

LUTHERAN HERITAGE FOUNDATION
(a Michigan not-for-profit organization)

FINANCIAL STATEMENTS
December 31, 2020 and 2019



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lutheran Heritage Foundation
51474 Romeo Plank Rd.
Macomb, MI 48042

Honorable Members:

We have audited the accompanying financial statements of

LUTHERAN HERITAGE FOUNDATION (a Michigan not-for-profit organization)

which comprise the Statement of Financial Position as of December 31, 2020 and 2019, and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lutheran Heritage Foundation as of December 31, 2020 and 2019, 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.

Report on Summarized Information

We have previously audited the Lutheran Heritage Foundation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.


CARABELL, LESLIE AND COMPANY
Professional Corporation
Certified Public Accountants

May 13, 2021

LUTHERAN HERITAGE FOUNDATION
(a Michigan not-for-profit organization)

STATEMENT OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS	December 31,	
	2020	2019
Current assets (Notes A and I):		
Cash and cash equivalents (Note K):		
Without donor restrictions	\$ 566,788	\$ 239,691
With donor restrictions	502,728	629,834
Certificates of deposit (Note B)		57,488
Contributions receivable:		
Without donor restrictions	49,000	7,750
With donor restrictions	44,735	38,135
Bequests receivable, without donor restrictions		546,303
Prepaid expenses and other current assets	17,453	24,875
Total current assets	1,180,704	1,544,076
Property and equipment, net (Notes A and C)	1,595,363	1,623,265
Other assets (Notes A and B):		
Investments without donor restrictions	2,595,763	2,531,089
Investments with donor restrictions	67,951	59,975
Bequest receivable, without donor restrictions	406,267	192,250
Total assets	<u>\$5,846,048</u>	<u>\$5,950,655</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Note Payable, PNC Bank, PPP Loan (Note M)	\$ 165,000	
Accounts payable (Note A)	9,595	\$ 40,442
Total current liabilities	174,595	40,442
Net assets (Note A):		
Without donor restrictions	5,056,039	5,182,269
With donor restrictions (Note D)	615,414	727,944
Total net assets	5,671,453	5,910,213
Total liabilities and net assets	<u>\$5,846,048</u>	<u>\$5,950,655</u>

See accompanying notes.

LUTHERAN HERITAGE FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2020

(with comparative totals for the year ended December 31, 2019)

	For the years ended December 31,			
	2020		2019	
	Without donor restrictions	With donor restrictions	Total	Total
Revenue and support:				
Contributions	\$1,735,156	\$223,664	\$1,958,820	\$2,513,077
Net realized and unrealized gain on investments	97,554	5,272	102,826	130,958
Interest and dividend income	56,662	2,784	59,446	87,520
Miscellaneous income	11,712		11,712	11,655
Total revenue and support	1,901,084	231,720	2,132,804	2,743,210
Net assets released from restrictions	344,250	(344,250)		
Total revenue, support and net assets released from restrictions	2,245,334	(112,530)	2,132,804	2,743,210
Expenses:				
Program services	1,594,940		1,594,940	1,622,218
Support services:				
Management and general	534,885		534,885	434,739
Fund-raising	241,739		241,739	431,489
Total expenses	2,371,564		2,371,564	2,488,446
Increase (decrease) in net assets	(126,230)	(112,530)	(238,760)	254,764
Net assets, January 1,	5,182,269	727,944	5,910,213	5,655,449
Net assets, December 31,	\$5,056,039	\$615,414	\$5,671,453	\$5,910,213

See accompanying notes.

