

# Bethel Lutheran

The 74<sup>th</sup> Annual Meeting of  
Bethel Lutheran Nursing & Rehabilitation Center  
and  
The 36<sup>th</sup> Annual Meeting of  
Bethel Lutheran Foundation



September 28, 2022

**MISSION:**

*Bethel Lutheran Nursing & Rehabilitation Center exists for the primary purpose of providing Christian care in its truest meaning – ministering to the physical, spiritual, and emotional needs of each person, not merely as a professional service, but as a work of love and mercy. Thus, we minister to people in the name of Christ by recognizing each individual as a child of God.*



**Proud to be owned by the following congregations:**

Ambrose Lutheran – Ambrose *	Our Redeemer's Lutheran – Williston
Bethlehem Lutheran – Noonan	Our Savior's Lutheran – Rural Williston
Calvary Lutheran – Alamo *	Our Savior's Lutheran – McGregor
Concordia Lutheran – Williston	Ray Lutheran – Ray +
Emmanuel Free Lutheran – Williston	Scandia Lutheran – McGregor
Epping Lutheran – Epping +	Shepherd's Table – Williston
Faith Lutheran – Zahl	St. Olaf Lutheran – Grenora
First Lutheran – White Earth	Trinity Lutheran – Trenton
First Lutheran – Williston	United Lutheran – Zahl
Gloria Dei Lutheran – Williston	West Prairie Lutheran – Williston
Grace Lutheran – Wildrose *	Zion Lutheran – McGregor
Light of Christ Lutheran – Williston	Zion Lutheran – Noonan
Lutheran Brethren – Williston	

\* = NW United Lutheran Parish

+ = United Community Parish

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**Bethel Lutheran Nursing & Rehabilitation Center - Current Board of Directors**

Aaron Schmit, Chairman – Williston	Patti Stewart – Williston
Grant Carns, Vice Chair – Williston	Ruth Carlson – Williston
Peggy Sundet, Sec/Treas – Williston	Tina Hanson – Williston
Alvina Skogen – Epping	Rick Braaten – Williston
Kelsey Geltel – Williston	

**Committees**

Personnel & Public Relations	Budget & Finance	Building & Maintenance
Grant Carns	Kelsey Geltel	Peggy Sundet
Patti Stewart	Tina Hanson	Tina Hanson
Ruth Carlson		

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**Bethel Lutheran Foundation - Current Board of Directors**

Stuart Langager, President	Ken Kjos
Grant Carns, Vice Chair	Paula Jarland
Peggy Sundet, Sec/Treas	

# Bethel Lutheran

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# Bethel Lutheran Nursing & Rehabilitation Center

## 74<sup>th</sup> ANNUAL BLNRC AGENDA

Call to Order..... Aaron Schmit, Chairperson  
Devotional .....Rev. Sheldon Sorenson, Chaplain

### Introduction of Board of Directors

#### TERMS EXPIRING – 2022

Aaron Schmit..... 2<sup>nd</sup> Term, St. Joseph's Catholic Church, Williston  
Grant Carns .....1<sup>st</sup> Term, Gloria Dei Lutheran Church, Williston  
Ruth Carlson .....1<sup>st</sup> Term, West Prairie Lutheran Church, Williston

#### TERMS EXPIRING – 2023

Alvina Skogen .....2<sup>nd</sup> Term, Ray Lutheran Church, Epping  
Patti Stewart ..... 2<sup>nd</sup> Term, First Lutheran Church, Williston  
Peggy Sundet..... 2<sup>nd</sup> Term, Lutheran Brethren Church, Williston

#### TERMS EXPIRING – 2024

Kelsey Geltel .....1<sup>st</sup> Term, First Lutheran Church, Williston  
Rick Braaten .....1<sup>st</sup> Term, Life Church, Williston  
Tina Hanson .....1<sup>st</sup> Term, First Lutheran Church, Williston

Approval of September 30, 2021 Minutes .....Peggy Sundet, Secretary/Treasurer  
Motion and Second to Approve

Financial Report .....Tiffany Sickinger, Chief Financial Officer  
Along with Brad DeJong, CPA, Eide Bailly  
Motion and Second to Approve

Nomination of Board Members ..... Aaron Schmit, Chairperson  
Jim McKenzie..... St. Joseph's Catholic Church, Williston  
Rob Osborn ..... First Lutheran Church, Williston

Motion and Second to Approve

Chairperson's Report ..... Aaron Schmit, Chairperson

Administrator's Report .....Belinda Moen, Administrator

Old Business

New Business

Adjournment of BLNRC Annual Meeting – Move into Foundation Annual Meeting

**Bethel Lutheran Nursing & Rehabilitation Center  
73rd Annual Meeting Minutes  
September 30, 2021**

**Call to Order:** The 73rd annual meeting was held via a Zoom online format. Stuart Langager was thanked for hosting the meeting.

A quorum was established and the meeting was called to order by Aaron Schmit, Chairperson at 6:10 p.m.

**Devotional:** Reverend Sheldon Sorenson, Chaplain, gave the opening devotional.

**Introduction of Board Members:** Bethel Board members were introduced.

**TERMS EXPIRING-2023**

Patti Stewart - - - - - 2nd Term, First Lutheran Church, Williston  
Margaret Sundet - - - - - 2nd Term, Lutheran Brethren Church, Williston  
Alvina Skogen - - - - - 2nd Term, Ray Lutheran Church, Epping

**TERMS EXPIRING—2022**

Aaron Schmit - - - - - 2nd Term, St. Joseph's Catholic Church, Williston  
Grant Carns - - - - - 1st Term, Gloria Dei Lutheran Church, Williston  
Ruth Carlson - - - - - 1st Term, West Prairie Lutheran, Williston

**TERMS EXPIRING—2021**

Lyle Kuester - - - - - 1st Term, Lutheran Brethren Church, Williston  
Arlis Haug - - - - - 1st Term, Gloria Dei Lutheran Church, Williston  
Joel Wilt - - - - - 2nd Term, First Lutheran Church, Williston

The Annual Report and Audited financials were posted on the BLNRC website and also available on the Zoom meeting screen for those attending remotely.

**Approval of Minutes:** The September 30, 2020 minutes of the Annual Meeting of Bethel Lutheran Nursing & Rehabilitation Center were presented for approval. Motion was entertained to approve the minutes. Motion was made, second and unanimously approved.

**Financial Report:** Cindy Sorenson, Interim Director of Finance, presented the financial report. Audited financials for the year ending June 30, 2021 were prepared by Brady Martz & Associates. A clean audit opinion was received.

**BETHEL LUTHERAN NURSING & REHABILITATION CENTER**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
Nursing home revenue		
Skilled nursing care	\$ 12,564,775	\$ 12,536,512
Basic nursing care	344,141	594,514
Therapy	99,660	126,272
Other skilled and basic revenue	6,730	13,069
Total nursing home revenue	<u>13,015,306</u>	<u>13,270,367</u>
Nursing home operating expenses		
Departmental	13,116,920	13,471,088
Depreciation and amortization	478,113	496,684
Bad debts	265,945	155,278
Total nursing home operating expenses	<u>13,860,978</u>	<u>14,123,050</u>
Nursing home revenues over (under) expenses	<u>(845,672)</u>	<u>(852,683)</u>
Assisted living revenues	<u>1,038,184</u>	<u>1,371,423</u>
Assisted living operating expenses		
Departmental	909,206	990,651
Depreciation and amortization	191,856	277,525
Interest	31	8,003
Total assisted living operating expenses	<u>1,101,093</u>	<u>1,276,179</u>
Assisted living operating revenues over (under) expenses	<u>(62,909)</u>	<u>95,244</u>
Other operating revenue		
PPP loan forgiveness	1,712,500	-
CARES act grant	683,088	740,732
Economic Resiliency Grant	50,000	-
Total other operating revenue	<u>2,445,588</u>	<u>740,732</u>
Total operational revenues over (under) expenses	<u>1,537,007</u>	<u>(16,707)</u>
Non-operating revenues (expenses)		
Interest income	103,036	108,770
Parsonage (net)	2,910	(1,235)
Employee and guest meals	19,059	18,085
Children's daycare (net)	2,010	2,871
Gift shop and ice cream parlor (net)	1,510	2,353
Gifts from Bethel Lutheran Foundation	25,047	234,623
Miscellaneous	1,282	7,168
Total non-operating revenues over expenses	<u>154,854</u>	<u>372,635</u>
Change in net assets without donor restrictions	<u>1,691,861</u>	<u>355,928</u>
Net assets without donor restrictions, beginning of year	<u>13,393,043</u>	<u>13,037,115</u>
Net assets without donor restrictions, end of year	<u>\$ 15,084,904</u>	<u>\$ 13,393,043</u>



**BETHEL LUTHERAN NURSING & REHABILITATION CENTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 4,230,870	\$ 3,580,497
Accounts receivable (net of an allowance for doubtful accounts of \$432,919 for 2021 and \$243,600 for 2020)	1,848,025	1,524,258
Other receivables	23,801	15,160
Supplies	151,360	93,545
Prepaid expenses	63,693	34,265
Total current assets	<u>6,317,749</u>	<u>5,247,725</u>
Property and equipment (net)	<u>5,539,790</u>	<u>6,040,109</u>
Other assets		
Cash and cash equivalents - security deposits & resident trust funds	76,949	67,326
Certificates of deposit	4,024,613	4,507,757
Rental property (net)	202,343	214,560
Deposits	47,999	47,000
Total other assets	<u>4,351,904</u>	<u>4,836,643</u>
Total assets	<u><u>\$ 16,209,443</u></u>	<u><u>\$ 16,124,477</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 430,526	\$ 326,114
Accrued expenses		
Discretionary leave	332,276	328,681
Salaries and wages	221,196	161,774
Pension, payroll taxes, and other	121,626	175,030
PPP loan	-	1,712,500
Current portion of capital lease obligations	8,676	8,420
Total current liabilities	<u>1,114,300</u>	<u>2,712,519</u>
Long term liabilities		
Capital lease obligations, net of current portion	<u>10,239</u>	<u>18,915</u>
Total liabilities	<u>1,124,539</u>	<u>2,731,434</u>
Net assets without donor restrictions	<u>15,084,904</u>	<u>13,393,043</u>
Total liabilities and net assets	<u><u>\$ 16,209,443</u></u>	<u><u>\$ 16,124,477</u></u>

Balance sheet is similar to last year. The Payroll Protection loan from the Government of \$1.7M was forgiven and included in Other Operating Revenue on the Statement of Activities and Changes in Net Assets for the year ended June 30, 2021. Census for FY21 was at 39,000 skilled beds vs 42,000 in FY20. Revenues were higher though due to case mix and Medicare days.

Census Figures - residents per day

Basic Care	12 - 2020
	6.5 - 2021
Assisted Living	34 - 2020
	24 - 2021

Contracted Nursing costs have escalated from \$2,223,362 as of June 30, 2020, to \$3,476,590 as of June 30, 2021. The auditors prepared a schedule of Nursing Home Operating Expenses by Department.

