

**AMERICA'S KESWICK**  
**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

(See Independent Auditors' Report)



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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
America's Keswick  
Whiting, New Jersey

### ***Report on the Financial Statements***

We have audited the accompanying statement of financial position of the America's Keswick (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year 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 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 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of America's Keswick, as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Prior Year Summarized Comparative Information***

We have previously audited America's Keswick's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it is derived.

*Bee, Bergvall & Co.*

Bee, Bergvall and Company, P.C.  
Certified Public Accountants

Warrington, PA  
May 8, 2020

AMERICA'S KESWICK

Statements of Financial Position

December 31, 2019 and 2018

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 918,214	\$ 786,168
Pledges and legacies receivable	87,830	118,658
Other receivables	19,632	15,440
Inventory	15,415	14,441
Prepaid expenses	88,073	91,733
Investments restricted for annuities	<u>1,266,620</u>	<u>1,151,952</u>
Total Current Assets	<u>2,395,784</u>	<u>2,178,392</u>
 Net Property and Equipment	 <u>4,306,629</u>	 <u>4,323,159</u>
 TOTAL ASSETS	 <u>\$ 6,702,413</u>	 <u>\$ 6,501,551</u>
	 <u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities		
Accounts payable and accrued expenses	\$ 379,120	\$ 338,148
Deferred compensation -current	14,028	-
Annuities payable	796,387	893,512
Advance deposits	284,830	267,990
HRA reserve	<u>417,122</u>	<u>385,037</u>
Total Current Liabilities	<u>1,891,487</u>	<u>1,884,687</u>
 Long Term Debt		
Deferred compensation -long-term	<u>70,482</u>	<u>-</u>
Total Long Term Liabilities	<u>70,482</u>	<u>-</u>
 Total Liabilities	 <u>1,961,969</u>	 <u>1,884,687</u>
 Net Assets		
Net Assets without Donor Restrictions		
Board designated	10,000	10,000
Undesignated	<u>4,495,617</u>	<u>4,226,478</u>
	4,505,617	4,236,478
Net Assets with Donor Restrictions	<u>234,827</u>	<u>380,386</u>
Total Net Assets	<u>4,740,444</u>	<u>4,616,864</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 6,702,413</u>	 <u>\$ 6,501,551</u>

See notes to financial statements

AMERICA'S KESWICK

Statements of Activities and Changes in Net Assets

For the Year Ended December 31, 2019

With Summarized Comparative Totals for the Year Ended December 31, 2018

	2019			2018
	Net Assets		Total	Total
	Without Donor Restrictions	With Donor Restrictions		
Public Support and Revenue				
Public Support				
Contributions	\$ 1,708,900	\$ 217,416	\$ 1,926,316	2,103,292
Noncash contributions	127,998	-	127,998	46,388
Total Public Support	<u>1,836,898</u>	<u>217,416</u>	<u>2,054,314</u>	<u>2,149,680</u>
Revenue				
Conferences	1,790,358	-	1,790,358	1,865,422
Sales	167,607	-	167,607	143,622
Membership fees	39,985	-	39,985	43,005
Adjustment for annuities	225,823	-	225,823	(162,300)
Investment income, net	77,308	-	77,308	78,477
Campground fees	66,948	-	66,948	70,689
Colony fees	95,020	-	95,020	94,078
Miscellaneous	42,792	-	42,792	24,845
Special events	217,041	-	217,041	205,314
Less: Cost of Direct Benefit to Donors	(20,903)	-	(20,903)	(21,728)
Total Revenue	<u>2,701,979</u>	<u>-</u>	<u>2,701,979</u>	<u>2,341,424</u>
Net assets released from restrictions	362,975	(362,975)	-	-
Total Public Support and Revenue	<u>4,901,852</u>	<u>(145,559)</u>	<u>4,756,293</u>	<u>4,491,104</u>
Expenses				
Program services				
Conference	3,054,120	-	3,054,120	3,013,764
Colony	637,929	-	637,929	611,197
Total Program Services	<u>3,692,049</u>	<u>-</u>	<u>3,692,049</u>	<u>3,624,961</u>
Supporting services				
General and administrative	722,216	-	722,216	645,501
Fundraising	218,448	-	218,448	209,877
Total Supporting Services	<u>940,664</u>	<u>-</u>	<u>940,664</u>	<u>855,378</u>
Total Expenses	<u>4,632,713</u>	<u>-</u>	<u>4,632,713</u>	<u>4,480,339</u>
Change in Net Assets	269,139	(145,559)	123,580	10,765
Net Assets - Beginning of Year	<u>4,236,478</u>	<u>380,386</u>	<u>4,616,864</u>	<u>4,606,099</u>
Net Assets - End of Year	<u>\$ 4,505,617</u>	<u>\$ 234,827</u>	<u>\$ 4,740,444</u>	<u>\$ 4,616,864</u>

