

Camp Kesem National

Financial Statements and Independent Auditors' Report

September 30, 2022 and 2021

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MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Camp Kesem National
Los Angeles, California

Opinion

We have audited the financial statements of Camp Kesem National (the "Organization"), which comprise the statements of financial position as of September 30, 2022 and 2021, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(Continued)



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
February 14, 2023

FINANCIAL STATEMENTS

Camp Kesem National
STATEMENTS OF FINANCIAL POSITION
September 30, 2022 and 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Cash	\$ 7,963,329	\$ 11,580,584
Contributions receivable	122,437	78,500
Employee Retention Credit receivable (Note D)	614,586	204,498
Investments	289,562	284,968
Event deposits	34,687	116,344
Prepaid expenses	277,449	779,159
Other assets	-	670
	<u>\$ 9,302,050</u>	<u>\$ 13,044,723</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
LIABILITIES		
Accounts payable	\$ 121,915	\$ 223,429
Accrued expenses	227,168	428,665
Note payable - Paycheck Protection Program (Note F)	-	595,907
	<u>349,083</u>	<u>1,248,001</u>
 NET ASSETS		
Without donor restrictions	8,617,317	11,661,222
With donor restrictions	335,650	135,500
	<u>8,952,967</u>	<u>11,796,722</u>
	<u>\$ 9,302,050</u>	<u>\$ 13,044,723</u>

The accompanying notes are an integral part of these statements.

Camp Kesem National
STATEMENTS OF ACTIVITIES
For the years ended September 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support						
Grants and contributions	\$ 7,543,274	\$ 332,500	\$ 7,875,774	\$ 6,257,772	\$ 105,000	\$ 6,362,772
Contributions in-kind	57,337	-	57,337	67,234	-	67,234
Special events	603,086	-	603,086	804,616	-	804,616
Less: special events expenses	<u>(305,951)</u>	<u>-</u>	<u>(305,951)</u>	<u>(179,364)</u>	<u>-</u>	<u>(179,364)</u>
Special events, net	297,135	-	297,135	625,252	-	625,252
Interest income	4,594	-	4,594	4,814	-	4,814
Net assets released from restrictions	<u>132,350</u>	<u>(132,350)</u>	<u>-</u>	<u>85,415</u>	<u>(85,415)</u>	<u>-</u>
Total revenues and other support	<u>8,034,690</u>	<u>200,150</u>	<u>8,234,840</u>	<u>7,040,487</u>	<u>19,585</u>	<u>7,060,072</u>
Expenses						
Program	9,379,091	-	9,379,091	3,112,599	-	3,112,599
Fundraising	1,858,014	-	1,858,014	1,133,418	-	1,133,418
General and administrative	<u>1,081,035</u>	<u>-</u>	<u>1,081,035</u>	<u>1,017,041</u>	<u>-</u>	<u>1,017,041</u>
Total expenses	<u>12,318,140</u>	<u>-</u>	<u>12,318,140</u>	<u>5,263,058</u>	<u>-</u>	<u>5,263,058</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, 2022 and 2021

	2022			2021		
	<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	\$ 595,907	\$ -	\$ 595,907
Other	<u>643,638</u>	<u>-</u>	<u>643,638</u>	<u>356,799</u>	<u>-</u>	<u>356,799</u>
Total other income	<u>1,239,545</u>	<u>-</u>	<u>1,239,545</u>	<u>952,706</u>	<u>-</u>	<u>952,706</u>
CHANGE IN NET ASSETS	(3,043,905)	200,150	(2,843,755)	2,730,135	19,585	2,749,720
Net assets, beginning 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>
Net assets, end of year	<u>\$ 8,617,317</u>	<u>\$ 335,650</u>	<u>\$ 8,952,967</u>	<u>\$ 11,661,222</u>	<u>\$ 135,500</u>	<u>\$ 11,796,722</u>

Miller Cooper & Co., Ltd.