**BETHEL LUTHERAN NURSING & REHABILITATION CENTER**  
**SCHEDULES OF NURSING HOME OPERATING EXPENSES BY DEPARTMENT**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
Administrative expense		
Salaries	\$ 605,916	\$ 583,060
Payroll taxes and benefits	1,256,720	1,564,385
Insurance	112,391	117,509
Service agreements	146,469	142,921
Computer hardware	5,382	15,445
Supplies, printing, and postage	22,900	21,615
Professional fees	92,947	51,588
Staff appreciation	5,852	13,260
Recruitment	27,403	87,868
Dues and licenses	22,708	18,240
Other	40,591	33,597
Travel, training, and education	4,717	5,207
Telephone	14,493	12,480
Other staff benefits	1,299	4,764
Board expense	-	343
Advertising	422	1,489
	<u>2,360,210</u>	<u>2,673,771</u>
Nursing		
Salaries	3,684,543	4,756,889
Contracted nursing	2,765,057	1,535,390
Supplies	271,995	232,459
Drugs	113,668	124,399
Travel, training, and education	5,730	6,676
Consultants	14,400	14,400
Fees, licenses, and other	13,191	27,773
	<u>6,868,584</u>	<u>6,697,986</u>
Activities		
Salaries	281,379	275,244
Supplies	18,509	21,711
Travel, training, and education	225	-
Other	847	2,039
	<u>300,960</u>	<u>298,994</u>
Social services and chaplain		
Salaries	219,094	224,456
Supplies and other	928	2,629
Contract services	31,069	21,012
	<u>251,091</u>	<u>248,097</u>

The Chair entertained a motion to accept the financial report as presented. Motion was made and second. Motion carried.

Nomination of New Board members: Aaron Schmit reviewed the current slate of Board members. There are three board positions open as Arlis Haug and Lyle Kuester did not wish to serve a second term. Joel Wilt has finished his second term.

Nominations for new board members for 2 of the 3 open positions were:

Tina Hanson - - - - - First Lutheran Church, Williston

Kelsey Geltel - - - - - First Lutheran Church, Williston

There were no other nominations from the floor. When a third board member is secured, that member will be approved at a meeting of the BLNRC board.

Motion was made and seconded to cast unanimous ballot for the nominations of Tina Hanson and Kelsey Geltel. Motion carried.



Chairman's Report: Aaron Schmit, BLNRC Board Chair, presented the Chairman's report. Aaron spoke on the continuing challenges faced by Bethel. The low census, Paycheck Protection Program and Stimulus checks have helped Bethel remain strong, without this assistance Bethel would have gone backward. Forecast predicts a tough financial year ahead with rising costs and the stress on staff and resident's families during this continued pandemic crisis. Staffing is very challenging with a nationwide nursing shortage. Bethel spent \$2.7M on travelers, which has become a vicious cycles with trying to provide competitive wages and compensation to retain and attract new staffing.

He encouraged member churches to ask their congregations for prayers for Bethel. Covid has been very hard on staff and administration. He asked for prayers of guidance, patience and perseverance.

Building Committee – The Building Committee consists of Bethel and Foundation representatives Kurt Stoner, Tami Peterson, Cindy Sorenson, Aaron Schmit, Joel Wilt, Ken Kjos and Stuart Langager. Others on the Committee are Rick Tofte, Mark Schneider. The Committee has had many conversations with the City of Williston to purchase land in the old airport and is making progress. Lots of vetting has been done to see if the property will meet our needs.

Kurt Stoner spoke on the Market Analysis and Financial Feasibility Study being conducted the Eide Bailly. A positive study is vital to receive bond funding for this project.

The Chairman concluded his report in commending Tami for her work during these long 2 years of the pandemic crisis. He felt the Board feels helpless and it difficult for the Board on what to do to help. Aaron also thanked Pastor Sheldon for his meaningful devotional.

Administrators Report: Tami Peterson, Administrator, thanked Aaron for his kind words and responded hopefully next year we can talk about something other than the daily trials from the pandemic.

Tami reviewed services at Bethel.

- Arbor House (Assisted Living) offers 33 apartments (both 1 and 2 bedrooms are available).
- Nelson Manor (Basic Care) offers 19 resident rooms.
- Skilled Care Nursing offers 150 resident rooms for long term care and short-term rehabilitation.
- Respite Care – on hold related to pandemic.
- Adult Day Care – on hold related to pandemic.
- Plan to add home and community based services and provide outpatient therapy. Presently on hold due to pandemic. Currently outpatient therapy is provided to all Bethel senior living apartments and the assisted living facility.

Since June 10<sup>th</sup>, new admissions have been on hold due to damage from the storm, and current staffing shortages.

Census for all Levels of Care

- Arbor House (Assisted Living) – 23 out of 33 apartments are rented.
- Basic Care – 7 out of 19 resident rooms are occupied.
- Skilled Care – 108 out of 150 resident rooms are occupied.
- Census for 2021 showed a low of 97 and high of 118 in the facility over the last year.

### Agency Staff

- Reliance on agency staff (Certified Nursing Assistant and Licensed Nurse) has markedly increased this past fiscal year with \$2.7million spent. Last year was \$1.2 million.
- Loss of Bethel staff:
  - a. Pandemic - #1 reason related to testing, vaccination and positive cases
  - b. Moved out of area
  - c. Terminated for performance issues
  - d. Other opportunities - Hospital, join travel agency, etc.

### Pandemic - COVID-19 Positive Cases & Vaccination Status

- Total positive cases in all care areas since March 2020: Started testing 05/2020
  - a. Staff - 84 cases (5 - staff with reinfections, 3 vaccinated)
  - b. Residents - 21 cases (1 resident with reinfection, 4 vaccinated)
- Testing for COVID-19 has been extensive at Bethel. Skilled/Basic Care twice per week for the majority of the pandemic. Arbor house limited testing.
- Percent vaccinated: Vaccinations initiated at Bethel on 12/26/20
  - a. Staff - Fully vaccinated (64%); any vaccination (67%)
  - b. Residents - Fully vaccinated (89%); any vaccination (90%)
- Pending Vaccine Mandate

### Pandemic - COVID-19 (Visitation)

- The regulatory changes from the state and federal levels have been ever changing during the pandemic.
- Skilled/basic care was closed to indoor visitation majority of pandemic related to positive cases and/or county positivity.
- Arbor House was open to indoor visitation majority of pandemic until recently.
- Presently all care levels are closed to indoor visitation related to COVID-19 positive status.
- When closed for indoor visitation, alternate visitation through window, virtual, or as weather allowed outside visitation. Bethel had developed area in activity room, but CMS declined.

### Pandemic - COVID-19 Staffing Challenges

- Staff (unvaccinated/vaccinated) are required to be off if exhibiting symptoms.
- Unvaccinated staff are required to be off if a household contact is positive. Time off can be up to 24 days.
- Unvaccinated staff, if traveling, are required to be off for 7 days.
- If staff are positive for COVID-19 they are required to be off for 10 days.
- COVID-19 fatigue. Use of overtime to cover available shifts.
- Nursing travel agencies are paying at high levels.
- Bethel is participating in the COVID pay of up to 80 hours to staff when off.
- Arrival of 6 overseas nurses within the next 12 to 18 months.

### Storm damage June 10<sup>th</sup>, 2021

#### Water damage and hail damage.

- Pine View Neighborhood was required to shut down and move residents to 3rd floor Horizon Towers.
- Dining rooms for Legacy, Wheatland, and Horizon Towers required to shut down related to water damage.
- First floor Horizon Towers incurred significant water damage.
- Roofs for both Bethel and Arbor house were damaged.
- Multiple areas in Bethel with water damage requiring the walls to be cut out and removed.

- Hail damage to ventilation system on roof.
- Received approximately \$750,000 from the insurance company.

#### Accomplishments

- Surviving the Pandemic.
- Workforce Safety – Bethel's numbers are lower than industries average.
- Applied for Workforce Safety Grant for new lifts.

Looking toward the future, Tami hopes for the success of the building project and sustainability in the work force.

Tami concluded her report by thanking the staff, directors, and management at Bethel, the Foundation, the Board Members, the Building Committee and local churches for providing the much needed financial and spiritual support to our residents.

Old Businesses: None

New Business: None

Adjournment: The meeting was adjourned at 7:00 PM.

Submitted by,

Tammra Peterson, Administrator

TP/kh



Financial Statements  
June 30, 2022 and 2021

# Bethel Lutheran Nursing & Rehabilitation Center

# Bethel Lutheran Nursing & Rehabilitation Center

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June 30, 2022 and 2021

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## **Independent Auditor's Report**

The Board of Directors  
Bethel Lutheran Nursing & Rehabilitation Center  
Williston, North Dakota

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Bethel Lutheran Nursing & Rehabilitation Center (the Center), which comprise the balance sheet as of June 30, 2022, and the related statements of operations and net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### **Other Matter**

The financial statements of the Center for the year ended June 30, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on August 20, 2021.

#### ***Responsibilities of Management 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; and for 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.



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

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

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

In performing an audit in accordance with GAAS, we:

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

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



Fargo, North Dakota  
September 30, 2022

# Bethel Lutheran Nursing & Rehabilitation Center

Balance Sheets – Assets

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,792,486	\$ 4,230,870
Resident receivables, net	1,427,932	1,848,025
Other receivables	147,522	23,801
Supplies	146,907	151,360
Prepaid expenses	36,699	63,693
Total current assets	<u>4,551,546</u>	<u>6,317,749</u>
Other Assets		
Security deposits and resident trust funds	56,836	76,949
Long-term investments	4,534,105	4,024,613
Rental property (net)	206,982	202,343
Deposits with vendors	1,000	47,999
Total other assets	<u>4,798,923</u>	<u>4,351,904</u>
Property and Equipment		
Land and improvements	1,074,423	1,049,423
Buildings and fixed equipment	21,322,361	20,934,601
Major movable equipment	2,832,997	2,803,699
	<u>25,229,781</u>	<u>24,787,723</u>
Accumulated depreciation	<u>(19,839,964)</u>	<u>(19,247,933)</u>
Net property and equipment	<u>5,389,817</u>	<u>5,539,790</u>
Total assets	<u><u>\$ 14,740,286</u></u>	<u><u>\$ 16,209,443</u></u>

# Bethel Lutheran Nursing & Rehabilitation Center

Balance Sheets – Liabilities and Net Assets

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of financing lease	\$ 8,420	\$ 8,676
Accounts payable	394,916	353,440
Accrued expenses		
Discretionary leave	332,276	332,276
Salaries and wages	286,661	221,196
Pension, payroll taxes, and other	221,489	121,626
Total current liabilities	1,243,762	1,037,214
Resident Trust Funds and Security Deposits Payable	58,266	77,086
Capital Lease, Net of Current Maturities	1,901	10,239
Total liabilities	1,303,929	1,124,539
Net Assets Without Donor Restrictions	13,436,357	15,084,904
Total liabilities and net assets	<u>\$ 14,740,286</u>	<u>\$ 16,209,443</u>

