effects of COVID-19 on its operations. The Church Camp cancelled in-person summer camps and many retreats during 2021. There is additional uncertainty surrounding this situation and the extent of the impact of COVID-19 to the Church Camp cannot be predicted or reasonably estimated at this time.

LUTHER PARK, INC.
DANBURY, WISCONSIN

SUPPLEMENTAL SCHEDULES 1
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
ANNUAL FUND:		
Allocations, current year	\$ 10,646	\$ 28,404
Allocations, prior year	1,500	2,300
Events	8,819	4,191
Gifts from individuals	69,046	57,965
Gifts from organizations	12,468	12,761
Memorial & estate gifts	209,451	249,857
Total annual fund	\$ 311,930	\$ 355,478
PROGRAM REVENUE:		
Campground fees	\$ 4,435	\$ 4,208
Canteen income	5,752	1,812
Day camp fees	9,802	4,661
Retreats	35,844	14,807
Summer camping	49,300	42,471
Total program revenue	\$ 105,133	\$ 67,959
OTHER INCOME:		
Interest and dividends	\$ 262	\$ 86
Gain on sale of investments	-	185
Gain on sale of fixed assets	-	1,500
Change in cash value life insurance	-	8,751
Insurance refund/proceeds	346	-
Unrealized gain on investments	100	51
Lease revenue - house	8,000	-
Payroll tax credit income	-	31,052
Other Income	3,796	2,165
Total other income	\$ 12,504	\$ 43,790

See independent accountant's compilation report.