COMFORT ZONE CAMP

Financial Statements

December 31, 2020

Keiter
Your Opportunity Advisors

4401 Dominion Boulevard
Glen Allen, Virginia 23060
Tel: 804.747.0000
www.keitercpa.com

COMFORT ZONE CAMP, INC.

Table of Contents

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
Comfort Zone Camp, Inc.
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Comfort Zone Camp, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, functional expenses, and cash flows for the period from July 1, 2019 through December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Certified Public
Accountants & Consultants
4401 Dominion Boulevard
Glen Allen, VA 23060
T:804.747.0000 F:804.747.3632

www.keitercpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Comfort Zone Camp, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the period from July 1, 2019 through December 31, 2020 in accordance with accounting principles generally accepted in the United States.

Keiter

August 31, 2021
Glen Allen, Virginia

COMFORT ZONE CAMP, INC.

Statement of Financial Position
December 31, 2020

Assets

Current assets:	
Cash and cash equivalents	$ 1,352,717
Prepaid expenses	51,398
	$ 1,404,115

Liabilities and Net Assets

Current liabilities:	
Accounts payable	$ 4,744
Accrued liabilities	8,655
Deferred revenue	210,100
Total current liabilities	223,499
Noncurrent liabilities:	
Deferred rent	33,133
Paycheck Protection Program Loan	124,400
Total liabilities	381,032
Net assets:	
Without donor restrictions	929,530
With donor restrictions	93,553
Total net assets	1,023,083
	$ 1,404,115

See accompanying notes to financial statements.

COMFORT ZONE CAMP, INC.

Statement of Activities
For the Period from July 1, 2019 to December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions and grants	$ 1,588,999	$ 343,202	$ 1,932,201
Special event revenue	506,563	-	506,563
Donated goods and services	124,004	-	124,004
Other	27,879	-	27,879
Total revenue and other support	2,247,445	343,202	2,590,647
Net assets released from restrictions	573,824	(573,824)	-
Expenses:			
Program services	1,582,215	-	1,582,215
Management and general	48,844	-	48,844
Fundraising	356,125	-	356,125
Total expenses	1,987,184	-	1,987,184
Change in net assets	834,085	(230,622)	603,463
Net assets, beginning of year	95,445	324,175	419,620
Net assets, end of year	$ 929,530	$ 93,553	$ 1,023,083

See accompanying notes to financial statements.

COMFORT ZONE CAMP, INC.

Statement of Functional Expenses
For the Period from July 1, 2019 to December 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries	$ 658,228	$ 17,322	$ 190,540	$ 866,090
Payroll taxes and benefits	121,873	3,207	35,279	160,359
Facilities expense	227,169	-	-	227,169
Clinical services	124,004	-	-	124,004
Special events	32,024	-	32,024	64,048
Occupancy	71,415	10,203	20,404	102,022
Office supplies and equipment	96,183	1,575	3,826	101,584
Information technology	49,142	7,021	14,040	70,203
Travel, transportation and meals	44,948	235	3,997	49,180
Insurance	21,972	1,241	5,803	29,016
Merchant and bank fees	11,956	-	11,956	23,912
Printing	5,272	558	2,490	8,320
Volunteer expenses	15,907	-	-	15,907
Professional services	29,056	3,041	10,225	42,322
Communication	14,249	2,036	4,071	20,356
Postage and shipping	19,232	546	4,486	24,264
Public relations, marketing, and advertising	30,533	786	13,838	45,157
Conference, dues and subscriptions	1,975	-	460	2,435
Licenses and taxes	5,670	-	1,417	7,087
Miscellaneous	1,407	1,073	1,269	3,749
Total expenses	$ 1,582,215	$ 48,844	$ 356,125	$ 1,987,184

See accompanying notes to financial statements.

COMFORT ZONE CAMP, INC.

Statement of Cash Flows
For the Period from July 1, 2019 to December 31, 2020

Cash flows from operating activities	
Change in net assets	$ 603,463
Adjustments to reconcile change in net assets to net cash flow from operating activities:	
Changes in assets and liabilities:	
Contributions and grants receivable	18,250
Prepaid expenses	(17,800)
Accounts payable	(29,518)
Accrued liabilities	(27,325)
Deferred revenue	152,100
Deferred rent	(203)
Net cash provided by operating activities	698,967
Cash flow provided by financing activities:	
Proceeds from Paycheck Protection Program Loan	124,400
Change in cash and cash equivalents	823,367
Cash and cash equivalents, beginning of period	529,350
Cash and cash equivalents, end of period	$ 1,352,717

See accompanying notes to financial statements.

1. Nature of Organization:

Comfort Zone Camp, Inc. (the “Organization”) was organized to provide grief and bereavement services in a camp environment for children who have experienced the loss of a parent, sibling, or primary caregiver. The Organization receives its revenue primarily from national and local contributions, foundation grants, and fundraising events. The operating headquarters of the Organization is located in Virginia.