# Bethel Lutheran Nursing & Rehabilitation Center

## Statements of Operations and Changes in Net Assets

Years Ended June 30, 2022 and 2021

	2022	2021
Revenues, Gains, and Other Support Without Donor Restrictions		
Resident service revenue	\$ 13,694,173	\$ 14,046,760
Other revenue	5,602	6,730
Grant income	148,393	50,000
Paycheck Protection Program forgiveness	-	1,712,500
Provider relief funds	-	683,088
Total revenues, gains, and other support	<u>13,848,168</u>	<u>16,499,078</u>
Expenses		
Salaries	7,898,357	7,227,882
Benefits	1,412,224	1,321,714
Purchased services	4,011,116	3,545,926
Supplies and food	1,244,946	1,027,906
Depreciation and amortization	653,976	669,969
Plant management	404,002	494,902
Bad debt	274,969	265,945
Other	447,381	407,827
Total expenses	<u>16,346,971</u>	<u>14,962,071</u>
Operating Income (Loss)	<u>(2,498,803)</u>	<u>1,537,007</u>
Other Income (Expense)		
Gain on insurance claims	725,916	-
Investment income	96,342	103,036
Gifts from Bethel Foundation	16,439	25,047
Miscellaneous	11,559	26,771
Total other income	<u>850,256</u>	<u>154,854</u>
Revenues in Excess of (Less Than) Expenses and Change in Net Assets Without Donor Restrictions	(1,648,547)	1,691,861
Net Assets, Beginning of Year	<u>15,084,904</u>	<u>13,393,043</u>
Net Assets, End of Year	<u><u>\$ 13,436,357</u></u>	<u><u>\$ 15,084,904</u></u>

# Bethel Lutheran Nursing & Rehabilitation Center

## Statements of Cash Flows Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ (1,648,547)	\$ 1,691,861
Adjustments to reconcile change in net assets to net cash and cash equivalents from (used for) operating activities		
Depreciation and amortization	641,314	657,752
Depreciation - rental property	12,662	12,217
Gain on insurance proceeds	(725,916)	-
Net loss on disposal of property and equipment	956	4,000
Paycheck Protection Program loan forgiveness	-	(1,712,500)
Changes in assets and liabilities		
Receivables	296,372	(332,408)
Supplies	4,453	(57,815)
Prepaid expenses	26,994	(30,427)
Accounts payable	41,476	94,790
Accrued expenses	165,328	9,613
Security deposits	(18,820)	9,622
Deposits with vendors	46,999	-
Net Cash From (Used for) Operating Activities	<u>(1,156,729)</u>	<u>346,705</u>
Investing Activities		
Purchase of property and equipment	(601,461)	(173,651)
Purchase of renal property	(17,723)	-
Maturities of certificates of deposits	-	498,000
Purchase of and interest reinvested on certificates of deposit	<u>(509,492)</u>	<u>(14,856)</u>
Net Cash From (Used For) Investing Activities	<u>(1,128,676)</u>	<u>309,493</u>
Financing Activities		
Principal payments on financing lease	(8,594)	(8,420)
Insurance Proceeds	<u>822,840</u>	<u>-</u>
Net Cash From (Used For) Financing Activities	<u>814,246</u>	<u>(8,420)</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	(1,471,159)	647,778
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>4,295,601</u>	<u>3,647,823</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 2,824,442</u>	<u>\$ 4,295,601</u>
Cash and cash equivalents	\$ 2,792,486	\$ 4,230,870
Security deposits and resident trust funds	<u>56,836</u>	<u>76,949</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 2,849,322</u>	<u>\$ 4,307,819</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 544</u>	<u>\$ 861</u>

## **Note 1 - Organization and Significant Accounting Policies**

### **Organization**

Bethel Lutheran Nursing & Rehabilitation Center (the Center) is a non-profit senior living center in Williston, North Dakota. The Center operates 150 skilled care beds, 19 basic care beds, and a 33 unit assisted living center.

### **Income Taxes**

The Center is organized as a North Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Center is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Center has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Center believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less.

### **Resident Receivables**

Resident receivables are uncollateralized resident and third-party payor obligations. The Center does not charge interest on unpaid resident receivables. Payments of resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Resident accounts receivable is reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Center analyzes accounts for adverse changes in a resident's or third-party payor's ability to pay that may have occurred subsequent to recognition. Management regularly reviews specific data about receivable balances and its past history with similar cases to estimate the appropriate allowance for doubtful accounts and provisions for bad debts. The Centers allowance for doubtful accounts was \$552,620 and \$432,919 for the years ended June 30, 2022 and 2021, respectively.



The Center's resident receivable balance as of July 1, 2020 was \$1,524,258.

### **Supplies**

Supplies are stated at lower of cost (first-in, first-out).

### **Property and Equipment**

Property and equipment acquisitions in excess of \$1,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The accumulated depreciation and estimated useful lives of property and equipment are as follows:

	<u>Estimated Useful Lives</u>
Land improvements	12-20 years
Buildings and fixed equipment	5-40 years
Major movable equipment	4-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to net assets without donor restrictions and are excluded from the performance indicator, unless explicit donor stipulations specify how the donated assets must be used. Gifts 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 net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

The Center considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. The Center recognized an impairment loss of \$96,924 for the year ended June 30, 2022. No impairment was identified for the year ended June 30, 2021.

### **Rental Property**

Rental property consists of property adjacent to the Center for day care services. Accumulated depreciation on rental property at June 30, 2022 and 2021, totaled \$252,425 and \$244,072, respectively. Rental income and related expenses on the rental properties are recorded within miscellaneous income in the financial statements.

### **Investments and Investment Income**

Investments in debt securities are measured at fair value in the balance sheets. Investment income is included in the performance indicator unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the performance indicator unless the investments are trading securities.

### **Resident Trust Funds and Tenant Security Deposits**

The Center acts as custodian for the funds of the nursing facility residents. The Center also holds security deposits for tenants of the assisted living and apartments. These funds are included in other assets and other liabilities in the financial statements. Resident trust funds and tenant security deposits totaled \$56,836, \$76,949, and \$67,326 at June 30, 2022 and 2021, and 2020, respectively.

### **Net Assets with Donor Restrictions**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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. As of June 30, 2022 and 2021, the Center had no assets with donor restrictions.

### **Resident Service Revenue**

Resident service revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others. Generally, the Center bills the resident at the beginning of the month prior to services being performed and third-party payors several days after the services are performed and/or the resident is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Center believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services. The Center measures the performance obligation from residents receiving skilled nursing services from the beginning of the performance period, generally admission or the beginning of the month, to the sooner of completion of services to that resident, discharge or the end of the month. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Center does not believe it is required to provide additional goods or services to the resident.

The Center determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors and discounts provided to uninsured residents in accordance with the Center's policy, if applicable. The Center determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience.

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

*Skilled Nursing*

The Center is reimbursed for resident services on prospectively determined per diem rates which are determined on a cost-related basis subject to certain limitations as prescribed by North Dakota Department of Human Services regulations. These rates are subject to retroactive adjustment by field audit. The Center also participates in the Medicare program for which payment for resident services is made on a prospectively determined per diem rate which varies based on a patient driven payment model (PDPM) that is utilized to classify residents under the prospective payment system.

*Assisted Living*

Revenue for the assisted living facility consists of resident payment for services and rent for apartments under agreements. Rates are set by the Center's Board of Directors.

Revenues from the Medicaid and Medicare programs account for 48% and 8% of the Center's resident service revenue for the year ended June 30, 2022, and 47% and 12% for the year ended June 30, 2021.

Certain residents covered by third-party payors are responsible for related deductibles, coinsurance or resident portions, which vary in amount. The Center estimates the transaction price for residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments and discounts based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change. Adjustments arising from a change in the estimate of implicit price concessions for performance obligations were not significant in 2022 and 2021. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended June 30, 2022 and 2021 were \$274,969 and \$265,945, respectively.

The nature, amount, timing and uncertainty of revenue and cash flows are affected by several factors that the Center considers in its recognition of revenue. Following are some of the factors considered:

- Payors (for example, Medicare, Medicaid, or other insurance, resident) have different reimbursement/payment methodologies
- Length of the resident's service/episode of care
- Type of service provided (for example, room and board, therapy, supplies and medications, etc.)
- Home's line of businesses that provided the service (for example, skilled nursing, assisted living, etc.)

For the years ended June 30, 2022 and 2021, the Center recognized revenue of \$13,691,388 and \$14,046,760 from services provided over time.

**Performance Indicator**

Revenues in excess of (less than) expenses is the performance indicator and excludes transfers of assets to and from related parties for other than goods and services and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

### **Donor-Restricted Gifts**

The Center reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of changes in net assets as net assets released from restrictions.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

### **Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash, money market accounts and investments with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Center has not experienced losses in any of these accounts. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in Note 7, which presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, such as depreciation and interest, are allocated to a function based on square-footage.

### **Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

### **Subsequent Events**

Subsequent events have been evaluated through September 30, 2022, the date the financial statements were available to be issued.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 2,792,486	\$ 4,230,870
Security deposits and resident trust funds	56,836	76,949
Certificates of deposit	4,534,105	4,024,613
Resident receivables	1,427,932	1,848,025
Other receivables	147,522	23,801
Deposits with vendors	1,000	47,999
	<u>\$ 8,959,881</u>	<u>\$ 10,252,257</u>

As part of a liquidity management plan, cash in excess of daily requirements is invested in mutual funds and CDs.

**Note 3 - Fair Value Measurements**

The Hospital reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

# Bethel Lutheran Nursing & Rehabilitation Center

Notes to Financial Statements

June 30, 2022 and 2021

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset or liability.

The following table presents assets and liabilities measured at fair value at June 30, 2022:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 3,487,000	\$ -	\$ 3,487,000	\$ -
Certificates of Deposit (at cost)	1,047,105	-	-	-
Total long-term investments	<u>\$ 4,534,105</u>	<u>\$ -</u>	<u>\$ 3,487,000</u>	<u>\$ -</u>

The following table presents assets and liabilities measured at fair value at June 30, 2021:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 2,989,000	\$ -	\$ 2,989,000	\$ -
Certificates of Deposit (at cost)	1,035,612	-	-	-
Total long-term investments	<u>\$ 4,024,612</u>	<u>\$ -</u>	<u>\$ 2,989,000</u>	<u>\$ -</u>

## Note 4 - COVID-19 Programs

During the years ended June 30, 2022 and 2021, the Center received \$0 and \$683,088 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS). The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has various deadlines to incur eligible expenses based on when the funds were received. Unspent funds will be expected to be repaid.