See notes to financial statements

AMERICA'S KESWICK

Statements of Functional Expenses

For the Year Ended December 31, 2019

With Summarized Comparative Totals for the Year Ended December 31, 2018

Expenses	2019		
	<u>Program Expenses</u>		
	<u>Conference</u>	<u>Addiction Recovery</u>	<u>Total Program Expenses</u>
Salaries and Related Expenses			
Salaries	\$ 886,472	\$ 381,776	\$ 1,268,248
Benefits	277,599	52,690	330,289
Payroll taxes	73,788	27,401	101,189
Total Salaries and Related Expenses	<u>1,237,859</u>	<u>461,867</u>	<u>1,699,726</u>
Advertising	28,268	-	28,268
Bedding and linens	10,302	-	10,302
Bookstore purchases	18,491	-	18,491
Colony expenses	-	19,334	19,334
Conferences and seminars	1,620	1,845	3,465
Credit card and bank fees	27,424	-	27,424
Depreciation	333,427	-	333,427
Dues and subscriptions	3,593	1,925	5,518
Events and promotions	-	-	-
Food purchases	348,657	51,801	400,458
Food service expenses	30,107	-	30,107
Freewill offerings	9,243	414	9,657
Fuel	22,729	1,800	24,529
Honorariums	67,979	3,050	71,029
Insurance	93,190	18,239	111,429
Office expenses	22,785	1,419	24,204
Other expenses	14,242	1,257	15,499
Paper and printing	77,031	10,456	87,487
Postage	48,522	4,319	52,841
Professional fees	-	-	-
Repairs and maintenance	150,616	3,708	154,324
Staff expense	-	-	-
Subcontractors	24,993	-	24,993
Supplies	109,299	6,027	115,326
Telephone	-	855	855
Travel	57,570	1,051	58,621
Utilities	<u>316,173</u>	<u>48,562</u>	<u>364,735</u>
Total Expenses	<u>\$ 3,054,120</u>	<u>\$ 637,929</u>	<u>\$ 3,692,049</u>



2019			2018	
Supporting Services				
General and				
Administrative	Fund Raising	Total Expenses	Total Expenses	
\$ 460,715	\$ 68,932	\$ 1,797,895	\$ 1,748,929	
55,146	15,625	401,060	261,059	
34,604	5,541	141,334	134,292	
<u>550,465</u>	<u>90,098</u>	<u>2,340,289</u>	<u>2,144,280</u>	
6,601	-	34,869	37,987	
-	-	10,302	35,500	
-	-	18,491	22,097	
-	-	19,334	20,434	
13,021	-	16,486	15,819	
-	14,087	41,511	35,360	
-	-	333,427	309,080	
3,911	1,604	11,033	12,611	
-	10,087	10,087	6,329	
-	-	400,458	422,392	
-	-	30,107	31,701	
-	-	9,657	14,383	
568	2,102	27,199	28,201	
-	-	71,029	64,115	
18,147	4,293	133,869	133,127	
14,463	210	38,877	36,229	
11,449	270	27,218	31,841	
9,280	56,264	153,031	140,833	
704	11,603	65,148	61,644	
18,420	-	18,420	16,500	
46,174	5,610	206,108	221,547	
5,046	-	5,046	4,454	
-	17,527	42,520	51,593	
-	-	115,326	111,522	
6,032	-	6,887	7,398	
7,413	2,919	68,953	51,936	
<u>10,522</u>	<u>1,774</u>	<u>377,031</u>	<u>411,426</u>	
<u>\$ 722,216</u>	<u>\$ 218,448</u>	<u>\$ 4,632,713</u>	<u>\$ 4,480,339</u>	