Camp Kesem National
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (2,843,755)	\$ 2,749,720
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities		
Bad debt expense (recoveries)	-	(36,500)
Forgiveness of debt - PPP loan	(595,907)	(595,907)
Interest income	(4,594)	(4,814)
Changes in assets		
Contributions receivable	(43,937)	(1,086)
Employee Retention Credit receivable	(410,088)	(204,498)
Event deposits	81,657	18,390
Prepaid expenses	501,710	(55,660)
Other assets	670	-
Changes in liabilities		
Accounts payable	(101,514)	158,166
Accrued expenses	(201,497)	274,438
Net cash (used in) provided by operating activities	<u>(3,617,255)</u>	<u>2,302,249</u>
Cash flows from financing activities		
Proceeds from note payable	-	595,907
Net cash provided by financing activities	<u>-</u>	<u>595,907</u>
NET (DECREASE) INCREASE IN CASH	(3,617,255)	2,898,156
Cash, beginning of year	<u>11,580,584</u>	<u>8,682,428</u>
Cash, end of year	<u>\$ 7,963,329</u>	<u>\$ 11,580,584</u>

The accompanying notes are an integral part of these statements.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

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, 2022 and 2021

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 for doubtful accounts at September 30, 2022 or 2021.

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, 2022 and 2021

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, 2022 and 2021, 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 (Note H).

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Contributed Services and Gifts In-Kind (Continued)

A substantial number of volunteers have donated significant time to the Organization. However, no amounts have been reflected in the financial statements for volunteer services, as such services did not meet the criteria for recognition in the financial statements.

9. Revenue Recognition

Special Events

Special event revenue is comprised of an exchange element based on direct benefits provided, and a contribution element for the difference between the total cash received and the exchange element. Special event revenue is received when attendees to large fundraising events receive a benefit from attendance. The Organization recognizes the exchange portion of special events revenue at a point in time when substantially all benefits have been provided, and the contribution element when the cash is received. The exchange portion received in advance are deferred to the applicable period. The following schedule summarizes the Organization's components of special events revenue for the years ended September 30, 2022 and 2021, respectively.

	<u>2022</u>	<u>2021</u>
Contribution revenue	\$ 549,836	\$ 761,616
Exchange transaction revenue	<u>53,250</u>	<u>43,000</u>
	<u>\$ 603,086</u>	<u>\$ 804,616</u>

All of the Organizations revenue from contracts with customers is from performance obligations with an initial expected duration of one year or less.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. 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. 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, benefits and related expenses are allocated based on time and effort. All other expenses are directly allocated (Note I).

11. Fair Value of Financial Instruments

The carrying amounts of financial instruments, including contributions receivable, Employee Retention Credit 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.

12. Accounting Policy Adopted in the Current Year

Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (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 statement of activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind and contributed services, 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. The Organization adopted ASU 2020-07 effective October 1, 2021, using the modified retrospective approach.

The adoption of ASU 2020-07 resulted in no material changes to the Organization's accounting policies.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

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.

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.

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash	\$ 7,963,329	\$ 11,580,584
Contributions receivable	122,437	78,500
Employee Retention Credit receivable	614,586	204,498
Investments	<u>289,562</u>	<u>284,968</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 8,989,914</u>	<u>\$ 12,148,550</u>

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

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.

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 years 2022 and 2021.

During and as of the year ended September 30, 2021, the Organization had claimed credits totaling \$204,498, which were included as "Employee Retention Credit receivable" on the statements of financial position and included in other income in the statements of activities. Credits outstanding at September 30, 2021 totaling \$204,498 were received from the IRS during the year ended September 30, 2022.

During and as of the year ended September 30, 2022, the Organization had claimed credits totaling \$614,586, which were included as "Employee Retention Credit receivable" on the statements of financial position and included in other income in the statements of activities. There have been no collections of credits through February 14, 2023.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

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:

- 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, 2022 and 2021.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE E - FAIR VALUE MEASUREMENT (Continued)

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.

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, 2022 and 2021. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to fair value measurement.