# Bethel Lutheran Nursing & Rehabilitation Center

Notes to Financial Statements

June 30, 2022 and 2021

These funds are recorded as a refundable advance when received and are recognized as revenues in the accompanying statements of operations as all terms and conditions are considered met. The terms and conditions are subject to interpretation and future clarification. In addition, this program may be subject to oversight, monitoring and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

During the years ended June 30, 2022 and 2021, the Center recognized \$0 and \$683,088 as revenue, respectively, included as provider relief funds on the statement of operations and changes in net assets.

## Note 5 - Pension Plan

The Center has a defined contribution plan. The plan covers employees who have at least one year of service, are over 18 years of age, and have at least 1,000 hours of service in one year. Eligible employees may contribute up to the maximum allowable by Internal Revenue Service Guidelines. The Center will match up to 3% of an employee's elective deferral and contribute 2% profit sharing. Contributions are deposited with the plan trustee who invests the plans assets. Total employer pension plan expense for the years ended June 30, 2022 and 2021 was \$208,437 and \$235,705.

## Note 6 - Concentrations of Credit Risk

The Center grants credit without collateral to its residents, most of whom are insured under third-party payor agreements. The mix of receivables from residents and third-party payors at June 30, 2022 and 2021 was as follows:

	2022	2021
Medicaid	41%	40%
Medicare	9%	21%
Other third-party payors and residents	50%	39%
	<u>100%</u>	<u>100%</u>

# Bethel Lutheran Nursing & Rehabilitation Center

Notes to Financial Statements

June 30, 2022 and 2021

## Note 7 - Functional Expenses

The Center provides long-term care services to residents within its geographic location. Expenses related to providing these services by functional class for the year ended June 30, 2022 are as follows:

	Patient Care	General and administrative	Total
Salaries	\$ 7,266,811	\$ 631,546	\$ 7,898,357
Benefits	1,299,304	112,920	1,412,224
Purchased services	3,579,029	432,087	4,011,116
Supplies and food	1,218,864	26,082	1,244,946
Depreciation and amortization	628,647	25,329	653,976
Plant management	388,106	15,896	404,002
Bad debt	274,969	-	274,969
Other	187,798	259,583	447,381
	<u>\$ 14,843,528</u>	<u>\$ 1,503,443</u>	<u>\$ 16,346,971</u>

Expenses related to providing these services by functional class for the year ended June 30, 2021 are as follows:

	Patient Care	General and administrative	Total
Salaries	\$ 6,424,307	\$ 803,575	\$ 7,227,882
Benefits	1,229,587	92,127	1,321,714
Purchased services	3,432,221	113,705	3,545,926
Supplies and food	1,005,007	22,899	1,027,906
Depreciation and amortization	647,022	22,947	669,969
Plant management	476,651	18,251	494,902
Bad debt	265,945	-	265,945
Other	22,841	384,986	407,827
	<u>\$ 13,503,581</u>	<u>\$ 1,458,490</u>	<u>\$ 14,962,071</u>

## Note 8 - Related Party

The Bethel Lutheran Foundation was established to solicit contributions on behalf of the Center. Two members of the Center's Board of directors also serve on the Foundation's Board of Directors.

For the years ended June 30, 2022 and 2021, the Center received unrestricted contributions of \$16,439 and \$25,047, respectively from the Foundation. Accounts receivable included \$10,179 and \$3,785 from the Foundation for the years ended June 30, 2022 and 2021, respectively.

## **Note 9 - Commitments and Contingencies**

### **Malpractice Insurance**

The Center has insurance coverage to provide protection for professional liability losses on an occurrence basis subject to a limit of \$1 million per claim and an aggregate limit of \$3 million. Should the occurrence basis policy not be renewed or replaced with equivalent insurance, claims based on occurrence during its term, but reported subsequently, would be uninsured.

### **Litigation, Claims, and Disputes**

The Center is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. Management assesses the ultimate settlement of any litigations, claims, and disputes in process in determining whether a liability should be recorded, or a disclosure should be presented.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity with respect to investigations and allegations concerning possible violations by health care providers of regulations could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from resident services.

### **Purchase Commitment**

On June 30, 2022, the Center entered into a purchase agreement with the City of Williston to purchase 18.88 acres of land for the future construction of a new facility. As of the date of the financial statements the purchase has not been finalized.



Supplementary Information  
June 30, 2022 and 2021

## Bethel Lutheran Nursing & Rehabilitation Center



### Independent Auditor's Report on Supplementary Information

The Board of Directors  
Bethel Lutheran Nursing & Rehabilitation Center  
Williston, North Dakota

We have audited the financial statements of Bethel Lutheran Nursing & Rehabilitation Center (the Center) as of and for the year ended June 30, 2022, and have issued our report thereon dated "Report Date", which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole.

The Skilled Nursing Private Pay Rates is presented for the purposes of additional analysis 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 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

A handwritten signature in black ink that reads "Eide Bailly LLP".

Fargo, North Dakota  
September 30, 2022

# Bethel Lutheran Nursing & Rehabilitation Center

Skilled Nursing Private Pay Rates

Year Ended June 30, 2022

Private pay rates effective for the Center for the year-ended June 30, 2022 are as follows:

	<u>7/1/21 -12/31/21</u>	<u>1/1/22 - 6/30/22</u>
RAE	\$ 455.05	\$ 482.48
RAD	440.98	467.41
RAC	396.84	420.04
RAB	344.68	364.05
RAA	288.51	303.76
ES3	725.86	773.16
ES2	571.38	607.36
ES1	569.38	605.21
HE2	501.17	532.00
HE1	418.91	443.72
HD2	463.05	491.09
HD1	390.82	413.58
HC2	438.97	465.25
HC1	370.49	392.04
HB2	434.96	460.95
HB1	368.76	389.89
LE2	447.00	473.87
LE1	376.78	398.50
LD2	432.95	458.79
LD1	366.75	387.74
LC2	384.81	407.12
LC1	328.63	346.83
LB2	366.75	387.74
LB1	314.59	331.75
CE2	402.86	426.49
CE1	374.78	396.35
CD2	382.80	404.96
CD1	254.71	374.82
CC2	340.67	359.75
CC1	316.60	333.91
CB2	314.59	331.75
CB1	294.53	310.22
CA2	270.45	284.38
CA1	254.40	267.16
BB2	286.50	301.61
BB1	274.47	288.69
BA2	240.36	252.09
BA1	230.33	241.32
PE2	374.78	396.35
PE1	358.73	379.12
PD2	354.71	374.82
PD1	336.66	355.44
PC2	306.56	323.14
PC1	294.53	310.22
PB2	264.43	277.92
PB1	254.40	267.16
PA2	222.30	232.71
PA1	214.28	224.09
AAA	214.28	224.09



Bethel Lutheran Foundation

## 36<sup>th</sup> ANNUAL FOUNDATION AGENDA

Call to Order..... Stuart Langager, Chairperson

Introduction of Board of Directors ..... Stuart Langager, Chairperson

### TERMS EXPIRING

2022 – Paula Jarlad..... 2<sup>nd</sup> Term, St. Joseph's Catholic Church, Williston

2023 – Ken Kjos ..... 1<sup>st</sup> Term, First Lutheran Church, Williston

2024 – Stuart Langager ..... 2<sup>nd</sup> Term, Lutheran Brethren, Williston

### BETHEL APPOINTED

Peggy Sundet ..... Lutheran Brethren, Williston

Grant Carns ..... Gloria Dei, Williston

Approval of September 30, 2021 Minutes ..... Stuart Langager, Chairperson

Financial/Investment Report ..... Kurt Stoner, Director

Election of Board Members ..... Kurt Stoner, Director

Aaron Schmit ..... 1<sup>st</sup> Term, St. Joseph's Catholic Church, Williston

Director's Report ..... Kurt Stoner, Director

Old Business ..... Stuart Langager, Chairperson

New Business ..... Stuart Langager, Chairperson

Adjournment

Closing Prayer ..... Rev. Sheldon Sorenson, Chaplain

**BETHEL LUTHERAN FOUNDATION**  
**Annual Meeting Minutes via Zoom Meeting Format**  
**Wednesday, September 30, 2021**

Directors Present: Stuart Langager, Paula Jarland, Margaret Sundet, Grant Carns  
Directors Absent: Ken Kjos (Excused)  
Others Present: Congregation delegates and others  
Staff: Kurt Stoner, Kathy Harger, Tami Peterson

Called to Order: 7:05 PM                      Adjourned: 7:30 PM

Call to Order: The annual meeting was called to order by President Stuart Langager via the Zoom online meeting format.

Introduction of Board - The members of the Board were introduced.

**Term Expirations:**

2021 (1<sup>st</sup> Term) .....Stuart Langager, Lutheran Brethren, Williston  
2022 (2<sup>nd</sup> Term).....Paula Jarland, St. Joseph's Catholic Church, Williston  
2023 (1<sup>st</sup> Term) .....Ken Kjos, First Lutheran Church, Williston  
Bethel Appointed .....Margaret Sundet, Lutheran Brethren, Williston  
Bethel Appointed .....Grant Carns, Gloria Dei, Williston

Minutes of Last Meeting - The minutes of the September 30, 2020 Annual meeting of Bethel Lutheran Foundation were presented for approval. The minutes were approved as printed.

**Financial/Investment Report**

Kurt Stoner, Foundation Director presented the financial report. The Annual Report and Audited Financials were posted on the BLNRC website and were also available on the Zoom meeting screen for those attending remotely.

Bethel Lutheran Foundation was audited by Brady Martz & Associates, and received a Qualified Opinion. As explained in previous years, the reason for a Qualified Opinion is our mineral acres were not recorded at fair value at the time of donation and the Bethel Heritage Manor senior living apartments that were acquired from Williston Housing Partners, LP, were not recorded at fair value at the time of 100% ownership.

Statement of Financial Position - This document reflects 2020 total current assets of \$10,299,649 as compared to \$8,871,221 in 2019. Total liabilities of \$116,635 for 2020 compared to \$132,051 for 2019. Total net assets for 2020 were \$12,494,484 and total liabilities plus net assets were \$12,611,119.