LUTHERAN HERITAGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

(with comparative totals for the year ended December 31, 2019)

	<u>For the year ended December 31, 2020</u>			
	<u>Program services</u>	<u>Supporting services</u>		
	<u>Translation & publishing services</u>	<u>Management and general</u>	<u>Fund-raising</u>	<u>Total supporting services</u>
Salaries	\$ 285,808	\$222,084	\$103,828	\$325,912
Employee benefits	84,494	58,460	34,537	92,997
Payroll taxes	<u>5,543</u>	<u>10,460</u>	<u>2,667</u>	<u>13,127</u>
Total salaries and related expenses	375,845	291,004	141,032	432,036
Independent representatives			7,542	7,542
Purchased services	11,109	56,740	41,744	98,484
Supplies		14,824	11,199	26,023
Maintenance and repairs	32,646	85,039	14,246	99,285
Communication and utilities	3,295	8,476	1,438	9,914
Rental and lease		4,849		4,849
Depreciation	15,465	39,645	6,748	46,393
Insurance	2,938	3,234	1,282	4,516
Travel	2,215	2,122	15,643	17,765
Property taxes		3,724		3,724
Translation and other overseas expense (Note E)	1,151,427			
Other	<u> </u>	<u>25,228</u>	<u>865</u>	<u>26,093</u>
Total functional expenses	<u>\$1,594,940</u>	<u>\$534,885</u>	<u>\$241,739</u>	<u>\$776,624</u>

See accompanying notes.

For the years ended	
December 31,	
<u>2020</u>	<u>2019</u>
<u>Total expenses</u>	
\$ 611,720	\$ 654,120
177,491	178,010
<u>18,670</u>	<u>21,189</u>
807,881	853,319
7,542	20,600
109,593	132,338
26,023	33,772
131,931	26,528
13,209	14,145
4,849	5,180
61,858	52,858
7,454	2,897
19,980	112,148
3,724	3,524
1,151,427	1,190,500
<u>26,093</u>	<u>40,637</u>
<u>\$2,371,564</u>	<u>\$2,488,446</u>

LUTHERAN HERITAGE FOUNDATION

STATEMENT OF CASH FLOWS

For the years ended December 31, 2020 and 2019

	For the years ended December 31,	
	<u>2020</u>	<u>2019</u>
Increase (decrease) in net assets	(\$238,760)	\$254,764
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	61,858	52,858
Donated equities and real estate included in contributions	(37,534)	(30,196)
Unrealized and realized gain on investments	(102,826)	(130,958)
Changes in operating assets and liabilities which provided (used) cash:		
Contributions receivable	(47,850)	120,167
Bequests receivable	379,003	(738,553)
Prepaid expenses and other	7,422	9,444
Accounts payable	(30,847)	<u>26,969</u>
Net cash used in operating activities	(9,534)	(435,505)
Cash flows from investing activities:		
Purchase of property and equipment	(33,957)	(22,693)
Net change in certificates of deposit	57,488	732,950
Increase in cash surrender value, life insurance	(4,298)	(8,754)
Net change in annuity	24,624	(28,183)
Purchase of equities	(178,046)	(199,397)
Proceeds from sale of investments	<u>178,714</u>	<u>185,440</u>
Net cash provided by investing activities	<u>44,525</u>	<u>659,363</u>

LUTHERAN HERITAGE FOUNDATION

STATEMENT OF CASH FLOWS

(continued)

For the years ended December 31, 2020 and 2019

	For the years ended December 31,	
	<u>2020</u>	<u>2019</u>
Cash flows from financing activities:		
Issuance of PNC Bank, PPP Loan	<u>\$ 165,000</u>	<u>\$ -0-</u>
Net cash provided by financing activities	<u>165,000</u>	<u>-0-</u>
Net increase in cash, cash equivalents, restricted cash and restricted cash equivalents	199,991	223,858
Cash, cash equivalents, restricted cash and restricted cash equivalents, January 1,	<u>869,525</u>	<u>645,667</u>
Cash, cash equivalents, restricted cash and restricted cash equivalents, December 31,	<u>\$1,069,516</u>	<u>\$ 869,525</u>
Supplemental disclosure of cash flow information - cash paid for:		
Interest, net of amount capitalized	<u>\$ -0-</u>	<u>\$ -0-</u>
Income taxes	<u>\$ -0-</u>	<u>\$ -0-</u>

There were no non-cash investing and financing activities for the years ended December 31, 2020 and 2019.

