

**FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

**PRAIRIE LOFT CENTER
(A Non-Profit Corporation)**

December 31, 2018, 2017, and 2016

*Allison Petr, CPA
502 Third St.
Glenvil, NE 68941*

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, 2018, 2017, and 2016, 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.

Allison Petr, CPA

Glenvil, NE

October 18, 2019

PRAIRIE LOFT CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2018, 2017, and 2016

ASSETS			
	2018	2017	2016
CURRENT ASSETS			
Cash and cash equivalents	\$ 135,509	\$ 256,627	\$ 243,812
Inventory	876	232	392
Other current assets	388	343	221
TOTAL CURRENT ASSETS	136,773	257,202	244,425
PROPERTY AND EQUIPMENT			
Construction in progress	784,950	494,373	385,967
Land, building and equipment	653,778	653,778	639,699
Accumulated depreciation	(165,843)	(145,383)	(124,617)
NET PROPERTY AND EQUIPMENT	1,272,885	1,002,768	901,049
TOTAL ASSETS	\$ 1,409,658	\$ 1,259,970	\$ 1,145,474
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Payroll tax payable	\$ 2,331	\$ 2,456	\$ 1,868
Sales tax payable	1,258	1,400	672
Current portion of long-term debt	3,924	3,750	3,583
TOTAL CURRENT LIABILITIES	7,513	7,606	6,123
LONG-TERM DEBT, less current portion	12,192	17,492	22,127
TOTAL LIABILITIES	19,705	25,098	28,250
NET ASSETS			
Without Donor Restrictions	1,293,302	1,029,362	911,487
With Donor Restrictions	96,651	205,510	205,737
TOTAL NET ASSETS	1,389,953	1,234,872	1,117,224
TOTAL LIABILITIES AND NET ASSETS	\$ 1,409,658	\$ 1,259,970	\$ 1,145,474

See accompanying notes and independent accountants' review report.

PRAIRIE LOFT CENTER
STATEMENT OF ACTIVITIES
For the year ended December 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 66,102	\$ 74,637	\$ 140,739
Grants	42,300	100,500	142,800
In-kind donations	-	6,981	6,981
Net rental income	17,390	-	17,390
Farm income	7,355	-	7,355
Program fees	12,381	-	12,381
Product sales	452	-	452
Interest income	532	-	532
Other	206	-	206
Special event income	8,842	19,652	28,494
Net assets released from restrictions	310,629	(310,629)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	466,189	(108,859)	357,330
EXPENSES			
Program expenses	77,415	-	77,415
Supporting services			
Management and general	78,372	-	78,372
Fundraising and development	13,258	-	13,258
Special event expense	33,204	-	33,204
TOTAL EXPENSES	202,249	-	202,249
 CHANGE IN NET ASSETS	 263,940	 (108,859)	 155,081
 NET ASSETS AT BEGINNING OF YEAR	 <u>1,029,362</u>	 <u>205,510</u>	 <u>1,234,872</u>
 NET ASSETS AT END OF YEAR	 <u><u>\$ 1,293,302</u></u>	 <u><u>\$ 96,651</u></u>	 <u><u>\$ 1,389,953</u></u>

See accompanying notes and independent accountants' review report.

PRAIRIE LOFT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Advertising	\$ -	\$ 985	\$ -	\$ 985
Fees	291	62	299	652
Depreciation	17,580	-	-	17,580
Buildings and grounds	-	7,967	-	7,967
Contingency	-	958	-	958
Farm expense	-	-	-	-
House maintenance	-	2,200	-	2,200
Insurance	-	12,140	-	12,140
Interest expense	-	1,018	-	1,018
Memberships and dues	-	799	-	799
Miscellaneous	215	-	94	309
Office supplies	606	1,707	1,211	3,524
Office rental	-	3,600	-	3,600
Salary and wages	48,239	32,131	11,552	91,922
Payroll taxes	1,923	4,235	-	6,158
Professional development	39	493	-	532
Professional services	-	4,774	-	4,774
Supplies	4,038	73	102	4,213
Travel	-	-	-	-
Utilities	4,484	5,230	-	9,714
	<u>\$ 77,415</u>	<u>\$ 78,372</u>	<u>\$ 13,258</u>	<u>\$ 169,045</u>

See accompanying notes and independent accountants' review report.

PRAIRIE LOFT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2017

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Advertising	\$ 665	\$ 70	\$ -	\$ 735
Fees	288	35	442	765
Depreciation	17,887	-	-	17,887
Buildings and grounds	1,202	7,951	-	9,153
Contingency	-	340	-	340
Farm expense	1,332	-	-	1,332
House maintenance	-	2,266	-	2,266
Insurance	-	9,978	-	9,978
Interest expense	-	1,050	-	1,050
Memberships and dues	-	637	-	637
Miscellaneous	84	307	-	391
Office supplies	-	1,183	550	1,733
Office rental	-	3,600	-	3,600
Salary and wages	42,276	30,588	5,651	78,515
Payroll taxes	1,497	3,808	-	5,305
Professional development	120	362	-	482
Professional services	-	3,485	140	3,625
Supplies	4,813	-	-	4,813
Travel	-	166	-	166
Utilities	3,722	4,968	-	8,690
	<u>\$ 73,886</u>	<u>\$ 70,794</u>	<u>\$ 6,783</u>	<u>\$ 151,463</u>

See accompanying notes and independent accountants' review report.

