

FINANCIAL STATEMENTS AND  
INDEPENDENT ACCOUNTANT'S REVIEW REPORT

PRAIRIE LOFT CENTER  
(A Non-Profit Corporation)

December 31, 2015 and 2014

PRAIRIE LOFT CENTER  
December 31, 2015 and 2014

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Prairie Loft Center

I have reviewed the accompanying financial statements of Prairie Loft Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

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

### **Accountant's Responsibility**

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

### **Accountant's Conclusion**

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Vrooman Tax Prep*

Doniphan, NE  
July 13, 2016

PRAIRIE LOFT CENTER  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2015 and 2014

ASSETS		
	2015	2014
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 270,258	\$ 369,885
Inventory	392	392
Other current assets	274	302
TOTAL CURRENT ASSETS	270,924	370,579
 <b>PROPERTY AND EQUIPMENT</b>		
Construction in progress	188,014	23,880
Land, building and equipment	639,699	639,699
Accumulated depreciation	(104,236)	(83,124)
NET PROPERTY AND EQUIPMENT	723,477	580,455
TOTAL ASSETS	\$ 994,401	\$ 951,034
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Payroll tax payable	\$ 1,781	\$ 2,145
Sales tax payable	829	672
Current portion of long-term debt	3,420	2,960
TOTAL CURRENT LIABILITIES	6,030	5,777
LONG-TERM DEBT, less current portion	25,709	29,129
TOTAL LIABILITIES	31,739	34,906
 <b>NET ASSETS</b>		
Unrestricted	731,533	604,660
Temporarily restricted	231,129	311,468
TOTAL NET ASSETS	962,662	916,128
TOTAL LIABILITIES AND NET ASSETS	\$ 994,401	\$ 951,034

See accompanying notes and independent accountant's review report.

PRAIRIE LOFT CENTER  
STATEMENT OF ACTIVITIES  
For the year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 48,547	\$ 56,311	\$ 104,858
Grants	7,000	35,500	42,500
Rental income	24,370	-	24,370
Farm income	10,407	-	10,407
Program fees	6,101	-	6,101
Product sales	419	-	419
Interest income	3	-	3
Other	21	-	21
Special event income	12,933	25,837	38,770
Net assets released from restrictions	197,987	(197,987)	-
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>307,788</b>	<b>(80,339)</b>	<b>227,449</b>
<b>EXPENSES</b>			
Program expenses	75,098	-	75,098
Supporting services			
Management and general	67,177	-	67,177
Fundraising and development	14,784	-	14,784
Special event expense	23,856	-	23,856
<b>TOTAL EXPENSES</b>	<b>180,915</b>	<b>-</b>	<b>180,915</b>
<b>CHANGE IN NET ASSETS</b>	<b>126,873</b>	<b>(80,339)</b>	<b>46,534</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>604,660</b>	<b>311,468</b>	<b>916,128</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 731,533</b>	<b>\$ 231,129</b>	<b>\$ 962,662</b>

See accompanying notes and independent accountant's review report.

PRAIRIE LOFT CENTER  
STATEMENT OF ACTIVITIES  
For the year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 44,305	\$ 185,737	\$ 230,042
Grants	16,298	21,611	37,909
In-kind donations	4,253	15,941	20,194
Rental income	27,311	-	27,311
Farm income	10,524	-	10,524
Program fees	3,773	-	3,773
Product sales	205	-	205
Interest income	313	310	623
Other	122	-	122
Special event income	19,213	19,308	38,521
Net assets released from restrictions	114,290	(114,290)	-
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>240,607</b>	<b>128,617</b>	<b>369,224</b>
<b>EXPENSES</b>			
Program expenses	72,743	-	72,743
Supporting services			
Management and general	63,230	-	63,230
Fundraising and development	12,714	-	12,714
Special event expense	35,259	-	35,259
<b>TOTAL EXPENSES</b>	<b>183,946</b>	<b>-</b>	<b>183,946</b>
 <b>CHANGE IN NET ASSETS</b>	 <b>56,661</b>	 <b>128,617</b>	 <b>185,278</b>
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	 <b>547,999</b>	 <b>182,851</b>	 <b>730,850</b>
 <b>NET ASSETS AT END OF YEAR</b>	 <b>\$ 604,660</b>	 <b>\$ 311,468</b>	 <b>\$ 916,128</b>

See accompanying notes and independent accountant's review report.

