

Camp Kesem National

Financial Statements and Independent Auditors' Report

September 30, 2021 and 2020

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MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Camp Kesem National
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of Camp Kesem National (the "Organization"), which comprise the statements of financial position as of September 30, 2021 and 2020, the related statements of activities 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditors' 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.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camp Kesem National, as of September 30, 2021 and 2020, and the changes in net assets and cash flows, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., LTD.

Certified Public Accountants

Deerfield, Illinois
February 10, 2022

FINANCIAL STATEMENTS

Camp Kesem National
STATEMENTS OF FINANCIAL POSITION
September 30, 2021 and 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 11,580,584	\$ 8,682,428
Contributions receivable, net	78,500	40,914
Employee Retention Credit receivable (Note D)	204,498	-
Investments	284,968	280,154
Event deposits	116,344	134,734
Prepaid expenses	779,159	723,499
Other assets	670	670
	<u>\$ 13,044,723</u>	<u>\$ 9,862,399</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
LIABILITIES		
Accounts payable	\$ 223,429	\$ 65,263
Accrued expenses	428,665	154,227
Note payable - Paycheck Protection Program	595,907	595,907
	<u>1,248,001</u>	<u>815,397</u>
 NET ASSETS		
Without donor restrictions	11,661,222	8,931,087
With donor restrictions	135,500	115,915
	<u>11,796,722</u>	<u>9,047,002</u>
	<u>\$ 13,044,723</u>	<u>\$ 9,862,399</u>

The accompanying notes are an integral part of these statements.

Camp Kesem National
STATEMENTS OF ACTIVITIES
For the years ended September 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support						
Grants	\$ 650,379	\$ -	\$ 650,379	\$ 767,644	\$ -	\$ 767,644
Contributions	5,607,393	105,000	5,712,393	6,615,630	90,915	6,706,545
Contributions in-kind	67,234	-	67,234	46,687	-	46,687
Special events	804,616	-	804,616	1,619,391	-	1,619,391
Less: special events expenses	<u>(156,974)</u>	<u>-</u>	<u>(156,974)</u>	<u>(450,431)</u>	<u>-</u>	<u>(450,431)</u>
Special events, net	647,642	-	647,642	1,168,960	-	1,168,960
Interest income	4,814	-	4,814	4,817	-	4,817
Net assets released from restrictions	<u>85,415</u>	<u>(85,415)</u>	<u>-</u>	<u>60,000</u>	<u>(60,000)</u>	<u>-</u>
Total revenues and other support	<u>7,062,877</u>	<u>19,585</u>	<u>7,082,462</u>	<u>8,663,738</u>	<u>30,915</u>	<u>8,694,653</u>
Expenses						
Program	3,112,599	-	3,112,599	3,594,303	-	3,594,303
Fundraising	1,155,808	-	1,155,808	1,474,325	-	1,474,325
General and administrative	<u>1,017,041</u>	<u>-</u>	<u>1,017,041</u>	<u>1,062,871</u>	<u>-</u>	<u>1,062,871</u>
Total expenses	<u>5,285,448</u>	<u>-</u>	<u>5,285,448</u>	<u>6,131,499</u>	<u>-</u>	<u>6,131,499</u>

(Continued)

The accompanying notes are an integral part of these statements.

Camp Kesem National
STATEMENTS OF ACTIVITIES (Continued)
For the years ended September 30, 2021 and 2020

	2021			2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Other income						
Forgiveness of debt - PPP loan	595,907	-	595,907	-	-	-
Other	356,799	-	356,799	-	-	-
Total other income	952,706	-	952,706	-	-	-
CHANGE IN NET ASSETS	2,730,135	19,585	2,749,720	2,532,239	30,915	2,563,154
Net assets, beginning of year	8,931,087	115,915	9,047,002	6,398,848	85,000	6,483,848
Net assets, end of year	<u>\$ 11,661,222</u>	<u>\$ 135,500</u>	<u>\$ 11,796,722</u>	<u>\$ 8,931,087</u>	<u>\$ 115,915</u>	<u>\$ 9,047,002</u>

Miller Cooper & Co., Ltd.