**BETHEL LUTHERAN FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 463,963	\$ 400,844
Cash and cash equivalents - security deposits	51,863	50,738
Accounts receivable	13,758	1,311
Prepaid insurance	24,127	21,855
Investments	9,675,938	8,396,473
Total current assets	<u>10,229,649</u>	<u>8,871,221</u>
Other assets		
Cash value life insurance	<u>1,636</u>	<u>1,636</u>
Property and equipment, net	<u>2,379,834</u>	<u>2,532,374</u>
Total assets	<u>\$ 12,611,119</u>	<u>\$ 11,405,231</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 844	\$ 2,552
Accrued wages	7,985	7,218
Accrued payroll liabilities	478	-
Accrued vacation payable	14,999	10,476
Security deposits payable	50,608	50,738
Deferred revenue	2,264	2,864
Current portion of pledge payable	-	16,667
Total current liabilities	<u>77,178</u>	<u>90,515</u>
Long term liabilities		
Gift annuities payable	<u>39,457</u>	<u>41,536</u>
Total liabilities	<u>116,635</u>	<u>132,051</u>
Net assets		
Without donor restrictions		
Undesignated	5,024,374	5,062,676
Board designated	5,071,334	4,144,807
Total net assets without donor restrictions	<u>10,095,708</u>	<u>9,207,483</u>
With donor restrictions		
Restricted by time or purpose	1,267,915	939,836
Restricted in perpetuity	1,130,861	1,125,861
Total net assets with donor restrictions	<u>2,398,776</u>	<u>2,065,697</u>
Total net assets	<u>12,494,484</u>	<u>11,273,180</u>
Total liabilities and net assets	<u>\$ 12,611,119</u>	<u>\$ 11,405,231</u>

**Statement of Activities** - This document reflects total support, revenue and gains at \$2,213,003. The revenue was comprised mainly from \$405,559 of oil production, \$612,875 gross rental income and \$1,028,123 of net investment income. Donations to Bethel for 2020 were \$254,794, which included the final payoff for the Arbor House debt in early 2020.

Bethel Foundation's senior living apartments are debt free. 2020 financials show the land, building and improvements, furniture and fixtures were recorded at \$5,195,628 less accumulated depreciation of \$2,904,033.

## Financial Assets Available for General Use

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 463,963	\$ 400,844
Cash and cash equivalents - security deposits	51,863	50,738
Accounts receivable	13,758	1,311
Investments	<u>9,675,938</u>	<u>8,396,473</u>
Total financial assets	<u>10,205,522</u>	<u>8,849,366</u>
Less those unavailable for general expenditures within one year:		
Legally required reserves	51,863	50,738
Board designated endowment funds	5,021,334	4,094,807
Board designated daycare fund	50,000	50,000
Contractual or donor imposed restrictions:		
Endowment funds	1,130,861	1,125,861
Restricted by donor for a specific time or purpose	1,220,051	890,465
Restricted by donor for annuity obligations	<u>47,864</u>	<u>49,371</u>
Total financial assets unavailable for general expenditure	<u>7,521,973</u>	<u>6,261,242</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,683,549</u>	<u>\$ 2,588,124</u>

Board designated endowment funds in the amount of \$5,021,334 consist of the oil and gas income invested at Ameriprise. All or part of these funds can be used at the Board's discretion for a building project. There is a Daycare Designated Fund of \$50,000. Permanent Endowment funds of \$1,130,861 are restricted by donors for a specific purpose. Included in these funds would be the Good Samaritan Fund in the amount of \$220,295 and the Building Fund in the amount of \$296,257.

The Chair entertained a motion to accept the financial report as presented. Motion was made and second. Motion carried.

Election of Board Members – Stuart Langager completed his first term on the Foundation Board and is eligible to serve a second term.

Stuart Langager was nominated to serve a second term on the Foundation Board. There were no other nominations from the floor.

Motion was made and seconded to cast unanimous ballot for the nomination of Stuart Langager. Motion carried.

### Director's Report

The Foundation's senior living apartments continue to be a good investment and provide a valuable service to area seniors. Major repairs in the amount of \$193,288 have been done to the buildings due to the hail and water damage. New roofs were installed on the Golden Estates and the Terrace garages. Fascia and gutter repair was done to the Manor and Heritage Estates buildings. As part of the repairs to the Golden Estates, all the skylights and sun tubes in the apartments will be replaced with LED lighting to eliminate ongoing water leaking and condensation issues.

Oil production continues to be one of the biggest sources of revenue for the Foundation. In 2020 oil income was \$405,559 and 8.31.21 year to date was \$333,246. We are currently receiving production from 17 different oil companies under a total of 357 well contracts.

The Foundation's Finance Committee consists of Lowell Sandvik, Doug Crosby and Ron Lund. The Committee meets every 6 months to set policy and provide financial guidance for each of its three investment funds.

Undesignated Funds – First National Bank & Trust  
Oil & Gas Endowment – Ameriprise  
Permanent Endowment – American State Bank & Trust

Due to the continued pandemic College for Seniors was unable to be held. Bethel was again a recipient of donations from the Annual Kasmer Aafedt Charity Golf Tournament which this year raised \$3,500 for the Bethel Building Fund.

A listing of all contributions made in calendar year 2020 is detailed in the annual report. The annual report is on Bethel's website.

Although the general public is ready for the pandemic to be over, for long term care the issues and fallout from the pandemic will be felt for years to come. I want to thank Tami in particular for her dedication to Bethel and the residents they serve.

Kurt thanked Board members for their governance and everyone for their financial support as well as their prayers, donations of time and talent.

Old Business - There was no Old Business to discuss.

New Business - There was no New Business to discuss.

Closing Prayer

Reverend Sheldon Sorenson gave a closing prayer.

Adjournment

Meeting adjourned at 7:30 p.m.

Respectfully submitted,

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Margaret Sundet  
Secretary

MS/kh

**BETHEL LUTHERAN FOUNDATION  
WILLISTON, NORTH DAKOTA**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bethel Lutheran Foundation  
Williston, North Dakota

### Qualified Opinion

We have audited the accompanying financial statements of Bethel Lutheran Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 our opinion, except for the possible effects of the matters described in the basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bethel Lutheran Foundation as of December 31, 2021 and 2020, 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.

### Basis for Qualified Opinion

Bethel Lutheran Foundation has not recorded contributions of mineral acres at fair value on date of donation. In our opinion, accounting principles generally accepted in the United States of America require that contributions be recorded at fair value at the date of the donation. The effects of the financial statements for failure to record contributed mineral acres at fair value has not been determined.

Bethel Lutheran Foundation did not record the acquisition of Williston Housing Partners, LP at fair value. In our opinion, accounting principles generally accepted in the United States of America require that business combinations be recorded at fair value. The effects on the financial statements for failure to record the business combination at fair value has not been determined.

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Senior Living Center Schedule of Revenues and Expenses is presented for purposes of additional analysis 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 information has been subjected to the auditing procedures applied in the audit 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.

A handwritten signature in black ink that reads "Brady Martz". The signature is written in a cursive, flowing style.