PRAIRIE LOFT CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2015

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Advertising	\$ 1,052	\$ 913	\$ -	\$ 1,965
Fees	7	-	-	7
Depreciation	21,113	-	-	21,113
Buildings and grounds	80	6,852	-	6,932
Contract labor	-	200	-	200
Farm expense	-	1,648	-	1,648
House maintenance	-	181	-	181
Insurance	-	9,463	-	9,463
Interest expense	-	1,690	-	1,690
Memberships and dues	-	600	-	600
Merchandise for resale	-	551	-	551
Office supplies	-	3,521	78	3,599
Office rental	-	3,600	-	3,600
Salary and wages	44,743	17,000	8,500	70,243
Payroll taxes	2,122	3,251	-	5,373
Employee benefits	2,919	2,919	1,460	7,298
Permits	-	23	-	23
Postage and printing	-	1,334	601	1,935
Professional development	182	184	-	366
Professional services	-	4,666	3,230	7,896
Supplies	1,585	714	867	3,166
Taxes	-	638	-	638
Travel	-	294	48	342
Utilities	1,295	6,935	-	8,230
	<u>\$ 75,098</u>	<u>\$ 67,177</u>	<u>\$ 14,784</u>	<u>\$ 157,059</u>

See accompanying notes and independent accountant's review report.

PRAIRIE LOFT CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2014

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Advertising	\$ 400	\$ 207	\$ -	\$ 607
Fees	-	323	-	323
Depreciation	20,288	-	-	20,288
Buildings and grounds	119	7,384	-	7,503
Contingency	-	60	-	60
Farm expense	-	316	-	316
House maintenance	-	703	-	703
Insurance	-	7,381	-	7,381
Interest expense	-	2,418	-	2,418
Memberships and dues	-	359	-	359
Merchandise for resale	-	1,377	-	1,377
Office supplies	287	3,507	262	4,056
Office rental	-	3,450	-	3,450
Salary and wages	34,322	16,320	8,160	58,802
Payroll taxes	1,367	3,115	-	4,482
Employee benefits	9,294	2,352	1,176	12,822
Permits	-	-	-	-
Postage and printing	-	536	922	1,458
Professional development	100	289	-	389
Professional services	-	3,988	1,950	5,938
Supplies	5,234	1,769	244	7,247
Taxes	-	724	-	724
Travel	226	154	-	380
Utilities	1,106	6,498	-	7,604
	<u>\$ 72,743</u>	<u>\$ 63,230</u>	<u>\$ 12,714</u>	<u>\$ 148,687</u>

See accompanying notes and independent accountant's review report.

PRAIRIE LOFT CENTER  
STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 46,534	\$ 185,277
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	21,113	20,288
(Increase) decrease in		
Inventory	-	(392)
Other assets	28	76
Increase (decrease) in payables	(208)	1,197
NET CASH PROVIDED BY OPERATING ACTIVITIES	67,467	206,446
 CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(164,134)	(69,499)
NET CASH USED BY INVESTING ACTIVITIES	(164,134)	(69,499)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(2,960)	(6,043)
NET CASH USED BY FINANCING ACTIVITIES	(2,960)	(6,043)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(99,627)	130,904
 BEGINNING CASH AND CASH EQUIVALENTS	369,885	238,981
 ENDING CASH AND CASH EQUIVALENTS	\$ 270,258	\$ 369,885
 INTEREST PAID DURING THE YEAR	\$ 1,690	\$ 2,418

See accompanying notes and independent accountant's review report.

PRAIRIE LOFT CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2015 and 2014

NOTE A - NATURE OF ACTIVITIES

Nature of Activities

Prairie Loft Center (Prairie Loft) is a non-profit corporation founded in Hastings, NE in 2003 to teach agriculture appreciation, outdoor education, cultural connections, and the wise use of natural resources. Prairie Loft provides place-based experiential learning opportunities for students, families, teachers, community organizations, and businesses. Prairie Loft's support comes primarily from contributions from individuals and businesses.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

Prairie Loft's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Therefore, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Prairie Loft's financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 11, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 11, Prairie Loft is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Prairie Loft did not have any permanently restricted net assets as of December 31, 2015 and 2014.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class.