See accompanying notes.

LUTHERAN HERITAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A - Summary of Significant Accounting Policies

Nature of organization - Lutheran Heritage Foundation (LHF) is a not-for-profit Corporation organized to translate, publish, distribute and introduce historic Lutheran books and materials primarily used in the training of pastors, teachers and lay leaders.

Basis of accounting - The accompanying financial statements have been prepared on the accrual basis of accounting.

Cash equivalents - For purposes of the Statement of Cash Flows, LHF considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. At times, such investments may be in excess of the FDIC insurance limits.

Contributions and bequests receivable - Bequests receivable are recorded upon determining the validity of a will or trust after the promise to give becomes unconditional. Contributions receivable are recorded at the amount promised less any allowance for uncollectible accounts. LHF uses the allowance method to account for uncollectible receivable balances. Under the allowance method, if needed, an estimate for uncollectible balances is made based upon specific account balances that are considered uncollectible. Factors used to establish an allowance for doubtful accounts include the credit quality of the obligor and whether the balance is significant. When a receivable balance is past due and unsuccessful attempts have been made to collect the receivable, the amount is considered uncollectible and is recorded as a bad debt. At December 31, 2020 and 2019, there was no established allowance for uncollectible accounts. All contributions receivable at December 31, 2020 and 2019 are deemed collectible within the next year.

During 2020, LHF has determined that a December 31, 2019 bequest receivable was understated due to the related Trust discovering additional assets after the 2019 LHF financial statements were issued. The effect of these changes in 2020 was to increase unrestricted bequest revenue by \$167,300 and to increase unrestricted bequest receivable by \$167,300.

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. Investment income and gains restricted by donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

LUTHERAN HERITAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020 and 2019

NOTE A - Summary of Significant Accounting Policies (continued)

Property and equipment - Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, LHF reports expirations of donor restrictions when the donated or acquired assets are placed in service. LHF reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three years for furniture and vehicles to forty years for buildings.

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

Classification of net assets - Net assets of LHF are classified as without donor restrictions and with donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting LHF's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Board Designated Endowment Funds - The LHF Board of Directors has the authority to designate funds without donor imposed restrictions for endowment purposes. Under LHF endowment spending policy, LHF may use up to seventy-five percent of the realized gains generated from the previous calendar year's gifts without donor imposed restrictions and bequests in the endowment fund for such uses, missions, projects and programs recommended by the executive director and approved by a majority vote of the Board of Directors that are consistent with the general purposes set forth in the LHF bylaws. Funds designated by the Board of Directors for endowment purposes as of December 31, 2020 and 2019:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Designated amounts	<u>\$1,752,278</u>	<u>\$1,710,493</u>

Functional allocation of expenses - The costs of providing the program and supporting services have been reported on a functional basis in the Statement of Activities and Changes in Net Assets. Indirect costs have been allocated between the various programs and supporting services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

LUTHERAN HERITAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020 and 2019

NOTE A - Summary of Significant Accounting Policies (continued)

Income Taxes - LHF is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

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 may differ from those estimates.

Interest and penalties - If incurred, interest and penalties assessed by taxing authorities are included in management and general expenses.

Contributed Services - No amounts have been reflected in the financial statement for donated services. LHF generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist LHF but these services do not meet the criteria for recognition of contributed services. LHF has approximately 100 volunteers during the year working varying hours.

