



COMFORT ZONE CAMP

Financial Statements

December 31, 2022 and 2021



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# COMFORT ZONE CAMP, INC.

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying financial statements of the Comfort Zone Camp, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matters

#### Adoption of Accounting Principle

As disclosed in Note 2 to the financial statements, the Organization adopted Financial Accounting Standards Board ("FASB") ASC 842, Leases 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 requires entities to classify leases as either a finance, or operating lease based upon the contractual terms. The adoption of ASC 842, Leases resulted in establishing right-of-use operating lease assets of \$314,780 and operating lease liabilities of \$345,674 as of January 1, 2022. Our opinion is not modified with respect to this matter.

#### Correction of an Error

As disclosed in Note 11 to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### 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, 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.

## **Responsibilities of Management for the Financial Statements, Continued**

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's 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 auditor's 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, including omissions, 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 the Organization'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 the Organization'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.



August 23, 2023  
Glen Allen, Virginia

**COMFORT ZONE CAMP, INC.**

Statements of Financial Position  
December 31, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021 (Restated)</u>
Current assets:		
Cash and cash equivalents	\$ 2,480,257	\$ 2,097,176
Contributions and grants receivable, net	50,000	122,050
Prepaid expenses	<u>23,623</u>	<u>21,583</u>
Total current assets	2,553,880	2,240,809
Right-of-use operating lease asset, net	251,184	-
Contributions and grants receivable, net - less current portion	<u>93,941</u>	<u>146,298</u>
Total assets	<u>\$ 2,899,005</u>	<u>\$ 2,387,107</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 10,276	\$ 1,681
Accrued liabilities	5,676	6,736
Operating lease liability, current portion	72,573	-
Deferred revenue	<u>-</u>	<u>95,250</u>
Total current liabilities	88,525	103,667
Noncurrent liabilities:		
Operating lease liability, less current portion	205,869	-
Deferred rent	<u>-</u>	<u>30,894</u>
Total noncurrent liabilities	<u>205,869</u>	<u>30,894</u>
Total liabilities	<u>294,394</u>	<u>134,561</u>
Net assets:		
Without donor restrictions	2,325,670	1,850,642
With donor restrictions	<u>278,941</u>	<u>401,904</u>
Total net assets	<u>2,604,611</u>	<u>2,252,546</u>
	<u>\$ 2,899,005</u>	<u>\$ 2,387,107</u>

See accompanying notes to financial statements.

**COMFORT ZONE CAMP, INC.**

Statements of Activities  
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions and grants	\$ 1,451,097	\$ 375,000	\$ 1,826,097
Special event revenue	856,675	-	856,675
Donated goods and services	250,300	-	250,300
Other	40,900	-	40,900
	<u>2,598,972</u>	<u>375,000</u>	<u>2,973,972</u>
Total revenue and other support			
	<u>2,598,972</u>	<u>375,000</u>	<u>2,973,972</u>
Net assets released from restrictions	<u>497,963</u>	<u>(497,963)</u>	<u>-</u>
Expenses:			
Program services	2,134,566	-	2,134,566
Management and general	44,629	-	44,629
Fundraising	442,712	-	442,712
	<u>2,621,907</u>	<u>-</u>	<u>2,621,907</u>
Total expenses			
	<u>2,621,907</u>	<u>-</u>	<u>2,621,907</u>
Change in net assets	475,028	(122,963)	352,065
Net assets, beginning of year (restated)	<u>1,850,642</u>	<u>401,904</u>	<u>2,252,546</u>
Net assets, end of year	<u>\$ 2,325,670</u>	<u>\$ 278,941</u>	<u>\$ 2,604,611</u>

See accompanying notes to financial statements.

**COMFORT ZONE CAMP, INC.**

Statements of Activities, Continued  
Year Ended December 31, 2021 (Restated)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support:			
Contributions and grants	\$ 1,019,705	\$ 764,709	\$ 1,784,414
Special event revenue	652,863	-	652,863
Donated goods and services	140,280	-	140,280
Other	<u>289,808</u>	<u>-</u>	<u>289,808</u>
Total revenue and other support	<u>2,102,656</u>	<u>764,709</u>	<u>2,867,365</u>
Net assets released from restrictions	<u>456,358</u>	<u>(456,358)</u>	<u>-</u>
Expenses:			
Program services	1,293,926	-	1,293,926
Management and general	36,326	-	36,326
Fundraising	<u>307,650</u>	<u>-</u>	<u>307,650</u>
Total expenses	<u>1,637,902</u>	<u>-</u>	<u>1,637,902</u>
Change in net assets	921,112	308,351	1,229,463
Net assets, beginning of year	<u>929,530</u>	<u>93,553</u>	<u>1,023,083</u>
Net assets, end of year	<u>\$ 1,850,642</u>	<u>\$ 401,904</u>	<u>\$ 2,252,546</u>

See accompanying notes to financial statements.