Camp Kesem National
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 2,749,720	\$ 2,563,154
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Bad debt expense (recoveries)	(36,500)	75,950
Forgiveness of debt - PPP loan	(595,907)	-
Interest income	(4,814)	(4,817)
Changes in assets		
Contributions receivable, net	(1,086)	(31,864)
Employee Retention Credit receivable	(204,498)	-
Event deposits	18,390	97,816
Prepaid expenses	(55,660)	(502,008)
Other current assets	-	48,988
Changes in liabilities		
Accounts payable	158,166	(217,773)
Accrued expenses	274,438	(107,029)
Unearned revenue	-	(135,650)
Net cash provided by operating activities	<u>2,302,249</u>	<u>1,786,767</u>
Cash flows from investing activities		
Purchases of investments	-	(49,007)
Net cash used in investing activities	<u>-</u>	<u>(49,007)</u>
Cash flows from financing activities		
Proceeds from note payable	595,907	595,907
Net cash provided by financing activities	<u>595,907</u>	<u>595,907</u>
NET INCREASE IN CASH	2,898,156	2,333,667
Cash and cash equivalents, beginning of year	<u>8,682,428</u>	<u>6,348,761</u>
Cash and cash equivalents, end of year	<u>\$ 11,580,584</u>	<u>\$ 8,682,428</u>

The accompanying notes are an integral part of these statements.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE A - ORGANIZATION AND NATURE OF THE BUSINESS

Camp Kesem National (the "Organization") was incorporated under the laws of the state of California as a Domestic Nonprofit Organization in 2003. Its mission is to support children through and beyond their parent's cancer with free, fun-filled creative programs and a lasting community. The Organization provides these children a supportive, lifelong community that recognizes and understands their unique needs. The Organization also empowers college students to make a difference and build invaluable leadership skills by developing and managing every aspect of their Kesem chapter.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

2. Investments

The Organization has investments in Certificates of Deposit (CD's) which are considered to be fixed income securities. Purchased investments are reported at cost. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as interest income in the statements of activities.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Contributions Receivable

Contributions receivable is stated at the amount management expects to collect from outstanding balances. Management monitors the collection of these receivables on a routine basis. Unconditional contributions (promises to give) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of estimated future cash flows, at the date the contribution or pledge is received, to the extent estimated to be collectible by the Organization.

The carrying amount of contributions receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. The Organization closely reviews all outstanding receivables and follows up on delinquent accounts. Recoveries of balances written off are recognized when received. There was no allowance at September 30, 2021. The allowance for doubtful accounts was \$40,000 at September 30, 2020.

4. Prepaid Expenses and Event Deposits

Prepaid expenses consist of fees paid in advance of services and deposits on chapter-level events. Event deposits consist of deposits for the major fundraising events.

5. Income Taxes

The Organization has received a favorable determination letter from the Internal Revenue Service (IRS) stating that it is exempt from taxation on income related to its exempt purposes, under section 501(a) of the Internal Revenue Code, as an organization described in section 501(c)(3). As an exempt organization, the Organization is subject to federal and state income taxes on income determined to be unrelated business taxable income, if any.

GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Income Taxes (Continued)

Management has analyzed the tax positions taken by the Organization and has concluded that as of September 30, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

6. Contributions

The Organization reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Gifts of cash and other assets that are received without donor stipulations limiting the use of the donated assets are reported as net assets without donor restrictions. When a donor restriction expires (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 statements of activities as net assets released from restriction.

7. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

8. Contributed Services and Gifts In-Kind

In-kind contributions are recorded at their estimated fair value as both revenue and expense in the statements of activities. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The Organization records the estimated fair value of contributed services which meet these criteria (see Note H).

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Functional Expense Allocation

The cost of providing the Organization's programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, costs associated with a specific program are charged directly to that program. Costs that benefit more than one program have been allocated among the programs and supporting services benefited based on a systematic and rational method. Payroll and related expenses are allocated based on time and effort. All other expenses are directly allocated (see Note I).

10. Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash equivalents, accounts receivable, accounts payable, and accrued expenses, approximate fair value due to the short maturity of these instruments. The carrying amount of the note payable approximates fair value because the interest rate is a fixed rate based on current rates offered to the Organization for debt with similar terms and maturities.

It is the Organization's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying notes to these financial statements.

