

AMERICA'S KESWICK
FINANCIAL STATEMENTS
DECEMBER 31, 2021

(See Independent Auditors' Report)

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of America's Keswick (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 America's Keswick and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 America's Keswick's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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 generally accepted auditing standards, 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 America's Keswick'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 America's Keswick'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.

Report on Summarized Comparative Information

We have previously audited America's Keswick's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



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

Warrington, PA
October 13, 2022

AMERICA'S KESWICK

Statements of Financial Position

December 31, 2021 and 2020

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 2,163,361	\$ 1,194,773
Pledges and legacies receivable	626,316	169,161
Other receivables	29,502	14,642
Inventory	13,191	7,613
Prepaid expenses	89,257	74,535
Investments	765,067	396,756
Investments restricted for annuities	1,302,730	1,236,367
Total Current Assets	<u>4,989,424</u>	<u>3,093,847</u>
Net Property and Equipment	<u>4,372,021</u>	<u>4,193,915</u>
TOTAL ASSETS	<u>\$ 9,361,445</u>	<u>\$ 7,287,762</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 420,273	\$ 370,481
Annuities payable	661,215	697,252
Advance deposits	301,851	265,404
HRA reserve	473,002	429,457
Refundable advance -PPP	373,610	418,825
Total Current Liabilities	<u>2,229,951</u>	<u>2,181,419</u>
Net Assets		
Net Assets without Donor Restrictions		
Board designated	10,000	10,000
Undesignated	6,922,482	4,889,028
	6,932,482	4,899,028
Net Assets with Donor Restrictions	199,012	207,315
Total Net Assets	<u>7,131,494</u>	<u>5,106,343</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,361,445</u>	<u>\$ 7,287,762</u>

See notes to financial statements

AMERICA'S KESWICK

Statements of Activities and Changes in Net Assets

For the Year Ended December 31, 2021

With Summarized Comparative Totals for the Year Ended December 31, 2020

	2021			2020
	Net Assets	Net Assets	Total	Total
	Without Donor Restrictions	With Donor Restrictions		
Public Support and Revenue				
Public support				
Contributions	\$ 3,647,977	\$ 260,480	\$ 3,908,457	\$ 2,507,018
Noncash contributions	292,899	-	292,899	299,111
Total Public Support	3,940,876	260,480	4,201,356	2,806,129
Revenue				
Conferences	1,193,963	-	1,193,963	624,591
Sales	68,441	-	68,441	44,262
Membership fees	44,030	-	44,030	15,133
Adjustment for annuities	237,104	-	237,104	176,921
Investment income, net	14,502	-	14,502	18,714
Campground fees	56,320	-	56,320	51,800
Colony fees	71,425	-	71,425	60,135
Miscellaneous	28,868	-	28,868	23,074
Special events	323,134	-	323,134	191,697
Less: Cost of direct benefit to donors	-	-	-	-
Total Revenue	2,037,787	-	2,037,787	1,206,327
Net assets released from restrictions	268,783	(268,783)	-	-
Total Public Support and Revenue	6,247,446	(8,303)	6,239,143	4,012,456
Expenses				
Program services				
Conference	2,729,555	-	2,729,555	2,288,238
Colony	577,922	-	577,922	596,666
Total Program Services	3,307,477	-	3,307,477	2,884,904
Supporting services				
General and administrative	682,722	-	682,722	632,785
Fundraising	223,793	-	223,793	213,378
Total Supporting Services	906,515	-	906,515	846,163
Total Expenses	4,213,992	-	4,213,992	3,731,067
Change in Net Assets, as restated	2,033,454	(8,303)	2,025,151	281,389
Net Assets - Beginning of Year, as restated	4,899,028	207,315	5,106,343	4,824,954
Net Assets - End of Year	\$ 6,932,482	\$ 199,012	\$ 7,131,494	\$ 5,106,343

