

AMERICA'S KESWICK
FINANCIAL STATEMENTS

DECEMBER 31, 2022

(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, 2022, 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, 2022, 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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
May 8, 2023

AMERICA'S KESWICK

Statements of Financial Position

December 31, 2022 and 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 1,625,007	\$ 2,163,361
Pledges and legacies receivable	10,080	626,316
Other receivables	9,129	29,502
Inventory	16,059	13,191
Prepaid expenses	100,602	89,257
Investments	1,886,441	765,067
Investments restricted for annuities	1,007,764	1,302,730
Total Current Assets	<u>4,655,082</u>	<u>4,989,424</u>
 Net Property and Equipment	 <u>4,675,110</u>	 <u>4,372,021</u>
 TOTAL ASSETS	 <u>\$ 9,330,192</u>	 <u>\$ 9,361,445</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 360,512	\$ 420,273
Annuities payable	622,221	661,215
Advance deposits	326,355	301,851
HRA reserve	536,786	473,002
Refundable advance -PPP	-	373,610
Total Current Liabilities	<u>1,845,874</u>	<u>2,229,951</u>
 Net Assets		
Net Assets without Donor Restrictions		
Board designated	1,486,919	421,847
Undesignated	5,727,179	6,510,635
	<u>7,214,098</u>	<u>6,932,482</u>
Net Assets with Donor Restrictions	<u>270,220</u>	<u>199,012</u>
Total Net Assets	<u>7,484,318</u>	<u>7,131,494</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 9,330,192</u>	 <u>\$ 9,361,445</u>

See notes to financial statements

AMERICA'S KESWICK

Statements of Activities and Changes in Net Assets

For the Year Ended December 31, 2022

With Summarized Comparative Totals for the Year Ended December 31, 2021

	2022			2021
	Net Assets	Net Assets	Total	Total
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		
Public Support and Revenue				
Public support				
Contributions of cash and other financial assets	\$ 2,493,505	\$ 664,627	\$ 3,158,132	\$ 4,176,034
Contributions of nonfinancial assets	60,745	-	60,745	25,322
Total Public Support	<u>2,554,250</u>	<u>664,627</u>	<u>3,218,877</u>	<u>4,201,356</u>
Revenue				
Conferences	1,687,058	-	1,687,058	1,193,963
Sales	118,040	-	118,040	68,441
Membership fees	43,144	-	43,144	44,030
Adjustment for annuities	(28,939)	-	(28,939)	(30,052)
Investment income, net	(356,578)	-	(356,578)	281,658
Campground fees	62,430	-	62,430	56,320
Colony fees	81,405	-	81,405	71,425
Miscellaneous	21,914	-	21,914	28,868
Special events	407,104	-	407,104	323,134
Less: Cost of direct benefit to donors	-	-	-	-
Total Revenue	<u>2,035,578</u>	<u>-</u>	<u>2,035,578</u>	<u>2,037,787</u>
Net assets released from restrictions	593,419	(593,419)	-	-
Total Public Support and Revenue	<u>5,183,247</u>	<u>71,208</u>	<u>5,254,455</u>	<u>6,239,143</u>
Expenses				
Program services				
Conference	3,223,676	-	3,223,676	2,729,555
Colony	656,415	-	656,415	577,922
Total Program Services	<u>3,880,091</u>	<u>-</u>	<u>3,880,091</u>	<u>3,307,477</u>
Supporting services				
General and administrative	729,227	-	729,227	682,722
Fundraising	292,313	-	292,313	223,793
Total Supporting Services	<u>1,021,540</u>	<u>-</u>	<u>1,021,540</u>	<u>906,515</u>
Total Expenses	<u>4,901,631</u>	<u>-</u>	<u>4,901,631</u>	<u>4,213,992</u>
Change in Net Assets	281,616	71,208	352,824	2,025,151
Net Assets - Beginning of Year	<u>6,932,482</u>	<u>199,012</u>	<u>7,131,494</u>	<u>5,106,343</u>
Net Assets - End of Year	<u>\$ 7,214,098</u>	<u>\$ 270,220</u>	<u>\$ 7,484,318</u>	<u>\$ 7,131,494</u>