In-kind Contributions

Prairie Loft records revenue for the fair value of contributed services received, where the services require specialized skills, are provided by individuals possessing these skills and represent services that would have been otherwise purchased. Donated materials are recorded at their estimated fair values at the date of receipt.

Inventory

Inventory is comprised of small amount of merchandise that has been purchased for resale. Inventory of these items is taken periodically and stated at the lower of cost or market, using the first-in, first-out method.

Property and Equipment

Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets using the straight-line method. Depreciation expense was \$21,113 and \$20,288 for the years ended December 31, 2015 and 2014, respectively.

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, Prairie Loft considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes

Prairie Loft is classified as a Section 501(c)(3) organization under the Internal Revenue Code. As a result, it has been determined to be exempt from federal and state income taxes.

NOTE C – LONG-TERM DEBT, LESS CURRENT PORTION

Terms and maturity on long-term debt are as follows:

	2015	2014
Note payable to Heritage Bank on August 6, 2015, 4.5 percent, due in monthly installments including principal and interest of \$387.55 and a maturity date of August 6, 2020. The note is secured by a Deed of Trust dated July 2, 2007. Real estate is located in Adams County, Nebraska.	\$ 28,454	\$ 31,414
Rent deposit payable	675	675
Less portion due within one year	<u>(3,420)</u>	<u>(2,960)</u>
Total	\$ 25,709	\$ 29,129

Aggregate maturities of long-term debt for the five years following December 31, 2015, are as follows:

2016	\$ 3,420
2017	3,583
2018	3,750
2019	3,924
2020	<u>13,377</u>
	\$ 28,454

NOTE D – RESTRICTIONS ON NET ASSETS

Capital Campaign

Temporary restrictions on net assets at the end of 2015 and 2014 are related to funds raised through the Capital Campaign, a drive to raise funds to enhance Prairie Loft's facilities for program growth and increased sustainability. As part of the Capital Campaign, planned capital improvements include renovation of existing buildings and grounds to provide year-round, multipurpose space for education and activities. Temporarily restricted net assets were \$231,129 and \$311,468 for the years ended December 31, 2015 and 2014, respectively.

#### NOTE E – IN-KIND CONTRIBUTIONS

During the year ended December 31, 2014, supplies and services valued at \$20,194 were received by Prairie Loft.

#### NOTE F – OPERATING LEASE

Prairie Loft leases an office space in downtown Hastings under an operating lease on a month to month basis from Chrise-Gammill Holdings. Rent totaled \$3,600 and \$3,450 for the years ended December 31, 2015 and 2014, respectively.

#### NOTE G – FFA ACCOUNT

For the years ending December 31, 2015 and 2014, Prairie Loft held a fund that paid salary for an FFA Instructor at Adams Central Schools. The original intent of the partnership entered with Adams Central Schools in June 2014 was to share an instructor with the newly established FFA instructor. This educator was to spend 50% of his time teaching and working with Prairie Loft, with Prairie Loft issuing 50% of his salary and benefits as determined by Adams Central Schools. Contributions were received and segregated into a separate checking account for this purpose. In the end, the instructor's school teaching schedule and requirement for additional certification courses during the summer months prevented him from dedicating any work hours to Prairie Loft programming. The partnership was discontinued and the remaining balance in this fund (\$64,368.10) was transferred to an account with the Nebraska FFA Foundation on 12/31/2015. Of this amount, \$48,335.10 was previously reported as contributions in 2014. Accordingly, contributions have been reduced by this amount for the year ending December 31, 2015.

#### NOTE G – EVALUATION OF SUBSEQUENT EVENTS

Prairie Loft has evaluated all subsequent events to the balance sheet date of December 31, 2015 through July 13, 2016, the date which the financial statements were available to be issued. Management has determined that there are no subsequent events that require recognition or disclosure in these financial statements.