11. Significant Accounting Policy Adopted in the Current Year

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued *Accounting Standards Update* ("ASU") 2014-09, *Revenues from Contracts with Customers* (Topic 606), which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in GAAP. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. Topic 606 was effective for annual reporting periods beginning after December 15, 2019, and the Organization adopted the new guidance with an initial effective date of October 1, 2020, utilizing the modified retrospective method of transition.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Significant Accounting Policy Adopted in the Current Year (Continued)

Revenue Recognition (Continued)

The Organization has elected the modified retrospective method of adoption which results in recognizing the cumulative effect, if any, of initially applying the new guidance as an adjustment to the opening net assets at October 1, 2020. The Organization determined that the new guidance does not have a significant effect on reported amounts and, as a result, no adjustment as of October 1, 2020 is required. Adoption of the new guidance resulted in no material changes to the Organization's accounting policies for revenue recognition.

The only revenue stream of the Organization affected by Topic 606 was special event revenue in which attendees to large fundraising events receive a benefit from attendance. The Organization determined that this exchange transaction was valued at approximately \$43,000 and \$500 during the years ended September 30, 2021 and 2020, respectively. This revenue is recognized at the point in time the event occurs.

12. Accounting Standards Applicable in Future Years

Contributed Nonfinancial Assets

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 is intended to clarify the presentation and disclosure of contributed nonfinancial assets. ASU 2020-07 requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statements of activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. ASU 2020-07 is effective for annual periods beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Accounting Standards Applicable in Future Years (Continued)

Contributed Nonfinancial Assets (Continued)

ASU 2020-07 is effective for the Organization's September 30, 2022 financial statements and thereafter. Management is currently evaluating the effect that ASU 2020-07 will have on the Organization's financial statements.

Leases

The FASB issued ASU 2016-02, *Leases*, (Topic 842) (ASU 2016-02), in February 2016. Under ASU 2016-02, lessees will be required to recognize, at commencement date, a lease liability representing the lessee's obligation to make payments arising from the lease and a right-of-use asset representing the lessee's right to use or control the use of a specific asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. ASU 2016-02 is effective for annual financial statements of private companies issued for fiscal years beginning after December 15, 2021. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply.

ASU 2016-02 is effective for the Organization's September 30, 2023 financial statements and thereafter. Management is currently evaluating the effect that ASU 2016-02 will have on the Organization's financial statements.

NOTE C - AVAILABILITY AND LIQUIDITY

The Organization monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization's primary source of liquidity is its cash and cash equivalents.

For purposes of analyzing resources available to meet general expenditures over a 12 month period, the Organization considers all expenditures related to its ongoing activities of programming as well as the conduct of services undertaken to support those activities to be general expenditures.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE C - AVAILABILITY AND LIQUIDITY (Continued)

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a budget and anticipates collecting sufficient revenue to cover almost all general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows which identify the sources and uses of the Organization's cash.

The following shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one year of the statements of financial positions date to meet general expenditures, as of September 30, 2021 and 2020:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 11,580,584	\$ 8,682,428
Contributions receivable	78,500	40,914
Investments	284,968	280,154
Financial assets available to meet general expenditures over the next twelve months	\$ 11,944,052	\$ 9,003,496

NOTE D - EMPLOYEE RETENTION CREDIT RECEIVABLE

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law, which includes provisions for the Employee Retention Credit ("ERC"). The provisions of the ERC were later amended by the Consolidated Appropriations Act, 2021, the American Rescue Plan Act, and the Infrastructure Investment and Jobs Act (collectively, the "Acts"). The ERC is a refundable tax credit taken against certain payroll taxes equal to a specified percentage of qualified wages paid after March 12, 2020 and before October 1, 2021 by an eligible employer, as defined in the Acts. The credit is claimed through the Organization's quarterly Form 941 payroll tax filings, or other means as prescribed by the IRS. The IRS has extended the statute of limitations on ERC claims from three to five years.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE D - EMPLOYEE RETENTION CREDIT RECEIVABLE (Continued)

Management has determined the Organization is eligible for the ERC under the decline in gross receipts test, as defined in the Acts. The Organization has accounted for the ERC as a conditional contribution under the provisions of FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958-605): Clarifying Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Based on this guidance, the Organization has concluded that the amounts are known, and all conditions for qualification are substantially met in the fiscal year 2021. The Organization has claimed credits totaling \$204,498, which are included in other income in the statements of activities. As of September 30, 2021, the Organization has not yet received refunds from the IRS totaling \$204,498, which are included as “Employee Retention Credit receivable” on the statements of financial position. There have been no collections of credits through February 10, 2022.