See notes to financial statements

AMERICA'S KESWICK

Statements of Functional Expenses

For the Year Ended December 31, 2022

With Summarized Comparative Totals for the Year Ended December 31, 2021

	2022			2022			2021
	Program Expenses		Total Program Expenses	Supporting Services		Total Expenses	Total Expenses
	Conference	Addiction Recovery		General and Administrative	Fund Raising		
Expenses							
Salaries and Related Expenses							
Salaries	\$ 1,016,692	\$ 395,433	\$ 1,412,125	\$ 395,582	\$ 121,910	\$ 1,929,617	\$ 1,762,288
Benefits	211,916	63,703	275,619	74,347	26,754	376,720	310,115
Payroll taxes	81,425	28,638	110,063	30,934	9,402	150,399	135,900
Total Salaries and Related Expenses	<u>1,310,033</u>	<u>487,774</u>	<u>1,797,807</u>	<u>500,863</u>	<u>158,066</u>	<u>2,456,736</u>	<u>2,208,303</u>
Advertising	24,258	-	24,258	-	11,431	35,689	26,371
Bedding and linens	8,971	-	8,971	-	-	8,971	8,952
Bookstore purchases	26,942	-	26,942	-	-	26,942	15,355
Colony expenses	-	17,589	17,589	-	-	17,589	15,556
Conferences and seminars	1,591	1,613	3,204	4,000	65	7,269	11,431
Credit card and bank fees	35,700	-	35,700	-	13,453	49,153	39,743
Depreciation	330,318	-	330,318	-	-	330,318	356,634
Dues and subscriptions	3,006	2,115	5,121	2,592	1,699	9,412	9,364
Events and promotions	-	-	-	-	22,568	22,568	14,637
Food purchases	435,562	44,983	480,545	-	-	480,545	298,040
Food service expenses	39,634	-	39,634	-	-	39,634	37,894
Freewill offerings	4,957	875	5,832	-	-	5,832	8,421
Fuel	32,877	2,980	35,857	943	2,784	39,584	25,612
Honorariums	83,361	3,050	86,411	-	-	86,411	57,854
Insurance	79,627	25,506	105,133	28,470	8,905	142,508	132,305
Office expenses	13,631	710	14,341	16,496	1,144	31,981	36,233
Other expenses	8,970	250	9,220	9,522	250	18,992	15,950
Paper and printing	65,794	4,527	70,321	10,727	49,511	130,559	90,454
Postage	39,191	2,089	41,280	523	10,451	52,254	43,268
Professional fees	-	-	-	17,350	-	17,350	16,500
Repairs and maintenance	175,834	2,876	178,710	55,090	4,374	238,174	191,422
Staff expense	-	-	-	6,249	-	6,249	8,738
Subcontractors	23,414	-	23,414	26,229	-	49,643	39,463
Supplies	100,339	9,915	110,254	-	-	110,254	88,521
Telephone	-	816	816	5,555	-	6,371	6,479
Travel	58,818	1,677	60,495	3,427	1,317	65,239	32,445
Utilities	320,848	47,070	367,918	41,191	6,295	415,404	378,047
Total Expenses	<u>\$ 3,223,676</u>	<u>\$ 656,415</u>	<u>\$ 3,880,091</u>	<u>\$ 729,227</u>	<u>\$ 292,313</u>	<u>\$ 4,901,631</u>	<u>\$ 4,213,992</u>

See notes to financial statements

AMERICA'S KESWICK

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 352,824	\$ 2,025,151
Adjustments to reconcile change in net assets to net cash provided by (used in) operations		
Donated stock	(12,423)	(267,577)
Donated goods provided	(60,745)	(25,322)
Donated goods expensed	39,601	25,322
Depreciation and amortization	330,318	356,634
(Gain) loss on disposal of property and equipment	(6,275)	(13,041)
Realized and unrealized (gain) loss	419,300	(113,013)
Unrealized (gain) loss annuities	146,728	-
Forgiveness of PPP	(373,610)	(418,825)
(Increase) decrease in:		
Pledges and legacies receivable	616,236	(457,155)
Other receivables	20,373	(14,860)
Inventory	(2,868)	(5,578)
Prepaid expenses	(11,345)	(14,722)
(Decrease) increase in:		
Accounts payable and accrued expenses	(59,761)	49,792
Annuities payable	(38,994)	(36,037)
Advance deposits	24,504	36,447
HRA Reserve	63,784	43,545
Net cash provided by (used in) operating activities	<u>1,447,647</u>	<u>1,170,761</u>
Cash flows from investing activities		
Proceeds from sale of property	7,742	9,906
Purchase of investments	(1,329,117)	(314,310)
Purchase of investments restricted for annuities	(63,319)	(156,779)
Purchase of property and equipment	(613,730)	(537,875)
Proceeds from sale of annuities	-	155,698
Proceeds from sale of securities	12,423	267,577
Net cash provided by (used in) investing activities	<u>(1,986,001)</u>	<u>(575,783)</u>
Cash flows from financing activities		
Proceeds from PPP loan	-	373,610
Net cash provided by (used in) financing activities	<u>-</u>	<u>373,610</u>
Net increase (decrease) in cash and cash equivalents	(538,354)	968,588
Cash and cash equivalents - beginning of year	<u>2,163,361</u>	<u>1,194,773</u>
Cash and cash equivalents - end of year	<u>\$ 1,625,007</u>	<u>\$ 2,163,361</u>

See notes to financial statements

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2022

(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, 2022

(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, 2022

(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 method. 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, 2019 - 2021.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2022

(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.