**BRADY, MARTZ & ASSOCIATES, P.C.  
MINOT, NORTH DAKOTA**

June 17, 2022



**BETHEL LUTHERAN FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,180,449	\$ 463,963
Cash and cash equivalents - security deposits	51,166	51,863
Accounts receivable	20	13,758
Prepaid insurance	24,361	24,127
Investments	<u>8,656,664</u>	<u>9,675,938</u>
Total current assets	<u>11,912,660</u>	<u>10,229,649</u>
Other assets		
Cash value life insurance	<u>1,636</u>	<u>1,636</u>
Property and equipment, net	<u>2,353,236</u>	<u>2,379,834</u>
Total assets	<u><u>\$ 14,267,532</u></u>	<u><u>\$ 12,611,119</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 3,444	\$ 844
Accrued wages	9,575	7,985
Accrued payroll liabilities	519	478
Accrued vacation payable	15,560	14,999
Security deposits payable	51,166	50,608
Deferred insurance proceeds	20,830	-
Deferred revenue	<u>1,314</u>	<u>2,264</u>
Total current liabilities	<u>102,408</u>	<u>77,178</u>
Long term liabilities		
Gift annuities payable	<u>37,536</u>	<u>39,457</u>
Total liabilities	<u>139,944</u>	<u>116,635</u>
Net assets		
Without donor restrictions		
Undesignated	5,400,330	5,024,374
Board designated	<u>6,031,331</u>	<u>5,071,334</u>
Total net assets without donor restrictions	<u>11,431,661</u>	<u>10,095,708</u>
With donor restrictions		
Restricted by time or purpose	1,565,066	1,267,915
Restricted in perpetuity	<u>1,130,861</u>	<u>1,130,861</u>
Total net assets with donor restrictions	<u>2,695,927</u>	<u>2,398,776</u>
Total net assets	<u>14,127,588</u>	<u>12,494,484</u>
Total liabilities and net assets	<u><u>\$ 14,267,532</u></u>	<u><u>\$ 12,611,119</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**BETHEL LUTHERAN FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions			Grand Total
		Restricted By Time Or Purpose	Restricted in Perpetuity	Total	
Support, revenue and gains					
Donations	\$ 58,508	\$ 88,297	\$ -	\$ 88,297	\$ 146,805
Oil and gas income	608,036	9,198	-	9,198	617,234
Rental income	628,849	-	-	-	628,849
Net investment income	673,417	213,069	-	213,069	886,486
Insurance proceeds	234,188	-	-	-	234,188
Actuarial gain on gift annuities payable	-	1,921	-	1,921	1,921
Net assets released from restriction	15,334	(15,334)	-	(15,334)	-
Total support, revenue and gains	<u>2,218,332</u>	<u>297,151</u>	<u>-</u>	<u>297,151</u>	<u>2,515,483</u>
Expenses					
Management and general					
Salaries and benefits	112,695	-	-	-	112,695
Other administration	36,379	-	-	-	36,379
Total management and general expenses	<u>149,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,074</u>
Program service expenses					
Contributions	31,619	-	-	-	31,619
Terrace	114,978	-	-	-	114,978
Heritage Estates	74,759	-	-	-	74,759
Heritage Manor	154,451	-	-	-	154,451
Golden Estates	355,748	-	-	-	355,748
Total program service expenses	<u>731,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>731,555</u>
Fundraising					
Special events	1,750	-	-	-	1,750
Total expenses	<u>882,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>882,379</u>
Change in net assets	1,335,953	297,151	-	297,151	1,633,104
Net assets, beginning of year	<u>10,095,708</u>	<u>1,267,915</u>	<u>1,130,861</u>	<u>2,398,776</u>	<u>12,494,484</u>
Net assets, end of year	<u>\$ 11,431,661</u>	<u>\$ 1,565,066</u>	<u>\$ 1,130,861</u>	<u>\$ 2,695,927</u>	<u>\$ 14,127,588</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**BETHEL LUTHERAN FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions			
		Restricted By Time Or Purpose	Restricted in Perpetuity	Total	Grand Total
Support, revenue and gains					
Donations	\$ 30,689	\$ 128,678	\$ 5,000	\$ 133,678	\$ 164,367
Oil and gas income	400,858	4,701	-	4,701	405,559
Rental income	612,875	-	-	-	612,875
Net investment income	791,576	236,547	-	236,547	1,028,123
Actuarial gain on annuities payable	-	2,079	-	2,079	2,079
Net assets released from restriction	<u>43,926</u>	<u>(43,926)</u>	<u>-</u>	<u>(43,926)</u>	<u>-</u>
Total support, revenue and gains	<u>1,879,924</u>	<u>328,079</u>	<u>5,000</u>	<u>333,079</u>	<u>2,213,003</u>
Expenses					
Management and general					
Salaries and benefits	115,694	-	-	-	115,694
Other administration	<u>37,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,697</u>
Total management and general expenses	<u>153,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,391</u>
Program service expenses					
Contributions	254,794	-	-	-	254,794
Terrace	117,692	-	-	-	117,692
Heritage Estates	77,864	-	-	-	77,864
Heritage Manor	138,654	-	-	-	138,654
Golden Estates	<u>247,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,777</u>
Total program service expenses	<u>836,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>836,781</u>
Fundraising					
Special events	<u>1,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,527</u>
Total expenses	<u>991,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>991,699</u>
Change in net assets	888,225	328,079	5,000	333,079	1,221,304
Net assets, beginning of year	<u>9,207,483</u>	<u>939,836</u>	<u>1,125,861</u>	<u>2,065,697</u>	<u>11,273,180</u>
Net assets, end of year	<u>\$ 10,095,708</u>	<u>\$ 1,267,915</u>	<u>\$ 1,130,861</u>	<u>\$ 2,398,776</u>	<u>\$ 12,494,484</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**BETHEL LUTHERAN FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 166,341	\$ 96,804	\$ -	\$ 263,145
Employee benefits	4,492	9,997	-	14,489
Payroll taxes	36,261	5,894	-	42,155
Property taxes	10,651	-	-	10,651
Depreciation	189,496	199	-	189,695
Dues and subscriptions	-	736	-	736
Insurance	41,707	1,945	-	43,652
Repairs and maintenance	100,003	-	-	100,003
Miscellaneous	811	962	-	1,773
Food supplies	29,206	-	-	29,206
Office supplies	-	4,644	-	4,644
Advertising and promotion	-	50	-	50
Publications	-	6,096	-	6,096
Professional fees	-	15,946	-	15,946
Service fees	-	208	-	208
Special events	-	-	1,750	1,750
Contributions	31,619	-	-	31,619
Telephone, internet and cable	5,052	3,838	-	8,890
Meals and entertainment	-	256	-	256
Travel and training	-	1,499	-	1,499
Utilities	58,455	-	-	58,455
Loss on disposal	57,461	-	-	57,461
Total	<u>\$ 731,555</u>	<u>\$ 149,074</u>	<u>\$ 1,750</u>	<u>\$ 882,379</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**BETHEL LUTHERAN FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 154,293	\$ 95,814	\$ -	\$ 250,107
Employee benefits	6,255	13,923	-	20,178
Payroll taxes	38,537	5,957	-	44,494
Property taxes	30,936	-	-	30,936
Depreciation	191,826	199	-	192,025
Dues and subscriptions	-	630	-	630
Insurance	33,195	1,811	-	35,006
Repairs and maintenance	35,435	-	-	35,435
Miscellaneous	1,615	2,765	-	4,380
Food supplies	24,776	-	-	24,776
Office supplies	-	4,532	-	4,532
Advertising and promotion	-	1,130	-	1,130
Publications	-	5,964	-	5,964
Professional fees	-	15,050	-	15,050
Service fees	-	134	-	134
Special events	-	-	1,527	1,527
Contributions	254,794	-	-	254,794
Telephone, internet and cable	4,415	3,507	-	7,922
Meals and entertainment	-	1,725	-	1,725
Travel and training	-	250	-	250
Utilities	57,613	-	-	57,613
Loss on disposal	3,091	-	-	3,091
Total	<u>\$836,781</u>	<u>\$ 153,391</u>	<u>\$ 1,527</u>	<u>\$ 991,699</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**BETHEL LUTHERAN FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 1,633,104	\$ 1,221,304
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	189,695	192,025
Net loss on disposal of assets	57,461	3,091
Unrealized (gain) loss on investments	835	(787,708)
Realized (gain) loss on investments	(747,996)	-
Dividends reinvested	(175,201)	(140,019)
Actuarial gain on gift annuities payable	(1,921)	(2,079)
Contributions restricted for investment in permanent endowment	-	(5,000)
Effects on operating cash flows due to changes in:		
Accounts receivable	13,738	(12,447)
Prepaid insurance	(234)	(2,272)
Accounts payable	2,600	(1,708)
Accrued wages	1,590	767
Accrued payroll liabilities	41	478
Accrued vacation payable	561	4,523
Security deposits payable	558	(130)
Deferred insurance proceeds	20,830	-
Deferred revenue	(950)	(600)
Pledges payable	-	(16,667)
Net cash provided by operating activities	<u>994,711</u>	<u>453,558</u>
Cash flows from investing activities		
Purchase of property and equipment	(220,558)	(42,576)
Purchase of investments	(814,311)	(1,120,845)
Proceeds from sale of investments	<u>2,755,947</u>	<u>769,107</u>
Net cash provided (used) by investing activities	<u>1,721,078</u>	<u>(394,314)</u>
Cash flows from financing activities		
Contributions restricted for investment in permanent endowment	<u>-</u>	<u>5,000</u>
Net increase in cash and cash equivalents	2,715,789	64,244
Cash and cash equivalents at beginning of year	<u>515,826</u>	<u>451,582</u>
Cash and cash equivalents at end of year	<u>\$ 3,231,615</u>	<u>\$ 515,826</u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 3,180,449	\$ 463,963
Cash and cash equivalents - security deposits	<u>51,166</u>	<u>51,863</u>
Total	<u>\$ 3,231,615</u>	<u>\$ 515,826</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Bethel Lutheran Foundation (the Foundation) is a non-profit organization that operates for the purpose of endowing and supporting the Bethel Lutheran Nursing & Rehabilitation Center (the Center) and other Christian homes within the western North Dakota district of the Evangelical Lutheran Church in America. The Foundation's primary support is derived from individual contributions and returns on investments and endowment assets. The Foundation's Board of Directors, with two of its members appointed by the Center, authorizes supporting distributions to the Center as needed. As part of its program services, the Foundation also operates the following apartment buildings to accommodate the needs of seniors:

Terrace – 10,848 square feet located at 1609 3<sup>rd</sup> Avenue West, Williston, North Dakota, with 15 two-bedroom units and 2 one-bedroom units.

Heritage Estates – 8,208 square feet located at 1812 4<sup>th</sup> Avenue West, Williston, North Dakota, with 9 two-bedroom units.

Heritage Manor – 14,784 square feet located at 314 18<sup>th</sup> Street West, Williston, North Dakota, with 8 two-bedroom units and 12 one-bedroom units.

Golden Estates – 13,728 square feet located at 56 22<sup>nd</sup> Street West, Williston, North Dakota, with 16 two-bedroom units.

**Basis of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Using this method, revenues are recognized when earned rather than received and expenses are recognized when incurred rather than paid.

**Fund Accounting**

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been consolidated into fund groups. Accordingly, all financial transactions been reported and recorded by fund group.

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

The assets, liabilities, and fund balances of the Foundation are reported in two self-balancing fund types as follows:

**Net assets without donor restrictions**

Net assets without donor restrictions include unrestricted resources and are subject to self-imposed limits by action of the governing board. Board designated net assets may be earmarked for future programs, investment, operating reserves, purchase or construction of fixed assets, or other uses. The governing board may delegate designation decisions to internal management. Such designations are considered to be included in board-designated net assets.

**Net assets with donor restrictions**

Net assets with donor restrictions represent net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations. Some donor imposed restrictions are temporary in nature, stipulating that resources are to be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment return from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

**Accounts Receivable**

Accounts receivable are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivables previously written off are recorded when received. No interest or fees are charged on past due accounts.

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is periodically evaluated to determine if further additions are required. There was no allowance for uncollectible accounts deemed necessary as of December 31, 2021 and 2020.



**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

**Fair Value Measurements**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 unobservable inputs (level 3 measurements).

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means; if the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at December 31, 2021 and 2020. Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds: Valued at the net asset value (NAV) of shares held by the Foundation at year-end.

Alternative Securities: Valued at the net asset value (NAV) of shares held by the Foundation at year-end.

Equities: Valued at the closing price reported on the active market on which the securities are traded (includes common stock, preferred stock, and foreign stock).

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Foundation does not record donated mineral acres at fair value on the date of the donation. This method differs from U.S. GAAP.

### **Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation computed on the straight-line method. Donated property and equipment is recorded at fair value on the date of the donation. The Foundation capitalizes all asset purchases greater than \$1,000. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The estimated useful lives used to compute depreciation are as follows:

Buildings and improvements	15-50 years
Furniture and equipment	5-10 years

The Foundation did not record the acquisition of the Heritage Manor property at fair value on the date of donation. Instead, it was recorded at book value. This method differs from U.S. GAAP.

### **Revenue Recognition**

Under ASU Topic 606, the Foundation recognizes revenue from royalties. Royalties are received based upon the amount of oil extracted and revenue is recognized as of a point in time on a daily basis as the oil production takes place. The Foundation contracts do not produce contract assets or liabilities that are material to its financial statements.

Under ASU Topic 958, the Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation does not currently have any conditional promises to give.

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

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**Accrued Vacation**

Full time employees may accrue up to a maximum of 160 hours of vacation time depending upon years of service. Accrued vacation will be compensated upon termination of employment. Sick leave may be accumulated monthly up to a maximum of 480 hours, but will not be compensated upon termination of employment.

**Security Deposits**

Security deposits payable represent amounts tenants have paid as a room deposit upon entrance into the apartment building. These funds are held in an interest-bearing account for the tenant. These funds will be returned to the tenants, barring any damage done to the facilities, when they vacate the apartment.

**Deferred Insurance Proceeds**

Deferred insurance proceeds represent insurance proceeds received relating to hail damage that have not yet been spent.

**Gifts Annuities Payable**

Under charitable gift annuity contracts, Bethel Lutheran Foundation receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as an unrestricted contribution. In subsequent years, the liability for future payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

**Income Taxes**

Bethel Lutheran Foundation is a nonprofit Foundation. It has qualified for exempt status under IRS Section 501(c)(3) and is not subject to income taxes.

Under professional standards, the Foundation's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence.

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to the Foundation's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation, except for donated mineral acres which were not recorded at fair value at the date of the donation which is a departure from accounting principles generally accepted in the United States of America. The Foundation records donated professional services at the respective fair values of the services received.

**Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Foundation. Those expenses include program expenses, management and general expenses, and fundraising expenses. All program costs are allocated based on actual time spent furthering the mission of the Foundation. All management and general costs are allocated based on actual time spent for indirect activities that support program activities. All fundraising costs are allocated based on actual time spent fundraising for the Foundation and its mission.

**Advertising**

The Foundation expenses all advertising cost as they are incurred.

**NOTE 2    CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). The Foundation maintains their cash deposits in large, well-capitalized financial institutions. The Foundation has not experienced any losses in such accounts nor does the Foundation believe it is exposed to any significant credit risk on cash accounts.