See notes to financial statements

AMERICA'S KESWICK

Statements of Functional Expenses

For the Year Ended December 31, 2021

With Summarized Comparative Totals for the Year Ended December 31, 2020

	2021			2021			2020
	<u>Program Expenses</u>		<u>Total Program Expenses</u>	<u>Supporting Services</u>		<u>Total Expenses</u>	<u>Total Expenses</u>
	<u>Conference</u>	<u>Addiction Recovery</u>		<u>General and Administrative</u>	<u>Fund Raising</u>		
Expenses							
Salaries and Related Expenses							
Salaries	\$ 876,903	\$ 381,395	\$ 1,258,298	\$ 419,242	\$ 84,748	\$ 1,762,288	\$ 1,618,664
Benefits	187,794	52,567	240,361	52,104	17,650	310,115	295,121
Payroll taxes	69,097	26,767	95,864	33,610	6,426	135,900	115,354
Total Salaries and Related Expenses	1,133,794	460,729	1,594,523	504,956	108,824	2,208,303	2,029,139
Advertising	22,575	-	22,575	-	3,796	26,371	38,285
Bedding and linens	8,952	-	8,952	-	-	8,952	3,927
Bookstore purchases	15,355	-	15,355	-	-	15,355	17,008
Colony expenses	-	15,556	15,556	-	-	15,556	14,308
Conferences and seminars	1,150	1,281	2,431	9,000	-	11,431	11,833
Credit card and bank fees	26,368	-	26,368	-	13,375	39,743	27,485
Depreciation	356,634	-	356,634	-	-	356,634	315,325
Dues and subscriptions	3,056	2,099	5,155	2,686	1,523	9,364	9,748
Events and promotions	-	-	-	-	14,637	14,637	911
Food purchases	263,540	34,500	298,040	-	-	298,040	199,059
Food service expenses	37,894	-	37,894	-	-	37,894	20,692
Freewill offerings	8,421	-	8,421	-	-	8,421	1,216
Fuel	21,568	1,432	23,000	930	1,682	25,612	22,419
Honorariums	54,404	3,450	57,854	-	-	57,854	54,550
Insurance	69,785	21,889	91,674	32,889	7,742	132,305	138,242
Office expenses	19,148	900	20,048	15,736	449	36,233	36,869
Other expenses	6,607	402	7,009	8,666	275	15,950	22,183
Paper and printing	42,634	2,908	45,542	6,557	38,355	90,454	102,324
Postage	32,451	1,730	34,181	433	8,654	43,268	53,677
Professional fees	-	-	-	16,500	-	16,500	16,500
Repairs and maintenance	144,242	7,586	151,828	35,873	3,721	191,422	161,569
Staff expense	-	-	-	8,738	-	8,738	6,471
Subcontractors	24,736	-	24,736	-	14,727	39,463	38,186
Supplies	83,616	4,905	88,521	-	-	88,521	68,811
Telephone	-	766	766	5,713	-	6,479	7,080
Travel	28,881	1,478	30,359	1,543	543	32,445	10,946
Utilities	323,744	16,311	340,055	32,502	5,490	378,047	302,304
Total Expenses	\$ 2,729,555	\$ 577,922	\$ 3,307,477	\$ 682,722	\$ 223,793	\$ 4,213,992	\$ 3,731,067

See notes to financial statements

AMERICA'S KESWICK

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 2,025,151	\$ 281,389
Adjustments to reconcile change in net assets to net cash provided by (used in) operations		
Donated goods provided	(25,322)	(26,740)
Donated goods expensed	25,322	26,740
Depreciation and amortization	356,634	315,325
(Gain) loss on disposal of property and equipment	(13,041)	(6,117)
Unrealized (gain) loss	(113,013)	(147,565)
Forgiveness of PPP	(418,825)	-
(Increase) decrease in:		
Pledges and legacies receivable	(457,155)	(81,331)
Other receivables	(14,860)	4,990
Inventory	(5,578)	7,802
Prepaid expenses	(14,722)	13,538
(Decrease) increase in:		
Accounts payable and accrued expenses	49,792	(8,639)
Annuities payable	(36,037)	(99,135)
Advance deposits	36,447	(19,426)
HRA Reserve	43,545	12,335
Net cash provided by (used in) operating activities	<u>1,438,338</u>	<u>273,166</u>
Cash flows from investing activities		
Proceeds from sale of property	9,906	6,117
Purchase of investments	(314,310)	(90,046)
Purchase of investments restricted for annuities	(156,779)	-
Purchase of property and equipment	(537,875)	(204,277)
Proceeds from sale of annuities	155,698	111,072
Net cash provided by (used in) investing activities	<u>(843,360)</u>	<u>(177,134)</u>
Cash flows from financing activities		
Proceeds from PPP loan	373,610	418,825
Net cash provided by (used in) financing activities	<u>373,610</u>	<u>418,825</u>
Net increase (decrease) in cash and cash equivalents	968,588	514,857
Cash and cash equivalents - beginning of year	1,194,773	679,916
Cash and cash equivalents - end of year	<u>\$ 2,163,361</u>	<u>\$ 1,194,773</u>

