



National Lutheran  
Communities & Services

# 2023 Annual Report

Financial Performance and Stewardship

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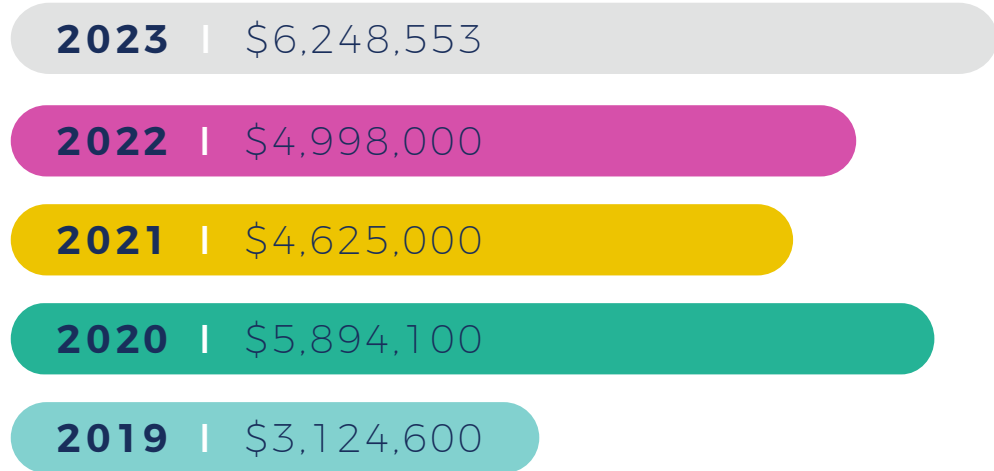
[www.nationallutheran.org](http://www.nationallutheran.org)

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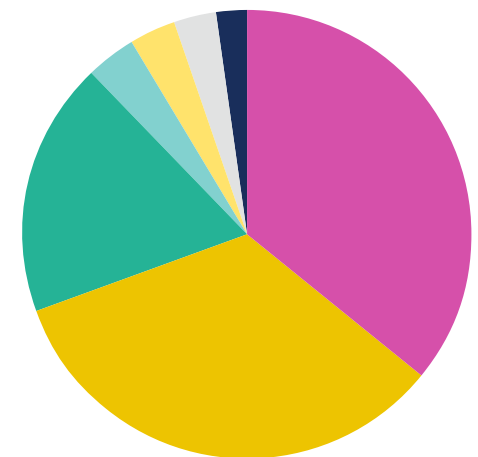
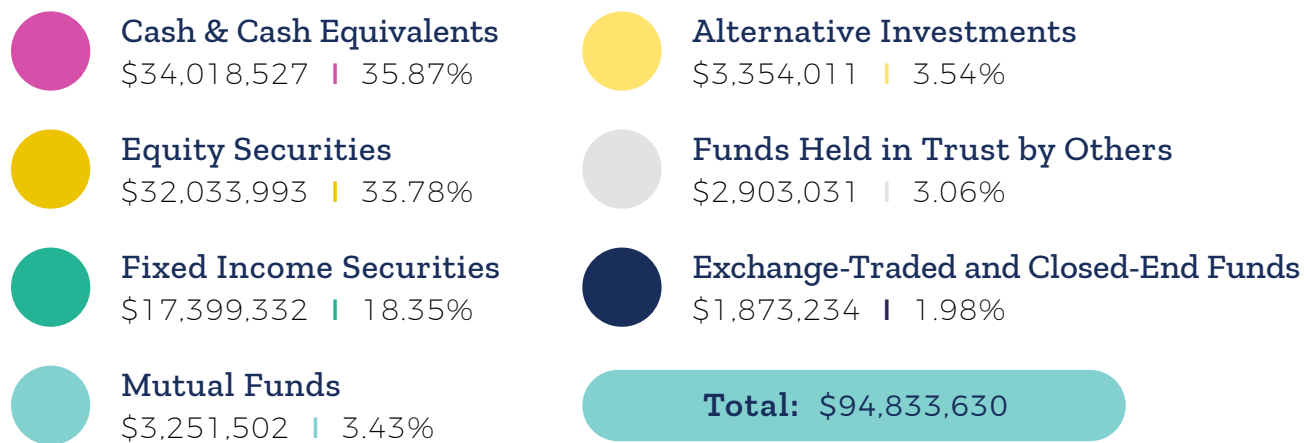
## Total Benevolent Care