2. Summary of Significant Accounting Policies:

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Change in Fiscal Year-End: During 2019, the Board of Directors of the Organization approved a change in the Organization’s fiscal year from June 30 to December 31 of each year. This change to the fiscal year reporting cycle became effective on July 1, 2019, and the financial statements report activity for the eighteen-month period ended December 31, 2020.

Financial Statement Presentation: The Organization is required to report amounts separately by class of net assets as follows:

Net Assets Without Donor Restrictions: Net assets currently available at the discretion of the Board of Directors for use in the Organization’s operations.

Net Assets With Donor Restrictions: Net assets which are stipulated by donors for specific operating purposes, or are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. When a donor restriction expires meaning the Organization satisfied the donor restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. There were no restrictions required to be held in perpetuity at December 31, 2020.

Use of Estimates: The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Organization considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

2. Summary of Significant Accounting Policies, Continued:

Contributions and Grants Receivable: Contributions and grants receivable are reported net of an allowance for uncollectible contributions and grants based on management's estimate of the amount of grants and contributions receivable that will actually be collected. There were no contributions and grants receivable as of December 31, 2020.

Concentrations of Credit Risk: Financial instruments which potentially subject the Organization to concentrations of credit risk primarily consist of cash and cash equivalents.

Cash and cash equivalents are held in multiple financial institutions with balances that periodically exceed the Federal Deposit Insurance Corporation limit of $250,000. The financial institutions have high credit ratings which the Organization believes serves to limit its credit risk.

Property and Equipment: Property and equipment are stated at cost, less accumulated depreciation. The Organization capitalizes all expenditures for property and equipment over $1,000. Depreciation of property and equipment is computed using accelerated and straight-line methods over the estimated useful lives of 3 to 5 years. Leasehold improvements are depreciated over the shorter of the lease term or their estimated useful life. Donated assets are recorded at fair market value at the date of the donation. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred.

Paycheck Protection Program Loan: In response to the economic instability caused by COVID-19, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was passed by Congress and signed into law by the President on March 27, 2020. The Paycheck Protection Program was a component of the CARES Act and provided for loan ("PPP Loan") to provide a direct incentive for employers to keep their employees on the payroll. A PPP Loan is eligible for full or partial forgiveness if the funds are used for qualifying costs including payroll, rent, mortgage interest, or utilities, as further defined in the CARES Act. The Organization's policy is to account for the PPP Loan (see Note 6) as a liability as it had not yet applied for forgiveness as of December 31, 2020.

Recognition of Contributions and Grants: Contributions and grants are recorded as support without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions.

2. Summary of Significant Accounting Policies, Continued:

Deferred Revenue: From time to time, the Organization receives payments for contributions and grants that remain conditional under the contribution or grant agreement. Until such time that the contributions and grants become unconditional, these payments are held as deferred revenue.

Donated Materials and Services: The value of contributed materials and the value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and are a type that would have been purchased if not contributed, are recognized in the financial statements. The Organization recognized materials and services meeting these criteria totaling $124,004 for the period from July 1, 2019 through December 31, 2020, and this amount is recorded as revenue without donor restrictions and related expenditures as expenses in the related expense accounts in the accompanying statement of activities. In the accompanying statement of functional expenses, the expenses are allocated 100% to program services.

Individuals volunteer their time and perform a variety of tasks that assist the Organization to achieve its mission. The value of these services could not be estimated and is not recognized in the financial statements.

Income Taxes: The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax exempt purpose could be subject to taxation as unrelated business income.

Income Tax Uncertainties: The Organization follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization’s tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization’s tax position and concluded that the Organization had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. The Organization is not currently under audit by any tax jurisdiction.

2. Summary of Significant Accounting Policies, Continued:

Functional Allocation of Expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents expenses by function and natural classification. Program services expenses represents the various costs associated with operating camps. Fundraising expenses include the effort of various personnel to receive contributions and grants and operate special events. Management and general expenses reflect a variety of overhead functions including accounting, human resources, and other business-related expense. When possible, the Organization uses direct allocation; however, certain costs require allocation among the programs and supporting services benefited (see Note 8).

Adoption of New Accounting Principles: In June 2018, the FASB issued ASU 2018-08: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("Topic 958"), which is intended to provide specific criteria to determine whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. The ASU provides a framework for determining whether a contribution is conditional or unconditional. Prior to the ASU, FASB's new revenue recognition standard eliminated exchange guidance and added additional disclosure requirements that are not relevant to these types of transactions. Specific to contributions or grants received by the Organization, the amendments in this ASU are effective for fiscal years beginning after December 15, 2018. The Organization adopted this guidance for the eighteen-month period ended December 31, 2020 with retrospective presentation in the financial statements. The adoption of this ASU did not have a material impact on the Organization's financial statements.

Subsequent Events: Management has evaluated subsequent events through August 31, 2021, the date the financial statements were available to be issued. Other than the PPP loan forgiveness described in Note 6 and as described below, there were no subsequent events to be reported in the accompanying financial statements.

During February 2021, the Organization received a second PPP Loan in the amount of $149,900 with a maturity date of February 2023. The loan accrues interest at 1.00%. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP Loan is uncollateralized and is fully guaranteed by the Federal government.

3. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date of December 31, 2020, comprise of the following:

Financial assets available within one year:	
Cash and cash equivalents	$ 1,352,717
Less those unavailable for general expenditure within one year:	
Net assets with donor restrictions	(93,553)
Financial assets available within one year for general expenditure	$ 1,259,164

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

4. Property and Equipment:

Property and equipment consisted of the following at December 31, 2020:

Furniture and equipment	$ 4,495
Software	145,095
	149,590
Less accumulated depreciation	(149,590)
	$ -

There was no depreciation expense for the period from July 1, 2019 through December 31, 2020 as all property and equipment was fully depreciated.

5. Net Assets With Donor Restrictions:

At December 31, 2020, net assets with donor restrictions amounted to $93,553, all of which was restricted to partnership programs and related camp activities. Net assets released from restrictions amounted to $573,824 for the period from July 1, 2019 through December 31, 2020 and related primarily to camp activities.

6. Paycheck Protection Program Loan:

The Organization applied for and was approved for a PPP Loan in the amount of $124,400. The loan was funded in April 2020 and accrues interest at 1%. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

As of December 31, 2020, the Organization had used the loan proceeds for qualifying costs but had not yet applied for forgiveness. Based on these facts and circumstances, the Organization elected to recognize the amount as a loan as of December 31, 2020 and reflect the amount of $124,400 as Paycheck Protection Program Loan on the statement of financial position.

7. Leases:

The Organization leases multiple copiers and postage machines under non-cancelable operating leases with monthly payments ranging from $138 to $448 and expire at various dates through March 2023. Rental expense from these leases was approximately $10,535 for the period from July 1, 2019 through December 31, 2020.

The Organization leases office space in Virginia under a non-cancelable operating lease. This lease term expires on October 31, 2026, and the lease contains a renewal option. The lease includes periods of free rent and scheduled rent increases at specific intervals during the term of the lease. Under this lease, the Organization pays other expenses.

The Organization recognizes rent expense on a straight-line basis over the life of the related lease. Rental expense from office lease was $102,022 for the period from July 1, 2019 through December 31, 2020.

Minimum future payments under non-cancellable operating leases as of December 31, 2020 are as follows:

Year	Amount
2021	$ 70,720
2022	71,138
2023	72,573
2024	74,024
2025	75,505
Thereafter	63,966
	$ 427,926

8. Allocation of Joint Costs:

The Organization incurs joint costs as a result of various camps and fundraising events. The joint costs included personnel, advertising, depreciation, postage, telephone, travel, meals and entertainment, computer expenses, communications, occupancy, office expense and supplies and professional services. These costs are allocated by management on an invoice by invoice basis based on management's understanding of the costs and its purpose. The allocations were as follows for the period from July 1, 2019 through December 31, 2020:

Program services	$ 1,213,160
Management and general	48,844
Fundraising	355,665
Total joint costs	$ 1,617,669

9. Retirement Plan:

The Organization has a 403(b) plan to provide retirement benefits for its employees. Under the plan, eligible employees may contribute a portion of their salary on a pre-tax basis. The Organization has the option to match employee's contributions up to 3% of salary. No matching contribution was made for the period from July 1, 2019 through December 31, 2020.

10. Indemnification:

In accordance with the terms of the Organization's bylaws, the Organization has certain obligations to indemnify its current and former directors and officers for certain events or occurrences while the directors and officers are, or were serving, at the Organization's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia and the Organization has insurance policies in place to further limit its exposure. The Organization is not aware of any claims and believes the likelihood of any future claims to be minimal.

11. Accounting Standards Updates:

Leases: In February 2016, the FASB issued new guidance over leases (ASU 2016-02) which requires that all leasing activity with initial terms in excess of twelve months be recognized on the statement of financial position with a right of use asset and a lease liability. The standard will require entities to classify leases as either a finance, or operating lease based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statement of activities. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statement of activities.

The new standard will be effective for periods beginning after December 15, 2021 and will require entities to use a modified retrospective approach to the earliest period presented. The Organization is currently evaluating the reporting and economic implications of the new standard.

Donated Goods and Services: In September 2020, the FASB issued ASU 2020-07, “Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.” The standard provides additional guidance to nonprofit organizations on how to record and disclose in-kind contributions. The overall purpose of the update is to provide more transparency in how organizations are receiving and valuing in-kind contributions.

The ASU now requires nonprofit organizations to present in-kind contributions as a separate line item in the financial statements and to provide additional disclosures in the footnotes covering the following areas:

- A description of the organization’s policy for monetizing rather than utilizing in-kind contributions;
- A listing of in-kind contributions categorized by type with a description about whether each type was monetized or utilized during the reporting period;
- For in-kind contributions that were utilized during the reporting period, the nonprofit must include a description of the programs or activities in which those contributions were used; and
- A description of the valuation process utilized by the organization to determine the fair value of the in-kind contributions.

The ASU is effective for periods beginning after June 30, 2021. The Organization is currently evaluating the reporting and economic implications of the new standard.