NOTE B - Investments and Certificates of Deposit

Certificates of deposit consisted of the following at December 31, 2020 and 2019:

	December 31, 2020			December 31, 2019		
	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation (depreciation)</u>	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation (depreciation)</u>
Certificates of deposit	\$ 0	\$ 0	\$ -0-	\$ 57,488	\$ 57,488	\$ -0-
Total	\$ 0	\$ 0	\$ -0-	\$ 57,488	\$ 57,488	\$ -0-

LUTHERAN HERITAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020 and 2019

NOTE B - Investments and Certificates of Deposit (continued)

Other assets, investments consisted of the following at December 31, 2020 and 2019:

	December 31, 2020			December 31, 2019		
	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation (depreciation)</u>	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation (depreciation)</u>
Cash surrender value, life insurance	\$ 850,354	\$ 850,354	\$ -0-	\$ 846,055	\$ 846,055	\$ -0-
Annuities	448,138	448,138	-0-	472,763	472,763	-0-
Equities	<u>1,206,970</u>	<u>1,365,222</u>	<u>158,252</u>	<u>1,155,798</u>	<u>1,272,246</u>	<u>116,448</u>
Total	<u>\$2,505,462</u>	<u>\$2,663,714</u>	<u>\$158,252</u>	<u>\$2,474,616</u>	<u>\$2,591,064</u>	<u>\$116,448</u>

NOTE C - Property and Equipment

The details of property and equipment consisted of the following at December 31, 2020 and 2019:

	December 31,	
	<u>2020</u>	<u>2019</u>
Land	\$ 486,304	\$ 486,304
Building	2,009,899	2,009,899
Furniture and fixtures	<u>265,609</u>	<u>240,631</u>
Total	2,761,812	2,736,834
Accumulated depreciation	<u>(1,166,449)</u>	<u>(1,113,569)</u>
Net property and equipment	<u>\$1,595,363</u>	<u>\$1,623,265</u>

Depreciation expense for the years ended December 31, 2020 and 2019, was \$61,858, and \$52,858, respectively.

LUTHERAN HERITAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020 and 2019

NOTE D - Net Assets with Donor Restrictions

Net Assets with Donor Restrictions at December 31, 2020 and 2019, restricted for specific projects or distributions to various locations as follows:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Africa	\$237,544	\$268,552
Europe	39,843	63,646
Asia	230,756	179,967
North/Central America	4,108	-0-
South America	12,384	133,939
Papua New Guinea	<u>22,790</u>	<u>21,669</u>
Total net assets with temporary donor restrictions	<u>\$547,425</u>	<u>\$667,773</u>

Net Assets with Donor Restrictions at December 31, 2020 and 2019, to be held in perpetuity are as follows:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Total net assets held in perpetuity	<u>\$ 67,989</u>	<u>\$ 60,171</u>

LHF may use up to seventy-five percent of the realized gains generated from the previous calendar year's gifts and bequests in the funds held in perpetuity for such uses, missions, projects and programs recommended by the executive director and approved by a majority vote of the Board of Directors that are consistent with the general purposes set forth in the LHF bylaws.

LUTHERAN HERITAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020 and 2019

NOTE E - Translation and Other Overseas Expense

Translation and other overseas expense for the years ended December 31, 2020 and 2019, are summarized as follows:

	For the years ended	
	December 31,	
	<u>2020</u>	<u>2019</u>
Africa	\$ 510,640	\$ 631,410
Europe	188,433	223,210
Asia	257,774	319,348
South America	186,091	2,059
North/Central America	8,489	11,398
Papua New Guinea	<u>-0-</u>	<u>3,075</u>
Total translation and other overseas expense	<u>\$1,151,427</u>	<u>\$1,190,500</u>

NOTE F - Employee Benefit Plan

LHF participates in the Lutheran Church - Missouri Synod, Concordia Retirement Plan, a defined benefit plan. The Plan is administered by Concordia Plan Services. Contributions are computed by the administrator based on information received from LHF and totaled \$46,323, for the year ended December 31, 2020, and \$46,988 for the year ended December 31, 2019. In the event of a withdrawal from the Plan and under certain other conditions, a contributor to a multiemployer Plan may be liable to the Plan in accordance with formulas established by law.