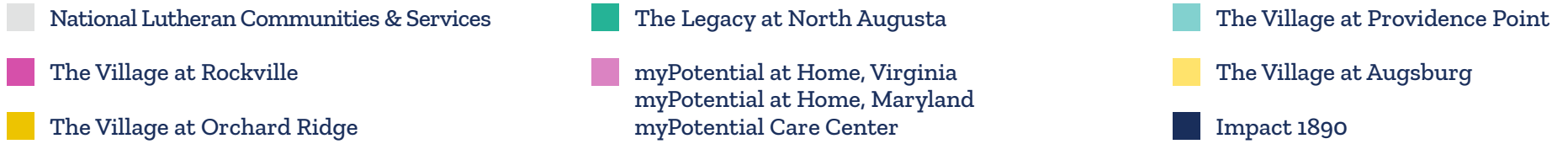
National Lutheran Communities & Services (NLCS) extends charity care and other support to residents, who meet certain criteria under its benevolent care policy and are unable to pay for services, at all levels of care as needed and when appropriate without charge or at amounts less than its established rates. Because NLCS does not pursue collection of amounts determined to be benevolent care, they are not reported as resident service revenue.

NLCS maintains records to identify and monitor the level of benevolent care it provides. The estimated cost of providing benevolent care is based upon the direct and indirect costs identified with the specific benevolent care provided. The cost of benevolent care provided amounted to approximately \$1,098,000 and \$1,134,000 for the years ended December 31, 2022 and 2021, respectively. Benevolent care related to the Medicaid program amounted to approximately \$3,900,000 and \$3,491,000 for the years ended December 31, 2022 and 2021, respectively.