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, 2022, the Organization's balances exceeded the FDIC insurance limits by \$1,262,771. 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, 2022

(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, 2022

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Principles (Continued)

Advertising Costs: Advertising costs are expensed as incurred. Advertising costs totaled \$35,689 for the year ended December 31, 2022.

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, 2021, 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. This standard was implemented in 2022 and it had no effect on net assets.

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. This standard was implemented in 2022 with enhanced disclosures but had no effect on net assets.

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

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2022

(See Independent Auditors' Report)

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, 2022	
Cash and cash equivalents	\$ 1,625,007
Pledges and legacies receivable	10,080
Other receivables	<u>9,129</u>
	1,644,216
Less amounts not available to be used within one year	
Board designated	(1,486,919)
With donor restrictions	<u>(270,220)</u>
	<u>\$ (112,923)</u>

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.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2022

(See Independent Auditors' Report)

NOTE 3. Fair Value Measurement and Disclosure (Continued)

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.

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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Money Market	\$ 691,638	\$ -	\$ -	\$ 691,638
Mutual Funds	1,220,071	-	-	1,220,071
Bonds	715,163	-	-	715,163
Stocks	93,153	-	-	93,153
Other	174,180	-	-	174,180
	<u>\$ 2,894,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,894,205</u>

AMERICA'S KESWICK

Notes to Financial Statements

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NOTE 4. Property and Equipment

Property and equipment consist of the following:

Land and Land Improvements	\$ 653,004
Construction in Process	268,445
Building and Improvements	7,418,296
Office Furniture and Equipment	2,199,484
Automobiles	<u>384,382</u>
Total Fixed Assets	10,923,611
Accumulated Depreciation	<u>(6,248,501)</u>
Net Fixed Assets	<u>\$ 4,675,110</u>

Depreciation expense was \$330,318 for the year ended December 31, 2022. The expense was charged to program and supporting activities in the statement of activities.

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 \$622,221 as of December 31, 2022.

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.

AMERICA'S KESWICK

Notes to Financial Statements

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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). America's Keswick recorded the amount as 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 recorded as income in 2022, in the year of forgiveness.

NOTE 7. Net Assets

At December 31, 2022, the Board of Directors has designated net assets for the following purposes:

Supplemental Income Fund	\$ 531,842
Emergency Fund	334,154
Capital Improvement Fund	610,923
Education Fund	<u>10,000</u>
	<u>\$1,486,919</u>

Net assets with donor restrictions consist of the following at December 31, 2022:

Audio Visual	\$ 46,296
Colony Renovations	21,046
Other	14,741
Projects and Windows	<u>188,137</u>
	<u>\$ 270,220</u>

The following net assets were released from donor restriction:

Equipment	\$ 499,639
Projects and Windows	74,025
Colony Renovations	1,595
Employee Support	8,160
Other	<u>10,000</u>
	<u>\$ 593,419</u>

AMERICA'S KESWICK

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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 \$28,033 for 2022.

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, 2022, the Organization contributed \$134,400 and paid the \$70,616 in healthcare costs associated with the plan.

AMERICA'S KESWICK

Notes to Financial Statements

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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, 2022:

Deferred revenue, beginning of year	\$ 301,851
Revenue recognized that was included in deferred revenue at the beginning of the year	(183,687)
Deposits refunded	(2,832)
Increase in deferred revenue due to cash received during the period	<u>211,023</u>
Deferred revenue, end of year	<u>\$ 326,355</u>

NOTE 12. Contributions of Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets for the year ended December 31st:

Pool Chemicals	\$ 21,331
Furniture and Equipment	18,594
Vehicle	2,550
Supplies	4,528
Maintenance and Repairs	<u>13,742</u>
	<u>\$ 60,745</u>

Contributed services are recognized 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. The Organization receives contributed services that are reported using current rates for similar services. The services contributed included landscaping and equipment repairs.

AMERICA'S KESWICK

Notes to Financial Statements

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NOTE 12. Contributions of Nonfinancial Assets (Continued)

Contributed materials received by the Organization are recorded as contribution nonfinancial assets revenue when received. The materials donated included furniture and equipment, prizes, and other miscellaneous items. Contributed materials are valued using the estimated fair market value at the time of donation. Contributed items were used in the Organization's various programs.

NOTE 13. 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.