NOTE E - FAIR VALUE MEASUREMENT

The Organization adopted the accounting standard that establishes a framework for measuring fair value. The 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). The three levels of the fair value hierarchy under the accounting standard are described below:

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE E - FAIR VALUE MEASUREMENT (Continued)

- Level 1 Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include the following:
- * 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.

The following is a description of the valuation methodologies used for the Organization's financial instruments measured at fair value. There have been no changes in the methodologies used at September 30, 2021 and 2020.

Fixed income: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE E - FAIR VALUE MEASUREMENT (Continued)

The method 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 Organization believes that its valuation method is 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 following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2021 and 2020. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to fair value measurement.

		2021			
		Level 1	Level 2	Level 3	Total
Fixed income	\$	-	\$ 284,968	\$ -	\$ 284,968
Investments, at fair value	\$	-	\$ 284,968	\$ -	\$ 284,968
		2020			
		Level 1	Level 2	Level 3	Total
Fixed income	\$	-	\$ 280,154	\$ -	\$ 280,154
Investments, at fair value	\$	-	\$ 280,154	\$ -	\$ 280,154

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE F - NOTE PAYABLE AND SUBSEQUENT EVENT

In 2020, the Organization entered into a note payable agreement totaling \$595,907 that bore interest at 1.00%, matured in April 2022, and was eligible for forgiveness subject to the provisions of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). This agreement was not collateralized. During the year ended September 30, 2021, the loan was forgiven in full by the U.S. Small Business Administration ("SBA") and the Organization was legally released from repaying the loan. The full forgiveness of the loan has been included as "Forgiveness of debt - PPP loan" on the accompanying statements of activities for the year ended September 30, 2021.

On December 27, 2020, the Consolidated Appropriations Act, 2021 ("the Act") was signed into law, which includes provisions for Second Draw PPP loans through the United States Small Business Administration's Paycheck Protection Program. In February 2021, the Organization applied for and received a \$595,907 Second Draw PPP loan. The loan matures in February 2025, and bears interest at 1.00%. This agreement is not collateralized. Payment of principal and interest payments will commence after a deferral period as defined in the related loan agreement. The loan may be eligible for forgiveness if certain conditions regarding the use of the loan proceeds are met.

As part of the PPP, the Organization is required to retain all records relating to the loan for six years from the date the loan was forgiven and permit authorized representatives of the SBA to access such records upon request. Although forgiveness of the loan has been granted, the SBA may undertake a review at any time at the SBA's discretion.

Subsequent to year end, the Organization applied for forgiveness of the Second Draw PPP and the loan was forgiven in full by the SBA and the Organization was legally released from repaying the loan. As the Organization had not made any principal payments prior to forgiveness, the entire amount has been classified under "Note payable - Paycheck Protection Program" on the accompanying statements of financial position.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Purpose restricted	\$ 95,000	\$ 75,000
Time restricted	<u>40,500</u>	<u>40,915</u>
	<u>\$ 135,500</u>	<u>\$ 115,915</u>

The release of net assets with donor restrictions of \$85,415 and \$60,000 during the years ended September 30, 2021 and 2020, respectively, related to the startup of new Camp Kesem chapters, the Organization's Diversity, Equity and Inclusion (DEI) Initiative, as well as expiration of time restrictions.