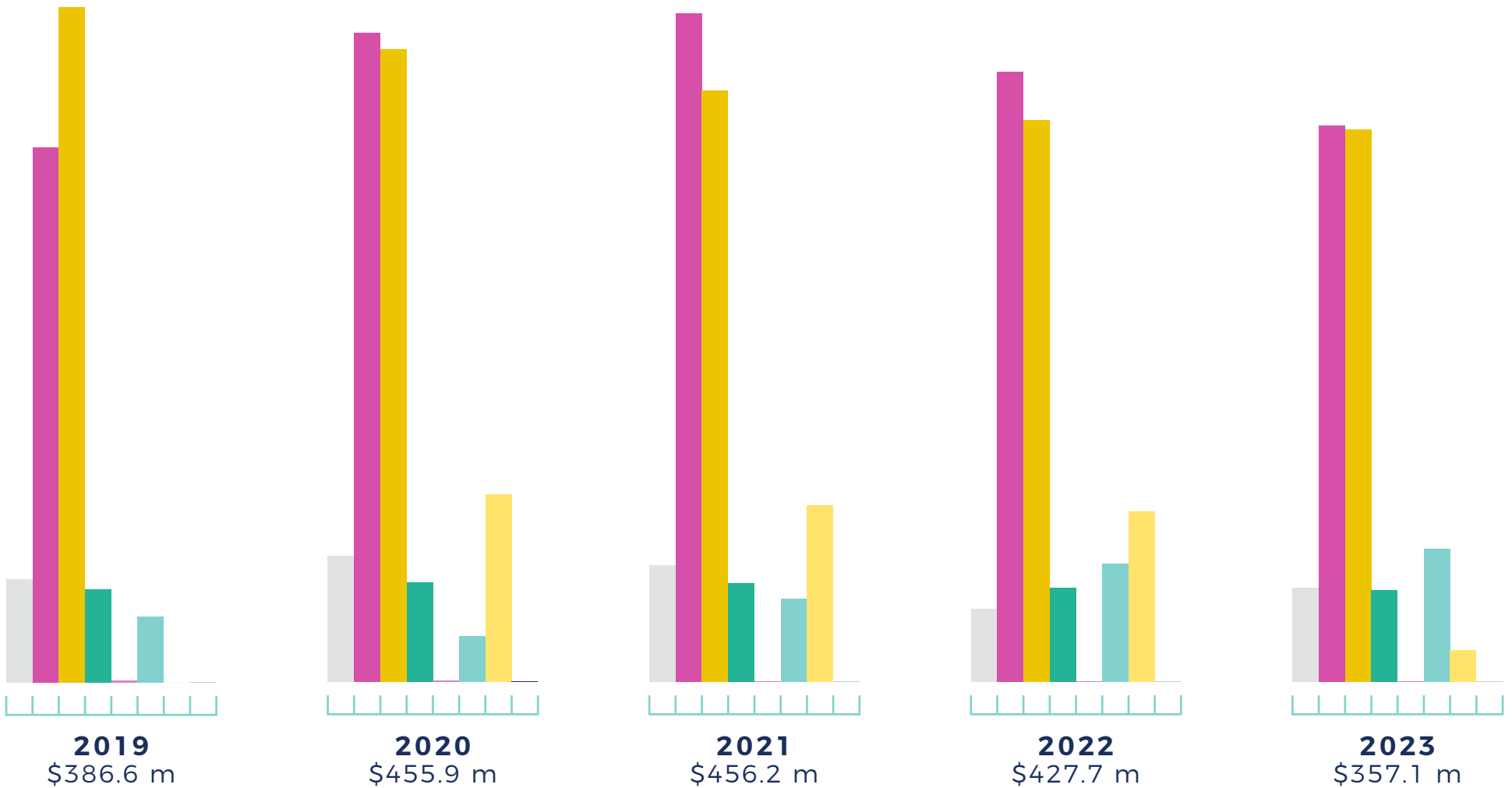


## Total Investments and Assets Whose Use Is Limited





## Total Assets in Millions



# National Lutheran Communities & Services

## Consolidated Balance Sheet

YEARS ENDED  
DECEMBER 31,  
2023 AND 2022

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$10,463,039	\$5,546,261
Accounts receivable, net	3,802,870	4,856,431
Note receivable	1,000,000	0
Prepaid expenses and other assets	1,552,252	1,676,382
Current portion of pledges receivable	49,275	283,790
Current portion of assets whose use is limited	7,233,196	7,118,872
<b>TOTAL CURRENT ASSETS</b>	<b>24,100,632</b>	<b>19,481,736</b>
Assets whose use is limited, net	32,264,906	25,022,453
Investments	52,432,497	72,128,989
Property and equipment, net	270,176,902	304,574,971
Funds held in trust by others	2,903,031	3,006,882
Goodwill	0	2,000,000
Right-of-use assets	1,275,036	1,458,963
Pledges receivable, net	37,651	40,500
<b>TOTAL ASSETS</b>	<b>\$383,190,655</b>	<b>\$427,714,494</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable, trade	\$3,169,509	\$3,070,356
Accrued interest	4,463,196	4,582,708
Accrued expenses	8,618,912	7,318,977
Deferred revenue	2,231,078	0
Line of credit	1,435,920	10,479,268
Current portion of long-term debt	2,600,000	3,396,000
Current portion of lease liabilities	550,341	485,372
Refundable advances	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>23,068,956</b>	<b>29,332,681</b>
Resident deposits	11,561,359	8,866,010
Deferred revenues from entrance fees	60,866,152	64,043,279
Refundable entrance fees	103,062,923	109,637,672
Long-term debt, net	153,801,954	167,453,016
Lease liability	724,695	973,591
Annuities payable, net	61,903	63,137
<b>TOTAL LIABILITIES</b>	<b>353,147,942</b>	<b>380,369,386</b>
<b>NET ASSETS</b>		
Without donor restrictions	21,548,396	39,636,138
With donor restrictions	8,494,317	7,708,970
<b>TOTAL NET ASSETS</b>	<b>30,042,713</b>	<b>47,345,108</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$383,190,655</b>	<b>\$427,714,494</b>