See notes to financial statements

AMERICA'S KESWICK

Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 123,580	\$ 10,765
Adjustments to reconcile change in net assets to net cash provided by (used in) operations		
Donated stock	(61,450)	(26,166)
Donated goods provided	(66,548)	(20,222)
Donated goods expensed	66,548	20,222
Depreciation and amortization	333,427	309,080
(Gain) loss on disposal of property and equipment	(4,235)	(3,325)
Unrealized (gain) loss	(225,798)	171,618
(Increase) decrease in:		
Pledges and legacies receivable	30,828	(92,991)
Other receivables	(4,192)	5,422
Inventory	(974)	13
Prepaid expenses	3,660	(4,309)
(Decrease) increase in:		
Accounts payable and accrued expenses	40,972	(2,276)
Deferred compensation	84,510	
Annuities payable	(97,125)	(75,745)
Advance deposits	16,840	(21,734)
HRA Reserve	32,085	19,940
Net cash provided by (used in) operating activities	<u>272,128</u>	<u>290,292</u>
Cash flows from investing activities		
Proceeds from sale of property	4,235	5,332
Purchase of property and equipment	(316,897)	(541,741)
Proceeds from sale of annuities	231,346	796,335
Proceeds from sale of securities	-	3,209
Net cash provided by (used in) investing activities	<u>(81,316)</u>	<u>263,135</u>
Cash flows from financing activities		
Purchase of investments restricted for annuities	(58,766)	(796,359)
Net cash provided by (used in) financing activities	<u>(58,766)</u>	<u>(796,359)</u>
Net increase (decrease) in cash and cash equivalents	132,046	(242,932)
Cash and cash equivalents - beginning of year	<u>786,168</u>	<u>1,029,100</u>
Cash and cash equivalents - end of year	<u>\$ 918,214</u>	<u>\$ 786,168</u>
Supplementary cash flows disclosure:		
Interest paid	<u>\$ 1,932</u>	<u>\$ -</u>

See notes to financial statements

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2019

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Principles**

Reporting Entity: America's Keswick (the Organization) is a not-for-profit organization, incorporated under the laws of the state of New Jersey and exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar state code. The Organization was founded in 1897 and provides a biblically based addiction recovery program for men and counseling programs for family members of men enrolled in the program. Located in Whiting, New Jersey, America's Keswick ministers to individuals, churches, and other organizations primarily from the three-state region of New Jersey, Pennsylvania, and New York.

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

Net Assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions a board-designated endowment.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition: The Organization has adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue; therefore, no changes to the previously issued audited financial statements were required on a retrospective basis.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2019

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Principles (Continued)**

Revenue and Revenue Recognition (continued)

The presentation and disclosures of revenue have been enhanced in accordance with the standard. The Organization receives revenue from a variety of revenue streams. The policy for the material revenue streams is discussed below.

- The Organization recognizes when cash, securities, or other assets and unconditional promises to give, is received.
- Income from foundations and grantors are unconditional grants, some with restrictions, and revenue is recognized when earned.
- Special Events revenues are recorded equal to the direct benefits to donors, and as contribution income for the excess received when the event takes place.

As of January 1, 2019, the Organization adopted the guidance in FASB ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) or as an exchange (reciprocal) transactions subject other guidance and (2) determining if a contribution is conditional. The Center's financial statements reflect the application of this guidance for the year ending December 31, 2019. No cumulative effect adjustment to net assets was recorded because the adoption did not impact the Organization's previously reported contributions.

Cash and Cash Equivalents: The Organization considers money market accounts to be cash equivalents.

Investments: The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2019

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Principles (Continued)**

Property and Equipment: The Organization periodically receives donations of land, buildings and structures to be preserved for conservation purposes. The land, buildings and structures are recorded at fair value, determined by appraisal, at the donation date for financial reporting purposes. Assets purchased by the Organization are recorded at cost. Property and equipment in excess of \$1,000 are capitalized at cost. Major replacements and betterments are capitalized while maintenance and repairs are expensed as incurred.

Depreciation: Depreciation is provided for property and equipment over the estimated useful lives of the assets using the straight-line or accelerated methods. Estimated lives for depreciable assets are as follows:

	<u>Years</u>
Buildings and improvements	20-50
Land improvements	20-40
Furniture and fixtures	5-10
Vehicles	5

Tax Exempt Status: The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. No current tax obligation exists on the Federal or State level. Additionally, the Organization has been classified as a Foundation that is not a private foundation under Section 509(a)(2).