	2022			
	Level 1	Level 2	Level 3	Total
Fixed income	\$ -	\$ 289,562	\$ -	\$ 289,562
Investments, at fair value	\$ -	\$ 289,562	\$ -	\$ 289,562
	2021			
	Level 1	Level 2	Level 3	Total
Fixed income	\$ -	\$ 284,968	\$ -	\$ 284,968
Investments, at fair value	\$ -	\$ 284,968	\$ -	\$ 284,968

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE F - NOTE PAYABLE

In 2020, the Organization entered into a note payable agreement totaling \$595,907 that bore interest at 1.00%, was set to mature in April 2022, and was eligible for forgiveness subject to the provisions of the 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 Paycheck Protection Program loans through the SBA's Paycheck Protection Program. In February 2021, the Organization applied for and received a \$595,907 Second Draw PPP loan. The loan was set to mature in February 2026, and bore interest at 1.00%. This agreement was not collateralized. During the year ended September 30, 2022, the loan was forgiven in full by the 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, 2022.

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.

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2022 and 2021:

	2022	2021
Purpose restricted	\$ 303,150	\$ 95,000
Time restricted	32,500	40,500
	\$ 335,650	\$ 135,500

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The release of net assets with donor restrictions of \$132,350 and \$85,415 during the years ended September 30, 2022 and 2021, respectively, related to the startup of new Camp Kesem chapters, the Organization's various initiatives, such as the Diversity, Equity and Inclusion (DEI) Initiative and the special purpose workspace 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, 2022 and 2021 related to legal, technology and other services, and camp and event supplies. The fair market value of these donations for the years ending September 30, 2022 and 2021 was \$57,337 and \$67,234, respectively. These amounts were recorded as both revenues and expenses in the accompanying statements of activities.

The Organization recognizes services as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Donated services include legal and technology support that are reported using current rates for similar services, and donated goods are reported at their estimated fair value at date of receipt. All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE I - FUNCTIONAL EXPENSES

Expenses for the year ended September 30, 2022 are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Payroll and related expenses	\$ 1,994,211	\$ 811,842	\$ 747,050	\$ 3,553,103
Conferences, meetings and trainings	450,590	1,911	293	452,794
Technology	148,251	62,985	61,236	272,472
Dues and licenses	12,068	-	-	12,068
Employee benefits	67,820	12,671	23,226	103,717
Fundraising and events	-	751,324	-	751,324
Insurance - general	58,497	7,266	39,379	105,142
Office expenses	204,015	98,045	29,040	331,100
Professional fees	313,196	26,932	162,591	502,719
Program materials and expenses	6,039,725	22,983	5,040	6,067,748
Travel	90,718	62,055	13,180	165,953
 Total operating expenses	 9,379,091	 1,858,014	 1,081,035	 12,318,140
 Special events	 -	 305,951	 -	 305,951
	<u>\$ 9,379,091</u>	<u>\$ 2,163,965</u>	<u>\$ 1,081,035</u>	<u>\$ 12,624,091</u>

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE I - FUNCTIONAL EXPENSES (Continued)

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 expense (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	-	246,364	-	246,364
Insurance - general	7,611	-	36,547	44,158
Office expenses	178,915	53,780	24,987	257,682
Professional fees	11,404	23,260	139,620	174,284
Program materials and expenses	609,023	9,549	3,095	621,667
Travel	602	7,055	7	7,664
	<u>3,112,599</u>	<u>1,133,418</u>	<u>1,017,041</u>	<u>5,263,058</u>
Total operating expenses				
Special events	<u>-</u>	<u>179,364</u>	<u>-</u>	<u>179,364</u>
	<u>\$ 3,112,599</u>	<u>\$ 1,312,782</u>	<u>\$ 1,017,041</u>	<u>\$ 5,442,422</u>

NOTE J - RISKS AND UNCERTAINTIES

Concentration of Credit Risk

The Organization maintains its cash 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 \$7,655,000 as of September 30, 2022.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
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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 2022 or 2021.

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.

NOTE M - RECLASSIFICATIONS

Certain items in the fiscal year 2021 financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on fiscal year 2021 net assets or change in net assets.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 14, 2023, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statements of financial position date that require additional disclosure in the financial statements.