# National Lutheran Communities & Services

## Consolidated Statement of Operations

YEARS ENDED  
DECEMBER 31,  
2023 AND 2022

	<b>2023</b>	<b>2022</b>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUE</b>		
Net resident service revenue, including amortization of entrance fees 2023 \$9,133,657; 2022 \$10,164,500	\$85,037,694	\$80,641,907
Provider Relief Funds	0	912,113
Grant funding	8,996	0
(Loss) on sale or disposal of property and equipment	2,434,620	(508,258)
Change in estimated real estate tax accrual	171,000	0
Net assets released from restrictions, operations	654,793	153,611
<b>TOTAL OPERATING REVENUE</b>	<b>88,307,103</b>	<b>81,199,373</b>
<b>OPERATING EXPENSES</b>		
Salaries and wages	39,540,596	38,823,364
Employee benefits and payroll taxes	7,703,889	7,957,142
Professional fees	12,611,392	11,184,822
Ancillary and medical	4,845,537	4,338,898
Supplies	2,018,767	1,962,699
Food services	3,441,953	3,471,824
Utilities	4,772,806	3,756,966
Depreciation	17,161,054	17,555,578
Interest	10,736,591	10,440,078
Insurance	2,043,899	1,499,482
Real estate taxes	1,720,706	1,717,896
Repairs and maintenance	1,798,327	1,910,714
Advertising and marketing	1,303,066	2,292,001
Licenses, dues and subscriptions	2,210,276	2,081,508
Other operating expenses	2,179,934	1,938,801
Bad debt expense	421,483	370,098
<b>TOTAL OPERATING EXPENSES</b>	<b>114,510,816</b>	<b>111,301,871</b>
<b>(DEFICIENCY) OF OPERATING REVENUE OVER EXPENSES</b>	<b>(26,203,713)</b>	<b>(30,102,498)</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>		
Contributions	999,625	357,867
Other income	860,558	909,280
Other (expense)	(1,036,652)	0
Interest and dividends, net fees	3,246,884	2,177,851
Realized gains	1,546,339	4,558,018
Unrealized gains (losses)	2,773,779	(14,296,444)
Loss on extinguishment of debt	(395,451)	(361,695)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>7,995,082</b>	<b>(6,655,123)</b>
<b>(DEFICIENCY) OF OPERATING REVENUE OVER EXPENSES</b>	<b>(18,208,631)</b>	<b>(36,757,621)</b>
<b>OTHER CHANGES</b>		
Unrealized gains	120,889	184,670
Loss on discontinued operations	0	(13,437)
<b>TOTAL OTHER CHANGES</b>	<b>120,889</b>	<b>171,233</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>\$(18,087,742)</b>	<b>\$(36,586,388)</b>

# National Lutheran Communities & Services

## Consolidated Statement of Changes in Net Assets

YEARS ENDED  
DECEMBER 31,  
2023 AND 2022

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
(Deficiency) of operating and nonoperating revenue over expenses	\$(18,208,631)	\$(36,757,621)
Unrealized gains	120,889	184,670
Loss on discontinued operations	0	(13,437)
Change in net assets without donor restrictions	<b>(18,087,742)</b>	<b>(36,586,388)</b>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	1,229,015	1,331,155
Funds held in trust income	13,432	13,280
Change in value of funds held in trust by others	197,693	(348,494)
Net assets released from restriction	(654,793)	(153,611)
<b>Change in net assets with donor restrictions</b>	<b>785,347</b>	<b>842,330</b>
<b>Change in net assets</b>	<b>(17,302,395)</b>	<b>(35,744,058)</b>
NET ASSETS		
<b>BEGINNING</b>	<b>47,345,108</b>	<b>83,089,166</b>
<b>ENDING</b>	<b>\$30,042,713</b>	<b>\$47,345,108</b>