As required by the FASB Accounting Standards Codification, entities are required to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. This standard had no impact on the Organization's financial statements. The Organization's Federal tax return is subject to audit by taxing authorities. The Organization's returns open audit periods are for the fiscal years ending December 31, 2016 -2018.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2019

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Principles (Continued)**

Donated Facilities, Materials, and Services: Donations of materials are recorded as support at their estimated fair market value. Such donations are reported as unrestricted revenue unless the donor has restricted the donation 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 support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. For the year ended December 31, 2019, \$127,998 of donated materials was recognized.

The Organization receives significant volunteer time for help in fundraising and in completing various office and administrative duties. No amounts have been reflected in the statements for donated services, as no objective basis is available to measure the value of such services.

Concentrations of Risk: Financial instruments that potentially expose the Organization to concentrations of risk consist principally of cash, investments, grants receivable and accounts receivable. The Organization places its cash with financial institutions and, at times, such balances may be in excess of FDIC insurance limits. At December 31, 2019, the Organization's balances exceed the FDIC insurance limits by \$138,723. The Organization's investments are in a diverse portfolio of equity and debt securities, including US Government obligations and mutual fund.

Grant receivables are normally from grantor agencies and foundations and are received in the next year, therefore, amounts have not been discounted and no allowances for uncollectible amounts are deemed necessary.

The Organization extends unsecured credit to its customers in the ordinary course of business but mitigates the associated credit risk by performing credit checks. An allowance for doubtful accounts has not been established since management is of the opinion that all accounts receivable at year-end are fully collectible.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2019

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Principles (Continued)**

Investments and Investment Risk: Investments are carried at fair value. Investments restricted for annuities are held in an externally-managed investment pool along with investments of other not-for-profit organizations. Donated investments are initially recorded at fair value on the date of donation and thereafter reported in accordance with the above provisions. Investments held in a brokerage account are protected up to \$500,000, including a \$250,000 limit for cash by the Securities Investor Protection Corporation (SIPC).

Net investment income is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefits.

Investments Restricted for Annuities: Investments are restricted for charitable gift annuities as required by the State of New Jersey. Investments are held in an externally-managed investment pool with investments of other not-for-profit organizations.

Annuities Payable: The Organization has established a program under which donors may set up charitable gift annuities. Under this program, donors can contribute assets to the Organization and in return receive a guaranteed fixed income for life. The Organization recognizes contribution revenue for the difference between the fair value of the assets received and the annuity liability.

Advertising Costs: Advertising costs are expensed as incurred. Advertising costs totaled \$34,870 for the year ended December 31, 2019.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2019

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Principles (Continued)**

Comparative Information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting policies generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Reclassifications: Certain prior period amounts in the financial statements have been reclassified to conform to the current period presentation. There was no income effect for these reclassifications.

Subsequent Events: The Organization has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued. In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in the U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, America's Keswick is unable to determine if it will have a material impact to its operations.

**NOTE 2. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 918,214
Pledges and legacies receivable	87,830
Other receivable	<u>19,632</u>
	1,025,676
Less amounts not available to be used within one year	
Board designated	(10,000)
With donor restrictions	<u>(234,827)</u>
	<u>\$ 780,849</u>



AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2019

(See Independent Auditors' Report)

**NOTE 2. Liquidity and Availability (Continued)**

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds and the Organization operates under a balanced budget reviewed and approved annually by the Board.

**NOTE 3. Fair Value Measurement and Disclosure**

The Organization follows Fair Value Measurements as required by the FASB Standards Codification, which applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The Codification emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumption that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The cost of providing the various programs and supporting services of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - Inputs that utilized quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2019

(See Independent Auditors' Report)

**NOTE 3. Fair Value Measurement and Disclosure (Continued)**

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table represents the Organization's fair value hierarchy for those investments, excluding money market funds, measured at fair value on a recurring basis as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Money Market	\$ 96,474	\$ -	\$ -	\$ 96,474
Mutual Funds	708,852	-	-	708,852
Corporate Bonds	415,631	-	-	415,631
Stocks	<u>45,663</u>	-	-	<u>45,663</u>
	<u>\$ 1,266,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,266,620</u>

**NOTE 4. Property and Equipment**

Property and equipment consist of the following:

Land and Land Improvements	\$ 645,429
Building and Improvements	6,937,443
Office Furniture and Equipment	1,772,258
Automobiles	<u>400,023</u>
Total Fixed Assets	9,755,153
Accumulated Depreciation	<u>(5,448,524)</u>
Net Fixed Assets	<u>\$ 4,306,629</u>

Depreciation expense was \$333,427 for the year ended December 31, 2019. The expense was charged to program and supporting activities in the statement of activities.

