

AMERICA'S KESWICK
FINANCIAL STATEMENTS

DECEMBER 31, 2023

(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, 2023, 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, 2023, 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.

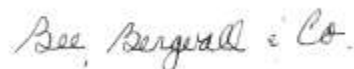
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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
August 12, 2024

AMERICA'S KESWICK

Statements of Financial Position

December 31, 2023 and 2022

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 326,269	\$ 1,625,007
Pledges and legacies receivable	5,580	10,080
Other receivables	15,635	9,129
Inventory	21,975	16,059
Prepaid expenses	100,915	100,602
Investments	3,612,254	1,886,441
Investments restricted for annuities	1,005,549	1,007,764
Total Current Assets	<u>5,088,177</u>	<u>4,655,082</u>
Net Property and Equipment	<u>5,731,947</u>	<u>4,675,110</u>
TOTAL ASSETS	<u>\$ 10,820,124</u>	<u>\$ 9,330,192</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 482,805	\$ 360,512
Annuities payable	586,586	622,221
Advance deposits	327,237	326,355
HRA reserve	550,202	536,786
Total Current Liabilities	<u>1,946,830</u>	<u>1,845,874</u>
Net Assets		
Net Assets without Donor Restrictions		
Board designated	1,667,570	1,486,919
Undesignated	6,252,707	5,727,179
	<u>7,920,277</u>	<u>7,214,098</u>
Net Assets with Donor Restrictions	<u>953,017</u>	<u>270,220</u>
Total Net Assets	<u>8,873,294</u>	<u>7,484,318</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,820,124</u>	<u>\$ 9,330,192</u>

See notes to financial statements

AMERICA'S KESWICK

Statements of Activities and Changes in Net Assets

For the Year Ended December 31, 2023

With Summarized Comparative Totals for the Year Ended December 31, 2022

	2023			2022
	Net Assets <u>Without Donor Restrictions</u>	Net Assets <u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Public Support and Revenue				
Public support				
Contributions of cash and other financial assets	\$ 2,544,945	\$ 1,516,586	\$ 4,061,531	\$ 3,158,132
Contributions of nonfinancial assets	130,954	-	130,954	60,745
Total Public Support	<u>2,675,899</u>	<u>1,516,586</u>	<u>4,192,485</u>	<u>3,218,877</u>
Revenue				
Conferences	1,833,221	-	1,833,221	1,687,058
Sales	128,991	-	128,991	118,040
Membership fees	51,083	-	51,083	43,144
Adjustment for annuities	(31,390)	-	(31,390)	(28,939)
Investment income, net	260,957	-	260,957	(356,578)
Campground fees	65,675	-	65,675	62,430
Addiction Recovery Fees	97,895	-	97,895	81,405
Miscellaneous	42,051	-	42,051	21,914
Special events	380,794	-	380,794	407,104
Less: Cost of direct benefit to donors	(30,166)	-	(30,166)	(22,568)
	<u>350,628</u>	<u>-</u>	<u>350,628</u>	<u>384,536</u>
Total Revenue	2,799,111	-	2,799,111	2,013,010
Net assets released from restrictions	833,789	(833,789)	-	-
Total Public Support and Revenue	<u>6,308,799</u>	<u>682,797</u>	<u>6,991,596</u>	<u>5,231,887</u>
Expenses				
Program services				
Conference	3,765,539	-	3,765,539	3,223,676
Addiction recovery	753,982	-	753,982	656,415
Total Program Services	<u>4,519,521</u>	<u>-</u>	<u>4,519,521</u>	<u>3,880,091</u>
Supporting services				
General and administrative	775,720	-	775,720	729,227
Fundraising	307,379	-	307,379	269,745
Total Supporting Services	<u>1,083,099</u>	<u>-</u>	<u>1,083,099</u>	<u>998,972</u>
Total Expenses	<u>5,602,620</u>	<u>-</u>	<u>5,602,620</u>	<u>4,879,063</u>
Change in Net Assets	706,179	682,797	1,388,976	352,824
Net Assets - Beginning of Year	<u>7,214,098</u>	<u>270,220</u>	<u>7,484,318</u>	<u>7,131,494</u>
Net Assets - End of Year	<u>\$ 7,920,277</u>	<u>\$ 953,017</u>	<u>\$ 8,873,294</u>	<u>\$ 7,484,318</u>