NOTE H - CONTRIBUTED SERVICES AND GIFTS IN-KIND

The Organization received donated goods and services during the years ended September 30, 2021 and 2020 related to legal and other services, and camp and event supplies. The fair market value of these donations for the year ending September 30, 2021 and 2020 was \$67,234 and \$141,618, respectively. These amounts were recorded as both revenues and expenses in the accompanying statements of activities.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE I - FUNCTIONAL EXPENSES

Expenses for the year ended September 30, 2021 are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Payroll and related expenses	\$ 2,094,735	\$ 747,526	\$ 736,558	\$ 3,578,819
Bad debt recoveries	-	(36,500)	-	(36,500)
Conferences, meetings and trainings	60,324	1,494	1,411	63,229
Technology	77,573	64,277	56,267	198,117
Dues and licenses	12,359	-	-	12,359
Employee Benefits	60,053	16,613	18,549	95,215
Fundraising and events	-	268,754	-	268,754
Insurance - general	7,611	-	36,547	44,158
Office	178,915	53,780	24,987	257,682
Professional fees	11,404	23,260	139,620	174,284
Program materials	609,023	9,549	3,095	621,667
Travel	602	7,055	7	7,664
	<u>3,112,599</u>	<u>1,155,808</u>	<u>1,017,041</u>	<u>5,285,448</u>
Total operating expenses				
Special events	<u>-</u>	<u>156,974</u>	<u>-</u>	<u>156,974</u>
	<u>\$ 3,112,599</u>	<u>\$ 1,312,782</u>	<u>\$ 1,017,041</u>	<u>\$ 5,442,422</u>

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE I - FUNCTIONAL EXPENSES (Continued)

Expenses for the year ended September 30, 2020 are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Payroll and related expenses	\$ 1,814,797	\$ 635,211	\$ 713,866	\$ 3,163,874
Bad debt expense	40,000	35,950	-	75,950
Conferences, meetings and trainings	660,478	2,552	1,591	664,621
Technology	129,699	41,949	94,849	266,497
Dues and licenses	83	10,927	-	11,010
Fundraising and events	-	568,571	-	568,571
Insurance - general	44,987	9,501	20,010	74,498
Office	267,501	45,621	13,286	326,408
Professional fees	31,708	42,604	213,222	287,534
Program materials	491,440	7,659	680	499,779
Travel	113,610	73,780	5,367	192,757
 Total operating expenses	 3,594,303	 1,474,325	 1,062,871	 6,131,499
 Special events	 -	 450,431	 -	 450,431
	<u>\$ 3,594,303</u>	<u>\$ 1,924,756</u>	<u>\$ 1,062,871</u>	<u>\$ 6,581,930</u>

NOTE J - RISKS AND UNCERTAINTIES

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents balances at two financial institutions. These cash balances are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization may, from time to time, have balances in excess of insured deposit limits. The total uninsured cash was approximately \$11,283,000 as of September 30, 2021.

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NOTE J - RISKS AND UNCERTAINTIES (Continued)

COVID-19 Pandemic

The future indirect and direct impact of COVID-19 on the Organization's finances, operations, cash flows, donors, volunteers, student leaders and families is not yet known. Management will continue to monitor the effects of COVID-19 and attempt to mitigate against any significant impact to the Organization, its operations and its finances. In addition, out of an abundance of caution for the safety of the families served by the Organization, the Organization suspended its in-person summer camp season for fiscal years 2020 and 2021, and shifted to a virtual summer program for its campers. As the Organization continued to monitor the effects of COVID-19, it determined that conditions would allow for fall programming in 2021, which included a select number of in-person weekend camp, day program and field trip opportunities for families. The Organization will continue to evaluate the benefits and risks of resuming any in-person activity in the next fiscal year in accordance with local, state and national guidelines, as well as with recommendations from the Centers for Disease Control and Prevention (CDC). The Organization will keep its constituents informed of any updates or changes in the new fiscal year.

NOTE K - EMPLOYEE BENEFIT PLAN

Effective January 1, 2018, the Organization started sponsoring a 403(b) plan that covers all eligible employees subject to certain requirements, as defined in the agreement. Under the plan, a participating employee may defer pre-tax contributions subject to IRS salary deferral limits. The Organization may make discretionary profit sharing contributions. No profit sharing contributions were made or accrued in fiscal year 2021 or 2020.

NOTE L - CONTINGENCIES

The Organization is subject to claims and lawsuits that arise in the course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits, after considering the Organization's insurance coverage, will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization.

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NOTE M - RECLASSIFICATIONS

Certain items in the fiscal year 2020 financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on fiscal year 2020 net assets or change in net assets.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 10, 2022, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than those described in Note F, have occurred subsequent to the statements of financial position date that require additional disclosure in the financial statements.