AMERICA'S KESWICK

Notes to Financial Statements

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**NOTE 5. Annuities Payable**

Annuity liabilities are recorded for the required life annuity payments at the present value of expected future cash payments discounted using current interest rates and actuarial assumptions for those annuities that have not been reinsured (4.5% at December 31, 2019). The annuity obligations are adjusted each year for changes in the life expectancy of the beneficiaries and are reduced either as payments are made to the donor or as annuities are reinsured. The present value of future payment liabilities of charitable gift annuities was \$796,387 as of December 31, 2019.

The Organization is licensed by the State of New Jersey to enter into annuity agreements with donors. New Jersey Statutes require entities with such a license to maintain assets equal to the sum of reserves on outstanding agreements and a surplus of \$100,000 or 10% of such reserves, whichever is greater. The Organization has two different annuity funds and is in compliance with the reserve requirements with both funds. As a result, in May of 2014, the Organization decided to begin selling annuities again.

**NOTE 6. Net Assets**

At December 31, 2019, the Board of Directors has designated net assets of \$10,000 to be as the Board deems necessary for scholarships.

Net assets with donor restrictions consist of the following at December 31<sup>st</sup>:

Activity Center	\$ 13,506
Colony Renovations	97,386
Stand-in-the-GAP	16,832
VH Bathrooms	<u>107,103</u>
	<u>\$ 234,827</u>

AMERICA'S KESWICK

Notes to Financial Statements

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**NOTE 6. Net Assets (Continued)**

The following net assets were released from donor restriction:

Above and Beyond	\$ 22,487
VH Bathrooms	138,399
Colony Renovations	<u>202,089</u>
Mattress Replacement	<u>\$ 362,975</u>

**NOTE 7. Employee Benefit Plans**

The Organization sponsors a 403(b) plan in which employees may elect to contribute up to 100% of their salary subject to IRS limitations. The Organization matches each employee's contribution up to 100% of the first 3% of salary contributed by the employee. The Organization contributed \$ 33,591 for 2019.

The Organization also established a non-qualified deferred compensation plan for the Chief Financial Officer (CFO) of the Organization in December 2018. The plan provides for a monthly benefit of \$1,330 per month for the life-time of the CFO. The plan is unfunded and the Organization has set up a liability for the estimated net present value of the sum of the anticipated payments due. The liability will be recorded over the remaining expected term of the CFO's employment. The CFO is expected to be fully retired by the end of 2020, therefore the Organization will recognize approximately another \$96,000 liability in 2020. Future benefit payments will be applied against the liability.

**NOTE 8. Contingent Receivable – Keswick Pines Land Purchase**

In connection with the Organization's sale of land in 1993, America's Keswick can receive an additional \$1,100,000 plus any additional amounts as determined by an appraisal should the purchaser choose to develop the remaining portion of the land. The purchaser has developed roughly one half of the site.

AMERICA'S KESWICK

Notes to Financial Statements

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**NOTE 9. Health and Welfare Plan**

Effective December 1, 2014, the Organization established a health and welfare plan to provide various programs of health, dental, disability, life and other welfare benefits to all full time employees. Funding and payment of health care plan benefits are self - insured with a qualified healthcare sharing ministry. Costs of the Plan are allocated to the Organization based on three elements; 1) the monthly charge from the healthcare sharing ministry, 2) a monthly contribution determined by Keswick to each member HRA, 3) a \$4,100 monthly deposit to a reserve fund. For the year ended December 31, 2019, the Organization paid the \$78,744 in healthcare costs associated with the plan.

**NOTE 10. Revenue from Contracts with Customers**

The following table provides information about significant changes in the contract liabilities for the year ended December 31, 2019.

Deferred revenue, beginning of year	\$ 222,678
Revenue recognized that was included in deferred revenue at the beginning of the year	(222,678)
Increase in deferred revenue due to cash received during the period	<u>247,562</u>
Deferred revenue, end of year	<u>\$ 247,562</u>