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 3 FAIR VALUE MEASUREMENTS**

The following table sets forth, by level within the fair value hierarchy, the Foundation's assets at fair value on a recurring basis as of December 31, 2021:

	Total Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 3,202,072	\$ 3,202,072	\$ -	\$ -
Alternative Securities	4,458	4,458	-	-
Mutual funds	5,450,134	5,450,134	-	-
Total	<u>\$ 8,656,664</u>	<u>\$ 8,656,664</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth, by level within the fair value hierarchy, the Foundation's assets at fair value on a recurring basis as of December 31, 2020:

	Total Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 3,094,269	\$ 3,094,269	\$ -	\$ -
Alternative Securities	5,869	5,869	-	-
Mutual funds	6,575,800	6,575,800	-	-
Total	<u>\$ 9,675,938</u>	<u>\$ 9,675,938</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2021 and 2020, the Foundation did not have any assets measured at fair value on a non-recurring basis.

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 4    NET INVESTMENT INCOME**

Net investment income consists of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Interest and dividends	\$ 165,795	\$ 188,350
Net realized gains	757,389	90,457
Net unrealized gains (losses)	(835)	787,708
Less investment management and custodial fees	<u>(35,863)</u>	<u>(38,392)</u>
Net investment income (loss)	<u>\$ 886,486</u>	<u>\$ 1,028,123</u>

**NOTE 5    ENDOWMENTS**

The Foundation's endowments consist of both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 Foundation classifies as permanently restricted net assets (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 classified as restricted in perpetuity are classified as restricted by time or purpose net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Foundation, and (7) the Foundation's investment policies.

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

The Foundation has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments. The target minimum rate of return is the Consumer Price Index plus 5% on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

Currently, the Board of Directors has authorized the spending of all interest and dividend earnings from donor restricted endowment funds where no restrictions have been placed on the earnings. For donor restricted funds, with restrictions on the earnings, the Foundation complies with the requirements established by the donor. All earnings from donor restricted funds are classified as endowed assets with donor restrictions until they are spent.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that SPMIFA requires Bethel Lutheran Foundation to retain as a fund of perpetual duration. As of December 31, 2020, the endowment has an original gift value \$1,130,861, fair value of \$1,593,868, and a surplus of \$463,007. As of December 31, 2021, the endowment has an original gift value of \$1,130,861, fair value of \$1,806,937, and a surplus of \$676,076.

Board designated endowment funds are classified as endowed assets without donor restrictions. The Board of Directors has authorized the spending of all interest and dividend earnings for the designated purpose of each fund. These earnings are classified as earnings without donor restrictions.

The composition by fund type and change in endowment net assets as of December 31, 2021 is as follows:

	Endowed Assets Without Donor Restrictions	<u>Endowed Assets With Donor Restrictions</u>		Total Net Endowment Assets
		Restricted By Time or Purpose	Restricted in Perpetuity	
Endowment net assets, 1/1/21	\$ 5,021,334	\$ 463,007	\$ 1,130,861	\$ 6,615,202
Investment income	338,202	213,069	-	551,271
Mineral royalties & oil lease income	621,795	-	-	621,795
Endowment net assets, 12/31/21	<u>\$ 5,981,331</u>	<u>\$ 676,076</u>	<u>\$ 1,130,861</u>	<u>\$ 7,788,268</u>

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

The composition by fund type and change in endowment net assets as of December 31, 2020 is as follows:

	Endowed Assets Without Donor Restrictions	Endowed Assets With Donor Restrictions		Total Net Endowment Assets
		Restricted By Time or Purpose	Restricted in Perpetuity	
Endowment net assets, 1/1/20	\$ 4,094,807	\$ 226,460	\$ 1,125,861	\$ 5,447,128
Contributions	-	-	5,000	5,000
Investment income	539,706	236,547	-	776,253
Mineral royalties & oil lease income	386,821	-	-	386,821
Endowment net assets, 12/31/20	<u>\$ 5,021,334</u>	<u>\$ 463,007</u>	<u>\$ 1,130,861</u>	<u>\$ 6,615,202</u>

**NOTE 6 PROPERTY AND EQUIPMENT**

Details pertaining to property and equipment and accumulated depreciation thereon at December 31, 2021 and 2020 are as follows:

	2021	2020
Land	\$ 203,513	\$ 203,513
Buildings and improvements	4,854,280	4,725,738
Furniture and equipment	266,377	266,377
Mineral acreage	88,239	88,239
	5,412,409	5,283,867
Less accumulated depreciation	(3,059,173)	(2,904,033)
Property and equipment, net	<u>\$ 2,353,236</u>	<u>\$ 2,379,834</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$189,695 and \$192,025, respectively.



**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 7 NET ASSETS WITHOUT DONOR RESTRICTIONS**

The governing board of Bethel Lutheran Foundation has enacted policies that affect the presentation of board designation on net assets. Bequests without donor restrictions and designated by the governing board for short term investment are presented as operating reserves. Net assets without donor restrictions consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 5,400,330	\$ 5,024,374
Board designated:		
Daycare fund	50,000	50,000
Board designated scholarship endowment	7,028	5,205
Board designated endowment	<u>5,974,303</u>	<u>5,016,129</u>
Total board designated	<u>6,031,331</u>	<u>5,071,334</u>
 Total net assets without donor restrictions	 <u>\$ 11,431,661</u>	 <u>\$ 10,095,708</u>

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to the passage of time:		
Gift annuities - net	\$ 44,146	\$ 47,864
Subject to expenditure for specified purpose	844,844	757,044
Subject to the Foundation's spending policy and appropriation:		
Endowment earnings	676,076	463,007
Endowment corpus held in perpetuity	<u>1,130,861</u>	<u>1,130,861</u>
	<u>1,806,937</u>	<u>1,593,868</u>
 Total net assets with donor restrictions	 <u>\$ 2,695,927</u>	 <u>\$ 2,398,776</u>

**NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS**

The following table summarizes net assets that were released from donor restriction by incurring expenses satisfying the restricted purposes specified by donors for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Various donor imposed purpose restrictions accomplished	<u>\$ 15,334</u>	<u>\$ 43,926</u>

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 10 SPECIFIC DONOR RESTRICTIONS**

The following table details specific donor restrictions at December 31, 2021 and 2020. These amounts are included in net assets with donor restrictions in the Statements of Financial Position for the years then ended:

	2021	2020
Restricted by donors for:		
Arbor House restricted	\$ 67,839	\$ 67,839
Bethel bus	6,700	6,700
Good Samaritan	227,853	220,295
Chapel	29,306	38,575
Activity	37,750	37,226
Resident room remodel	41,585	41,585
Elevator	9,338	9,338
Eden alternative	3,063	4,009
Employee council	12,642	12,540
Arbor House debt	3,014	2,753
Front entrance canopy	6,000	6,000
BLNRC building fund	382,407	296,257
Wellness fund	1,690	1,690
Scholarships	1,620	1,620
Alzheimer's unit	2,525	2,475
MacMaster scholarship	1,000	1,000
Bethel rehab dept.	687	687
Sewing machine	604	604
Bingo prizes	83	83
Relay for Life	573	573
Arbor House act. fund	865	720
Activity - sound system	520	520
Golden Estates	3,130	3,130
Library	191	191
COVID supplies	6	3,125
Music therapy	322	322
Beauty shop	10	10
Air conditioner - laundry	80	80
Memory walk	36	36
Media	-	(6,344)
Dietary	200	200
Building Cross	2,000	2,000
Connie Jupka Fountain Fund	1,205	1,205
Total	<u>\$ 844,844</u>	<u>\$ 757,044</u>

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 11 FINANCIAL ASSETS AVAILABLE FOR GENERAL USE**

The following reflects the financial assets of Bethel Lutheran Foundation as of December 31, 2021 and 2020, reduced by amounts unavailable for general expenditures because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts unavailable also includes amounts set aside for short-term investing that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowments or operating reserve for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable. Financial assets are considered to be cash and cash equivalents and other assets readily convertible to cash.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 3,180,449	\$ 463,963
Cash and cash equivalents - security deposits	51,166	51,863
Accounts receivable	20	13,758
Investments	<u>8,656,664</u>	<u>9,675,938</u>
Total financial assets	<u>11,888,299</u>	<u>10,205,522</u>
Less those unavailable for general expenditures within one year:		
Legally required reserves	51,166	50,608
Board designated endowment funds	5,981,331	5,021,334
Board designated daycare fund	50,000	50,000
Contractual or donor imposed restrictions:		
Endowment funds	1,130,861	1,130,861
Restricted by donor for a specific time or purpose	1,520,920	1,220,051
Restricted by donor for annuity obligations	<u>44,146</u>	<u>47,864</u>
Total financial assets unavailable for general expenditure	<u>8,778,424</u>	<u>7,520,718</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,109,875</u>	<u>\$ 2,684,804</u>

Bethel Lutheran Foundation is supported through general contributions and restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Foundation could draw upon these investments at the direction of the governing board.

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 12 RETIREMENT PLAN**

The Foundation offers a retirement plan to employees and will make a matching contribution up to 3% of the employees' contributions. The plan allows any full time employee to contribute after they have worked three months. Part time employees are eligible to participate after they have worked for six months and have worked at least 20 hours per week. The Foundation's contributions to the plan totaled \$2,863 and \$2,716 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 13 ADVERTISING COSTS**

Advertising costs amount to \$50 and \$1,080 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 14 INCOME TAXES**

It is the opinion of management that the Foundation has no significant uncertain tax positions that would be subject to change upon examination. The federal income tax returns of the Foundation are subject to examination by the IRS, generally for three years after they were filed. All tax filings are up to date.

**NOTE 15 RELATED PARTY TRANSACTIONS**

Bethel Lutheran Foundation supports the programs of the Bethel Lutheran Nursing & Rehabilitation Center, a nonprofit organization, with donations. Donations paid to the Center for the years ended December 31, 2021 and 2020 totaled \$31,619 and \$244,416, respectively. There was no outstanding accounts payable to the Center for the years ended December 31, 2021 and 2020.

**NOTE 16 NEW ACCOUNTING PRONOUNCEMENTS**

ASU 2016-02, *Leases* (Topic 842) – During 2016, the FASB issued guidance to change the accounting for leases. The main provision of this ASU is that lessees will be required to recognize lease assets and lease liabilities for most long-term leases, including those classified as operating leases under GAAP. The ASU is effective for the Foundation for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) – This ASU addresses presentation and disclosure requirements for not-for-profit entities for contributed nonfinancial assets. The ASU is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022.

**BETHEL LUTHERAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

Management has not yet determined what the effect these pronouncements will have on the Foundation's financial statements.

With the exception of the new standards discussed above, we have not identified any other new accounting pronouncements that have potential significance to the Foundation's financial statements.

**NOTE 17 SUBSEQUENT EVENTS**

No subsequent events occurred subsequent to the Foundation's year end. Subsequent events have been evaluated through June 17, 2022, which is the date these financial statements were available to be issued.