See notes to financial statements

AMERICA'S KESWICK

Statements of Functional Expenses

For the Year Ended December 31, 2023

With Summarized Comparative Totals for the Year Ended December 31, 2022

Expenses	2023			2023			2022
	Program Expenses		Total Program Expenses	Supporting Services		Total Expenses	Total Expenses
	Conference	Addition Recovery		General and Administrative	Fund Raising		
Salaries and Related Expenses							
Salaries	\$ 1,164,084	\$ 459,720	\$ 1,623,804	\$ 467,558	\$ 132,372	\$ 2,223,734	\$ 1,929,617
Benefits	229,114	58,571	287,685	38,090	35,774	361,549	376,720
Payroll taxes	90,688	32,283	122,971	31,985	10,285	165,241	150,399
Total Salaries and Related Expenses	1,483,886	550,574	2,034,460	537,633	178,431	2,750,524	2,456,736
Addition recovery expenses	-	26,028	26,028	-	-	26,028	17,589
Advertising	26,616	-	26,616	-	19,395	46,011	35,689
Bedding and linens	12,429	-	12,429	-	-	12,429	8,971
Bookstore purchases	34,854	-	34,854	-	-	34,854	26,942
Conferences and seminars	3,413	1,607	5,020	14,198	-	19,218	7,269
Credit card and bank fees	38,542	-	38,542	-	18,779	57,321	49,153
Depreciation	370,371	-	370,371	-	-	370,371	330,318
Dues and subscriptions	2,494	2,500	4,994	3,347	2,438	10,779	9,412
Food purchases	498,666	61,861	560,527	-	-	560,527	480,545
Food service expenses	47,930	-	47,930	-	-	47,930	39,634
Freewill offerings	7,621	0.23	7,621	-	-	7,621	5,832
Fuel	28,119	2,566	30,685	1,129	3,877	35,691	39,584
Honorariums	105,109	3,500	108,609	-	-	108,609	86,411
Insurance	92,001	28,227	120,228	30,942	10,856	162,026	142,508
Office expenses	12,851	985	13,836	15,714	224	29,774	31,981
Other expenses	9,384	364	9,748	15,079	1,474	26,301	18,992
Paper and printing	57,714	4,269	61,983	10,364	54,479	126,826	130,559
Postage	48,920	212	49,132	1,139	7,468	57,739	52,254
Professional fees	-	-	-	21,295	-	21,295	17,350
Repairs and maintenance	338,785	1,959	340,744	46,922	5,542	393,208	238,174
Staff expense	-	-	-	6,639	-	6,639	6,249
Subcontractors	34,485	-	34,485	44,464	897	79,846	49,643
Supplies	118,779	13,582	132,361	-	-	132,361	110,254
Telephone	-	616	616	5,738	-	6,354	6,371
Travel	50,723	1,653	52,376	3,016	1,927	57,319	65,239
Utilities	341,847	53,479	395,326	18,101	1,592	415,019	415,404
Total Expenses	\$ 3,765,539	\$ 753,982	\$ 4,519,521	\$ 775,720	\$ 307,379	\$ 5,602,620	\$ 4,879,063

See notes to financial statements

AMERICA'S KESWICK

Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 1,388,976	\$ 352,824
Adjustments to reconcile change in net assets to net cash provided by (used in) operations		
Donated stock	(1,005,396)	(12,423)
Donated goods provided	(130,954)	(60,745)
Donated goods expensed	121,159	39,601
Depreciation and amortization	370,371	330,318
(Gain) loss on disposal of property and equipment	-	(6,275)
Realized and unrealized (gain) loss	(88,722)	419,300
Unrealized (gain) loss annuities	(44,343)	146,728
Forgiveness of PPP	-	(373,610)
(Increase) decrease in:		
Pledges and legacies receivable	4,500	616,236
Other receivables	(6,506)	20,373
Inventory	(5,916)	(2,868)
Prepaid expenses	(313)	(11,345)
(Decrease) increase in:		
Accounts payable and accrued expenses	122,293	(59,761)
Annuities payable	(35,635)	(38,994)
Advance deposits	882	24,504
HRA Reserve	13,416	63,784
Net cash provided by (used in) operating activities	<u>703,812</u>	<u>1,447,647</u>
Cash flows from investing activities		
Proceeds from sale of property	-	7,742
Purchase of investments	(7,069,325)	(1,329,117)
Purchase of investments restricted for annuities	(2,830,094)	(63,319)
Purchase of property and equipment	(1,417,413)	(613,730)
Proceeds from sale of securities	9,314,282	12,423
Net cash provided by (used in) investing activities	<u>(2,002,550)</u>	<u>(1,986,001)</u>
Net increase (decrease) in cash and cash equivalents	(1,298,738)	(538,354)
Cash and cash equivalents - beginning of year	1,625,007	2,163,361
Cash and cash equivalents - end of year	<u>\$ 326,269</u>	<u>\$ 1,625,007</u>

See notes to financial statements

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2023

(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, 2023

(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 and snack 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.
- 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.
- Addiction Recovery 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, 2023

(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, 2020 - 2022.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2023

(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. The Organization's cash balances did not exceed the FDIC insurance limits at December 31, 2023. 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, 2023

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Principles (Continued)

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).