See notes to financial statements

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2021

(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's and woman's counseling programs and for the family members of those 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 recognizes cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2021

(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. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.
- Conference revenue is recognized from the conferences during the year in which the related services are provided to the participants. The performance obligation is hosting the event. Revenue is recognized when the conference takes place. Revenue received in advance of conferences is considered deferred revenue.
- Sales represent trip revenue, book sales, snack and thrift shop sales. Trip revenue is recognized when trip occurs. Trip revenue received in advance is considered deferred revenue. Revenues derived from sales (other than trip revenue) are recognized as goods are delivered to the buyer. The thrift shop closed in 2021.
- Membership fees represent fees for using the athletic facilities. Revenue is recognized over the membership period, which is generally one year. The performance obligation consists of providing members access to the fitness center and is recognized ratably as services are simultaneously consumed and received by the members.
- Campground Fees are recognized over the rental term agreement. The performance obligation consists of providing the camp site and revenue is recognized ratably as services are simultaneously consumed and received by the campers.
- Colony Fees - represent nonrefundable fees for attendance in addiction recovery programs. No other fees are charged for the services. Fees are recorded when received. Fees range from \$500- \$1,000.
- 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.

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

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2021

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Principles (Continued)

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.

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. 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). The Organization's returns open audit periods are for the fiscal years ending December 31, 2018 - 2020.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2021

(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 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, 2021, \$292,899 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, 2021, the Organization's balances exceeded the FDIC insurance limits by \$906,151. The Organization's investments are in a diverse portfolio of equity and debt securities, including US Government obligations and mutual funds.

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, 2021

(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 program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2021

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Principles (Continued)

Advertising Costs: Advertising costs are expensed as incurred. Advertising costs totaled \$26,371 for the year ended December 31, 2021.

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, 2020, 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.

New Accounting Pronouncement

ASU No. 2016-02 (Topic 842), Leases: This standard substantially changes current principles of lease accounting and offers specific accounting guidance for lessees, lessors and sale-leaseback transactions. The standard establishes a right-of-use model that requires lessees to record an asset and lease liability in the statement of financial position for all lease with terms longer than 12 months. Leases will be classified as either finance leases or operating leases depending on the characteristic of the lease; consistent with current Generally Accepted Accounting Principles, the recognition, measurement and presentation of expenses and cash flows arising from the lease will depend on the lease classification. This standard will be implemented in the fiscal year ending December 31, 2022. The Organization is currently evaluating this new standard and the impact it will have on its financial statements.

ASU No. 2020-07 (Topic 958), Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets: This standard changes the presentation and disclosure requirement of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets, use of fixed assets or utilities, materials and supplies, intangible assets, services and unconditional promises of those assets.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2021

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Principles (Continued)

New Accounting Pronouncement (continued)

The standard requires that contributed nonfinancial assets be presented as a separate line item in the statement of activities and additional disclosures will be presented, including disaggregation of amounts qualitative information and valuation techniques and inputs be disclosed that were used to arrive at the fair value of the contributed nonfinancial asset. This standard will be implemented in the year ending 2022. The Organization is currently evaluating this new standard the impact it will have on its financial statements.