## SUPPLEMENTAL INFORMATION

**BETHEL LUTHERAN FOUNDATION**  
**SENIOR LIVING CENTER SCHEDULE OF REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Terrace</u>	<u>Heritage Estates</u>	<u>Heritage Manor</u>	<u>Golden Estates</u>	<u>Total</u>
Income					
Rental income	<u>\$ 128,990</u>	<u>\$ 110,379</u>	<u>\$ 138,270</u>	<u>\$ 251,210</u>	<u>\$ 628,849</u>
Expenses					
Salaries and wages	32,049	16,967	37,705	115,881	202,602
Employee benefits	711	376	836	2,569	4,492
Insurance	9,133	7,060	14,347	11,169	41,709
Utilities	15,487	10,393	22,650	14,977	63,507
Depreciation	40,168	31,924	49,342	68,061	189,495
Repairs and maintenance	15,323	6,108	21,194	57,378	100,003
Miscellaneous	-	-	810	-	810
Food supplies	-	-	-	29,206	29,206
Loss on disposal	-	-	1,971	55,490	57,461
Real estate taxes	<u>2,107</u>	<u>1,931</u>	<u>5,596</u>	<u>1,017</u>	<u>10,651</u>
Total expenses	<u>114,978</u>	<u>74,759</u>	<u>154,451</u>	<u>355,748</u>	<u>699,936</u>
Net income (loss)	<u><u>\$ 14,012</u></u>	<u><u>\$ 35,620</u></u>	<u><u>\$ (16,181)</u></u>	<u><u>\$ (104,538)</u></u>	<u><u>\$ (71,087)</u></u>

**BETHEL LUTHERAN FOUNDATION**  
**SENIOR LIVING CENTER SCHEDULE OF REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Terrace</u>	<u>Heritage Estates</u>	<u>Heritage Manor</u>	<u>Golden Estates</u>	<u>Total</u>
Income					
Rental income	<u>\$ 131,491</u>	<u>\$ 108,332</u>	<u>\$ 134,613</u>	<u>\$ 238,439</u>	<u>\$ 612,875</u>
Expenses					
Salaries and wages	30,186	15,981	35,513	111,150	192,830
Employee benefits	979	518	1,152	3,605	6,254
Insurance	5,716	5,941	12,132	9,406	33,195
Utilities	13,953	11,448	22,691	13,935	62,027
Depreciation	42,075	34,076	47,585	68,089	191,825
Repairs and maintenance	11,031	4,114	12,111	8,178	35,434
Miscellaneous	-	-	1,620	-	1,620
Food supplies	-	-	-	24,776	24,776
Loss on disposal	-	-	165	2,925	3,090
Real estate taxes	<u>13,752</u>	<u>5,786</u>	<u>5,685</u>	<u>5,713</u>	<u>30,936</u>
Total expenses	<u>117,692</u>	<u>77,864</u>	<u>138,654</u>	<u>247,777</u>	<u>581,987</u>
Net income (loss)	<u><u>\$ 13,799</u></u>	<u><u>\$ 30,468</u></u>	<u><u>\$ (4,041)</u></u>	<u><u>\$ (9,338)</u></u>	<u><u>\$ 30,888</u></u>



# Expressing Our Gratitude

Bethel Lutheran Foundation is a non-profit organization, dependent on gifts and endowments from individuals, foundations and corporations. In addition to cash gifts, planned giving donations are made through gift annuities, charitable remainder trusts, insurance policies, stocks, real estate, and bequests from wills. The Foundation is very grateful to all donors. Your contribution ensures that Bethel Lutheran and its services continue to be the very best—now and in the future.

Contributions may be made payable to: Bethel Lutheran Foundation

Mailing address: 1705 3rd Ave. W. #101, Williston, North Dakota 58801

Contributions listed below were received between January - December 2021.

## **Aafedt Kasmer Golf Tournament**

Ron Black  
Caliber Realty  
Rick Lee  
Joe Lynch  
Kent Lynch  
Tim Lynch  
Rick Medalen  
Gary Ryberg  
Kurt Stoner

Janet Howard Monroe  
David & Jean Nelson  
Mark & Cindy Olson  
Our Redeemers Lutheran Church  
Our Saviors Lutheran Church  
Ray WELCA  
Kent & Lois Reiersen  
Lee Skavanger  
St. Olaf Lutheran Church  
Floyd Stewart  
Lillian Stromme Estate  
Darla Tufto  
Kathleen Vondell  
West Prairie WELCA  
Women of Grace – Grace Lutheran Church of Wildrose

## **DONATIONS**

Rita Amsberry  
Anonymous  
Les & Marla Bean  
David & Judy Berg  
Richard & Lorraine Bingeman  
Lorilee Bott  
Catholic Daughters of America  
Crowley Fleck  
Al & Deb Fedorenko  
First Lutheran Church  
Ora Fredericksen  
Gloria Dei Lutheran Church  
Tom & Darlene Hagen  
Charles Hanson  
Jerome & Patricia Hanson Family Foundation  
Harry & Hannah Henderson  
Tim & Beth Hermanson  
Loring & Marlene Johnson  
Bill & Tammy LaCrosse  
Anne Lee  
Kari Lee

## **Bethel Building Fund**

American State Bank on Behalf of Dave Hanson  
Gary Bickel  
Lorilee Bott  
Geraldine Hanson  
Jerome & Patricia Hanson Family Foundation  
Carol Jensen  
Jim & Sharon Moline  
Our Saviors WELCA  
Tami Peterson  
Lowell & Carol Sandvik  
Lyjean Smith  
Wayne & Cindy Sorenson  
Linda Stordahl  
Rick & Linda Tofte  
Triangle Electric  
Tom & Denise Weyrauch

**HONOR OF****Donald Amundson's Birthday**

Floyd & Lyla Semenko

**Bethel's Staff and Residents (Past & Present)**

Lorilee Bott

**Renee Bendixson**

Mylo & Kay Sather

**Mary Borrud's Birthday**

Jane Innis

**Lorraine Hillestad**

Leanne Verner

**Hugh Long**

Fred & Coral Whisenand

**Our Parents - LeMont & Betty Jahn; Lloyd & Avis Kohlman**

Roger & Sandy Kohlman

**Melva Sogard**

Pat & Tammy Sogard

**Emma Thorson**

Larry Hanson

**MEMORY OF****Coke Aafedt**

Jack & Merle Heller

Dale Livdahl

Ron & Kathy Seeley

Kurt & Lynette Stoner

Fred & Coral Whisenand

**Ethyl Aasen**

Tim & Beth Hermanson

**Marsha Abelman**

Tim & Beth Hermanson

**George & Joan Amsden**

Hugh Long

Dorothy Olson

**Buddy Anderson**

Levin & Ardis Bean

**Jack & Melanie Anderson**

Shirley & Gene Vogl

**Owen Anderson**

Joann Imsland

Joyce Krabseth

Lois Papineau

Lyjean Smith

**Rodney Anderson**

Jane Innis

Dale Livdahl

Cecilia Ranum

Bruce & Sharon Rosten

Ron & Kathy Seeley

Frank & Barb Underhill

**Donna Anfinson**

Lorilee Bott

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Roger & Pam Gunlikson

Shelly Stockman

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Jerome & Marilyn Bakke

Ione Aafedt Reder

**Norma Austreim**

Loretta & Ed Engebretson

Marcella Storseth

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Gerald & Marian Olson

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Joyce Viall

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**Leland "Lee" Bartlett**

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Dale Livdahl

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**Luella Boss**

Marian Dunn

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Cal & Leann Tofte

**Myrna Bottolfson**

Rick & Sharon Sorenson

**Eilene Brevik**

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Bette & Lyle Langseth

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**Irene Chamness**

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**Thelma Hagen**

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Jeraldine Thompson

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Cecilia Ranum

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Lovella Wold Richardson

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**Earl Westereng**

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**Carl & Delores Wiseman**

Gary &amp; Leora Sukut

**Julaine Zavalney**

Levin &amp; Ardis Bean

Gary Bickel

Ida Harmon

Fred &amp; Coral Whisenand

## Long Time Employees Retire

**Faye Schmit** retired from Arbor House in July 2022. Faye started her career at Bethel in March of 1988 as a Charge Nurse. When Arbor House opened in 2010, she became the Manager. Faye still helps at Arbor House from time to time, and we are so thankful for her dedication to our residents!



**Leah Paulsen** was the Director of Social Services from February 1993 until January of 2022. Leah too can still be seen around Bethel, as she is consulting and mentoring our new Social Service Designees. We love seeing Leah in our hallways and often tell her that we just aren't willing to let her go!



**Cheryl Lingenfelter** was in the Bethel Activity Department from October of 2002 until November of 2021. Not only did she aid with resident activities, but she shared her musical ministry with all who entered our facility. Thank you, Cheryl!



**Connie Duffy** was a part of the Bethel team from November 2005 to March 2021. Connie joined us from Montana and was our Dietician for over 15 years. She was a great team member and a joy to work with. Thank you for your years of service to our residents, Connie!



# Planned Gift Tax Credit

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An individual is allowed an income tax credit for making a charitable contribution in the form of a planned gift to either a qualified nonprofit organization or to a qualified endowment fund.

The credit is equal to 40% of the contribution, up to a maximum credit of \$10,000 (or \$20,000 if married filing a joint return). An adjustment must be made to increase North Dakota taxable income by the amount that the contribution reduced the individual's federal taxable income. If the credit exceeds the individual's tax in the tax year in which the contribution is made, the excess credit may be carried over and used on subsequent tax years' returns for up to 3 years.

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**Eligibility:** A planned gift is a gift that qualifies as a charitable contribution for federal income tax purposes and is made using one of the following gifting methods:

- Charitable remainder unitrust (CRUT)
  - Charitable remainder annuity trust (CRAT)
  - Pooled income fund trust
  - Charitable lead unitrust (CLUT)
  - Charitable lead annuity trust (CLAT)
  - Charitable gift annuity
  - Deferred charitable gift annuity
  - Charitable life estate agreement
  - Donation of a paid-up life insurance policy
- 

A qualified nonprofit organization is a tax-exempt charitable organization under federal income tax law that meets either of the following sets of criteria:

- It is incorporated or established in North Dakota and maintains a physical location in North Dakota.
  - It is incorporated or established in a state bordering North Dakota; maintains a physical location outside North Dakota that is within 5 miles of a North Dakota city with a population of 5,000 or more that does not have a hospital; and supports or benefits a hospital, nursing home, medical center, or any combination of these.
- 

A qualified endowment fund is a permanent, irrevocable fund that is:

- Held by a qualified nonprofit organization (or by a bank or trust company on behalf of the qualified nonprofit organization)
  - Comprised of cash, securities, mutual funds, or other investment assets
  - Established for a specific religious, educational, or other charitable purpose
  - Only allowed to disburse the income from, or the increase in value of, the assets contributed to the fund
- 

**Filing Requirements:** To claim the credit, complete Schedule ND-1PG and Schedule ND-1TC and include them with the North Dakota individual income tax return, Form ND-1.

*Century Code Reference:* **N.D.C.C. § 57-38-01.21**