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, 2023

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Principles (Continued)

Advertising Costs: Advertising costs are expensed as incurred. Advertising costs totaled \$ 46,011 for the year ended December 31, 2023.

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, 2022, 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.

Adoption of Accounting Standard: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which introduces the Current Expected Credit Losses (CECL) model for estimating credit losses on financial assets. The Organization has adopted the CECL model for the accounting of credit losses on financial assets, effective January 1, 2023.

Under the CECL model, entities are required to measure expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts. This represents a significant change from the incurred loss model previously used, as it requires entities to recognize credit losses earlier in the credit loss recognition process.

Key considerations in the implementation of the CECL standard include the selection of appropriate historical loss data, the incorporation of forward-looking economic indicators, the determination of reasonable and supportable forecasts, and the evaluation of qualitative and quantitative factors affecting credit risk.

The Organization has evaluated the key factors and has determined that the new standard did not have a material effect on the financial statements.

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.

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2023

(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, 2023	
Cash and cash equivalents	\$ 326,269
Pledges and legacies receivable	5,580
Other receivables	15,635
Inventory	21,975
Investments	<u>3,612,254</u>
	3,981,713
Less amounts not available to be used within one year	
Board designated	(1,667,570)
With donor restrictions	<u>(953,017)</u>
	<u>\$ 1,361,126</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, 2023

(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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Money Market	\$ 478,632	\$ -	\$ -	\$ 478,632
Mutual Funds	1,483,003	-	-	1,483,003
Corporate Bonds	407,987	-	-	407,987
Government Bonds	1,845,172	-	-	1,845,172
Stocks	23,264	-	-	23,264
Other	<u>187,781</u>	<u>-</u>	<u>191,964</u>	<u>379,745</u>
	<u>\$ 4,425,839</u>	<u>\$ -</u>	<u>\$ 191,964</u>	<u>\$ 4,617,803</u>

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2023

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NOTE 3. Fair Value Measurement and Disclosure (Continued)

Investment income is summarized as follows:

Dividends and Interest	\$ 150,800
Realized and Unrealized Gain (Loss)	93,640
Investment Fees	<u>(14,873)</u>
	<u>\$ 229,567</u>

NOTE 4. Property and Equipment

Property and equipment consist of the following:

Land and Land Improvements	\$ 659,770
Construction in Process	109,971
Building and Improvements	8,597,038
Office Furniture and Equipment	2,530,245
Automobiles	<u>430,348</u>
Total Fixed Assets	12,327,372
Accumulated Depreciation	<u>(6,595,425)</u>
Net Fixed Assets	<u>\$ 5,731,947</u>

Depreciation expense was \$370,371 for the year ended December 31, 2023. 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 \$586,586 as of December 31, 2023.

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. Net Assets

At December 31, 2023, the Board of Directors has designated net assets for the following purposes:

Supplemental Income Fund	\$ 978,530
Emergency Fund	399,595
Capital Improvement Fund	279,445
Education Fund	<u>10,000</u>
	<u>\$ 1,667,570</u>

Net assets with donor restrictions consist of the following at December 31, 2023:

Audio Visual	\$ 70,333
Colony Renovations	13,506
Other	55,750
Projects and Windows	<u>813,428</u>
	<u>\$ 953,017</u>

The following net assets were released from donor restriction:

Equipment	\$ 165,432
Projects and Windows	650,809
Colony Renovations	1,520
Employee Support	2,355
Other	<u>13,673</u>
	<u>\$ 833,789</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 \$32,457 for 2023.

AMERICA'S KESWICK

Notes to Financial Statements

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NOTE 8. Contingent Receivable – Pines Village 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 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 America's Keswick to each member HRA, 3) a discretionary annual deposit to a reserve fund. For the year ended December 31, 2023, the Organization contributed \$116,650 and paid the \$107,258 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, 2023:

Deferred revenue, beginning of year	\$ 326,355
Revenue recognized that was included in deferred revenue at the beginning of the year	(324,375)
Deposits refunded	(1,980)
Increase in deferred revenue due to cash received during the period	<u>327,237</u>
Deferred revenue, end of year	<u>\$ 327,237</u>

AMERICA'S KESWICK

Notes to Financial Statements

December 31, 2023

(See Independent Auditors' Report)

NOTE 11. Contributions of Nonfinancial Assets

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

Pool Chemicals	\$ 21,219
Furniture and Equipment	1,101
Vehicles	11,799
Supplies	15,724
Maintenance and Repairs	<u>81,111</u>
	<u>\$ 130,954</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.

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.