PRAIRIE LOFT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2016

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Advertising	\$ 80	\$ 95	\$ 713	\$ 888
Fees	-	307	52	359
Depreciation	17,503	-	-	17,503
Buildings and grounds	4,808	5,229	-	10,037
Contingency	-	1,414	-	1,414
Farm expense	-	126	-	126
House maintenance	-	67	-	67
Insurance	-	9,730	-	9,730
Interest expense	-	1,231	-	1,231
Memberships and dues	-	600	-	600
Miscellaneous	-	2,602	-	2,602
Office supplies	-	1,285	561	1,846
Office rental	-	3,900	-	3,900
Salary and wages	36,322	10,444	20,888	67,654
Payroll taxes	672	1,345	2,526	4,543
Professional development	83	82	428	593
Professional services	-	6,211	3,810	10,021
Supplies	4,044	-	-	4,044
Travel	-	951	59	1,010
Utilities	1,495	6,251	-	7,746
	<u>\$ 65,007</u>	<u>\$ 51,870</u>	<u>\$ 29,037</u>	<u>\$ 145,914</u>

See accompanying notes and independent accountants' review report.

PRAIRIE LOFT CENTER
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018, 2017, and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ 155,081	\$ 117,648	\$ 154,562
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Depreciation	20,460	20,766	20,381
(Increase) decrease in			
Inventory	(644)	160	-
Other assets	(45)	(122)	53
Increase (decrease) in			
Payables	(86)	1,852	1,101
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>174,766</u>	<u>140,304</u>	<u>176,097</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property and equipment	<u>(290,577)</u>	<u>(122,485)</u>	<u>(197,953)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(290,577)</u>	<u>(122,485)</u>	<u>(197,953)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on long-term debt	<u>(5,307)</u>	<u>(5,004)</u>	<u>(4,590)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(5,307)</u>	<u>(5,004)</u>	<u>(4,590)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(121,118)	12,815	(26,446)
BEGINNING CASH AND CASH EQUIVALENTS	<u>256,627</u>	<u>243,812</u>	<u>270,258</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 135,509</u>	<u>\$ 256,627</u>	<u>\$ 243,812</u>
INTEREST PAID DURING THE YEAR	\$ 1,018	\$ 1,050	\$ 1,231

See accompanying notes and independent accountants' review report.

PRAIRIE LOFT CENTER
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018, 2017, and 2016

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 ASC 958, *Presentation of Financial Statements of Not-for-Profits Entities*. Under ASC 958, Prairie Loft is required to report information regarding its financial position and activities according to two classes of net assets: net assets – with donor restrictions and net assets – without donor restrictions.

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 \$20,460, \$20,766 and \$20,381 for the years ended December 31, 2018, 2017, and 2016, 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.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

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.

Prairie Loft follows the provisions of FASB Codification Topic 740-10 related to uncertain income tax positions. Management believes there are no uncertain income tax positions taken which would require Prairie Loft to reflect a liability for unrecognized tax benefits on the accompany statement of financial position.

Prairie Loft is no longer subject to income tax examinations by federal, state or local tax authorities for years before December 31, 2015.

NOTE C – LONG-TERM DEBT, LESS CURRENT PORTION

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
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.	\$ 15,316	\$ 20,442	\$ 25,035
Rent deposit payable	800	800	675
Less portion due within one year	<u>(3,924)</u>	<u>(3,750)</u>	<u>(3,583)</u>
Total	\$ 12,192	\$ 17,492	\$ 22,127

Aggregate maturities of long-term debt for the two years following December 31, 2018, are as follows:

2019	\$ 3,924
2020	<u>11,392</u>
	\$ 15,316

NOTE D – LIQUIDITY

Prairie Loft's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the financial position date, are as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	\$ 38,858	\$ 51,117	\$ 37,075

As part of Prairie Loft's liquidity management, it has a policy to structure its financial assets to be available as its general expenditure and liabilities come due. Prairie Loft relies on contributions from individuals to help manage any unanticipated liquidity needs.

NOTE E – RESTRICTIONS ON NET ASSETS

Capital Campaign

Net assets with donor restriction at the end of 2018, 2017, and 2016 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 \$96,651, \$205,510, and \$205,737 for the years ended December 31, 2018, 2017, and 2016, respectively.

Net Assets Released from Restrictions

Net assets released from donor restriction during 2018, 2017 and 2016, by incurring expenses to satisfy the restricted purpose by donors. Net assets were released from restriction as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Subject to Expenditure for Specified Purpose:			
Capital Campaign	\$ 318,629	\$ 149,771	\$ 248,643

NOTE F – IN-KIND CONTRIBUTIONS

During the year ended December 31, 2018, 2017, and 2016, supplies and services valued at \$6,981, \$7,323, and \$16,061, respectively, were received by Prairie Loft.

NOTE G – 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, \$3,600, and \$3,900 for the years ended December 31, 2018, 2017, and 2016, respectively.

NOTE H – EVALUATION OF SUBSEQUENT EVENTS

Prairie Loft has evaluated all subsequent events to the balance sheet date of December 31, 2018 through October 18, 2019, 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.