Subsequent Events: Management has evaluated subsequent events through October 13, 2022 the date on which the financial statements were available to be issued, and found no significant events requiring adjustment to the financial statements.

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:

Financial assets at December 31, 2021	
Cash and cash equivalents	\$ 2,163,361
Pledges and legacies receivable	626,316
Other receivables	<u>29,502</u>
	2,819,179
Less amounts not available to be used within one year	
Board designated	(10,000)
With donor restrictions	<u>(199,012)</u>
	<u>\$ 2,610,167</u>

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2021

(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 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, 2021

(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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Money Market	\$ 207,114	\$ -	\$ -	\$ 207,114
Mutual Funds	420,953	-	-	420,953
Bonds	405,788	-	-	405,788
Stocks	339,670	-	-	339,670
Other	<u>694,272</u>	<u>-</u>	<u>-</u>	<u>694,272</u>
	<u>\$ 2,067,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,067,797</u>

NOTE 4. Property and Equipment

Property and equipment consist of the following:

Land and Land Improvements	\$ 645,429
Construction in Process	93,213
Building and Improvements	7,269,074
Office Furniture and Equipment	1,983,611
Automobiles	<u>370,288</u>
Total Fixed Assets	10,361,615
Accumulated Depreciation	<u>(5,989,594)</u>
Net Fixed Assets	<u>\$ 4,372,021</u>

Depreciation expense was \$356,634 for the year ended December 31, 2021. 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. The rate varies between 2.75% to 6.0%. The payments do not change during the life of the annuitant and the contract ends upon the death of the annuitant and the remaining balance is transferred to the Organization. The present value of future payment liabilities of charitable gift annuities was \$661,215 as of December 31, 2021.

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.

NOTE 6. Refundable Advance Liability-Paycheck Protection Program

On May 4, 2020 America's Keswick received proceeds of \$418,825 under the Payroll Protection Program (PPP) that was established as a part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and administered by the US Small Business Administration (SBA). These proceeds were forgiven in April of 2021. Because these proceeds had not been forgiven as of December 31, 2020, the Organization has chosen to report the monies awarded as a liability on the statement of financial position. America's Keswick recorded the amount as other income in 2021 in the year of forgiveness. On March 15, 2021, America's Keswick received proceeds of \$373,610 under the Payroll Protection Program. These proceeds were forgiven in 2022 and the Organization has chosen to report the monies awarded as a liability on the statement of financial position as of December 31, 2021. They will record the amount as other income in 2022 in the year of forgiveness.

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Notes to Financial Statements

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NOTE 7. Net Assets

At December 31, 2021, 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, 2021:

Audio Visual	\$ 58,906
Colony Renovations	21,048
Other	12,241
Equipment	69,092
Windows	37,725
	<u>\$ 199,012</u>

The following net assets were released from donor restriction:

Equipment	\$ 199,325
Windows	42,717
Colony Renovations	15,637
Employee Support	9,530
Other	1,574
	<u>\$ 268,783</u>

NOTE 8. 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 \$29,390 for 2021.

AMERICA'S KESWICK

Notes to Financial Statements

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NOTE 9. 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.

NOTE 10. 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 America's Keswick to each member HRA, 3) a discretionary annual deposit to a reserve fund. For the year ended December 31, 2021, the Organization contributed \$108,960. For the year ended December 31, 2021, the Organization paid the \$65,415 in healthcare costs associated with the plan.

NOTE 11. Revenue from Contracts with Customers

The following table provides information about significant changes in the contract liabilities for the year ended December 31, 2021:

Deferred revenue, beginning of year	\$ 265,404
Revenue recognized that was included in deferred revenue at the beginning of the year	(193,449)
Deposits refunded	(6,528)
 Increase in deferred revenue due to cash received during the period	 <u>236,424</u>
 Deferred revenue, end of year	 <u><u>\$ 301,851</u></u>

AMERICA'S KESWICK

Notes to Financial Statements

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NOTE 12. Commitments

In April 2021, America's Keswick committed to purchasing approximately 22,000 energy units for the period October 2021 through September 2024. The Organization has locked in a price of \$3.71 per unit for the term of the contract.