NOTE G - Subsequent Events

Management has evaluated subsequent events through May 13, 2021, the date which the financial statements were available for issue. On March 2, 2021 LHF obtained a \$173,360 loan under the Payroll Protection Program of the U.S. Small Business Administration. If certain provisions are met under the guidelines established by the Program, this amount may be partially or fully forgiven.

LUTHERAN HERITAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020 and 2019

NOTE G - Subsequent Events (continued)

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The extent of the impact of COVID-19 on the LHF's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our constituents and vendors, all of which are uncertain and cannot be predicted. The ultimate impact of COVID-19 on LHF is not reasonably estimable at this time.

NOTE H - Accounting For Uncertain Tax Positions

For financial statement purposes, tax benefits are recognized for tax positions taken or expected to be taken on a return, only when it is determined that the tax position will more likely than not be sustained upon examination by taxing authorities. LHF files tax returns in the U.S. Federal and State of Michigan jurisdictions. With few exceptions, tax years prior to 2016 no longer remain subject to examination by the taxing authorities.

NOTE I - Fair Value Measurement

Fair value of assets measured on a recurring basis at December 31, 2020 and 2019, are as follows:

	Fair value measurement at reporting date using:	
	<u>Fair value</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>
Investments and certificates of deposit at December 31, 2020	<u>\$2,663,714</u>	<u>\$2,663,714</u>
Total	<u>\$2,663,714</u>	<u>\$2,663,714</u>
Investments and certificates of deposit at December 31, 2019	<u>\$2,648,552</u>	<u>\$2,648,552</u>
Total	<u>\$2,648,552</u>	<u>\$2,648,552</u>

LUTHERAN HERITAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020 and 2019

NOTE J - Accounting Pronouncements

ASU 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* effective for fiscal years beginning after December 15, 2019. LHF adopted this standard for the year ending December 31, 2020. This standard did not have a material impact on net assets or revenue of LHF.

ASU 2019-03 *Updating the Definition of Collections* is effective for fiscal years beginning after December 15, 2019. LHF adopted this standard for the year ended December 31, 2020. This standard did not have a material effect on net assets or revenue of LHF.

ASU 2020-07 *Not-for-Profit Entities* (Topic 958) is effective for annual periods beginning after June 15, 2021. LHF is not early adopting this standard. LHF does not believe this standard will have a material impact on net assets or revenue.

NOTE K - Cash and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents reported within the Statement of Financial Position that sum to the total of the same such amounts shown on the Statement of Cash Flows:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 566,788	\$239,691
Restricted cash and restricted cash equivalents	<u>502,728</u>	<u>629,834</u>
Total cash, cash equivalents, restricted cash and restricted cash equivalents	<u>\$1,069,516</u>	<u>\$869,525</u>

LUTHERAN HERITAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020 and 2019

NOTE L - Risks and Uncertainties

LHF invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment amounts reported in the Statement of Financial Position.

NOTE M -Notes Payable

December 31,	
2020	2019

On May 5, 2020, LHF received loan proceeds in the amount of \$165,000 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels or was impacted by regulatory requirements pursuant to governmental orders.

Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments until the SBA determines the amount forgiven or ten months after the end of the covered period. While LHF currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, forgiveness will not be recorded until granted by the SBA.

	<u>\$165,000</u>	<u>\$ -0-</u>
Total	165,000	-0-
Less, current portion	<u>165,000</u>	<u>-0-</u>
Long-term portion	<u>\$ -0-</u>	<u>\$ -0-</u>

LUTHERAN HERITAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020 and 2019

NOTE M - Notes Payable (continued)

The aggregate amount of maturities of long-term borrowings over the next five years are as follows:

<u>For the years ending December 31,</u>	<u>Amount</u>
2021	\$165,000
2022	-0-
2023	-0-
2024	-0-
2025 and subsequent	<u>-0-</u>
Total	<u>\$165,000</u>