**COMFORT ZONE CAMP, INC.**

Statements of Functional Expenses  
Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 626,578	\$ 16,489	\$ 181,377	\$ 824,444
Facilities expenses	399,190	-	-	399,190
Clinical Services	250,300	-	-	250,300
Fundraising event expenses	102,933	-	102,933	205,866
Payroll taxes & benefits	150,261	3,954	43,497	197,712
Supplies	170,095	1,724	3,445	175,264
Travel, transportation & meals	140,233	2,024	7,370	149,627
Public relations, marketing, and advertising	85,532	519	42,642	128,693
Occupancy	47,260	6,751	13,503	67,514
Postage & shipping	34,167	400	7,757	42,324
Information technology	28,214	4,031	8,061	40,306
Professional services	29,095	3,654	7,304	40,053
Merchant & bank fees	14,699	-	14,698	29,397
Communications	12,920	1,847	3,691	18,458
Volunteer expenses	15,408	-	-	15,408
Insurance	9,286	1,327	2,653	13,266
Contract Labor	8,500	-	-	8,500
Printing	5,658	809	1,616	8,083
Conference, dues and subscriptions	2,589	1,100	2,165	5,854
Licenses	1,648	-	-	1,648
	<u>1,648</u>	<u>-</u>	<u>-</u>	<u>1,648</u>
 Total expenses	 <u>\$ 2,134,566</u>	 <u>\$ 44,629</u>	 <u>\$ 442,712</u>	 <u>\$ 2,621,907</u>

See accompanying notes to financial statements.



**COMFORT ZONE CAMP, INC.**

Statements of Functional Expenses, Continued  
Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 485,611	\$ 12,779	\$ 140,572	\$ 638,962
Facilities expense	174,914	-	-	174,914
Special events	74,033	-	74,033	148,066
Clinical services	140,280	-	-	140,280
Payroll taxes and benefits	89,735	2,362	25,977	118,074
Office supplies and equipment	77,199	1,920	2,720	81,839
Travel, transportation and meals	67,363	1,490	4,524	73,377
Occupancy	47,261	6,752	13,503	67,516
Professional services	24,182	3,020	6,292	33,494
Information technology	22,690	3,242	6,483	32,415
Merchant and bank fees	14,590	-	14,589	29,179
Postage and shipping	20,794	679	3,982	25,455
Public relations, marketing, and advertising	16,259	-	5,934	22,193
Insurance	14,732	1,638	4,092	20,462
Communication	11,101	1,581	3,177	15,859
Volunteer expenses	9,177	-	-	9,177
Licenses and taxes	2,433	-	1,043	3,476
Printing	1,295	186	370	1,851
Miscellaneous	277	269	324	870
Conference, dues and subscriptions	-	408	35	443
<b>Total expenses</b>	<b><u>\$ 1,293,926</u></b>	<b><u>\$ 36,326</u></b>	<b><u>\$ 307,650</u></b>	<b><u>\$ 1,637,902</u></b>

See accompanying notes to financial statements.

**COMFORT ZONE CAMP, INC.**

Statements of Cash Flows  
Years Ended December 31, 2022 and 2021

	2022	2021 (Restated)
Cash flows from operating activities		
Change in net assets	\$ 352,065	\$ 1,229,463
Adjustments to reconcile change in net assets to net cash from operating activities:		
Paycheck Protection Program loan forgiveness	-	(275,116)
Changes in assets and liabilities:		
Contributions and grants receivable, net	124,407	(268,348)
Prepaid expenses	(2,040)	29,815
Accounts payable	8,595	(3,063)
Accrued liabilities	(1,060)	(1,919)
Deferred revenue	(95,250)	(114,850)
Operating lease assets and liabilities, net	27,258	-
Deferred rent	(30,894)	(2,239)
Net cash provided by operating activities	383,081	593,743
Cash flow provided by financing activities:		
Proceeds from Paycheck Protection Program Loan	-	150,716
Change in cash and cash equivalents	383,081	744,459
Cash and cash equivalents, beginning of year	<u>2,097,176</u>	<u>1,352,717</u>
Cash and cash equivalents, end of year	<u>\$ 2,480,257</u>	<u>\$ 2,097,176</u>
Supplemental cash flow information related to leases:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 71,150</u>	<u>\$ -</u>
Operating lease assets obtained in exchange for lease liabilities	<u>\$ 314,780</u>	<u>\$ -</u>

See accompanying notes to financial statements.

## COMFORT ZONE CAMP, INC.

### 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").

**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, 2022 and 2021.

**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.

**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. Management determined that no allowance was necessary as of December 31, 2022 and 2021. Contributions and grants receivable that are expected to be collected beyond one year are reported at the present value of estimated future cash flows.

## COMFORT ZONE CAMP, INC.

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**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.

At December 31, 2022, one donor accounted for 100% of contributions and grants receivable. One donor accounted for 16% of contribution and grant revenue for the year ended December 31, 2022. At December 31, 2021, one donor accounted for 73% of contributions and grants receivable. One donor accounted for 14% of contribution and grant revenue for the year ended December 31, 2021.

**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.

**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.

**Paycheck Protection Program (“PPP”) Loan:** The Organization’s policy was to account for PPP loans as debt until qualifying expenses were incurred, loans were entirely forgiven, and the debtor was legally released. The Organization’s second PPP loan was fully forgiven in 2021 and the PPP loan, which was previously classified as debt, was recognized as other revenue in 2021.

## COMFORT ZONE CAMP, INC.

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Leases:** In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842), which supersedes ASC 840 and creates a new topic, ASC 842. ASC 842 requires lessees to recognize a right-of-use asset and a lease liability on the balance sheet or statement of financial position for substantially all leases with a term of 12 months or greater. Leases are classified as either finance or operating, which classification affecting expense recognition in the Organization’s operations.

The lease liabilities are initially measured at the present value of the future lease payments, measured on a discounted basis, as of the lease commencement date or the adoption date, whichever is later. The right-of-use assets are initially measured at the value of the lease liability, adjusted for initial direct costs, lease incentives, and prepaid or deferred rent. The Organization elected to use the risk-free discount rate for any leases for which the rate implicit in the lease was not readily determinable. The right-of-use assets and lease liabilities are calculated to include options to extend or terminate the lease when the Organization determines that it is reasonably certain it will exercise those options. In making those determinations, the Organization considers various existing economic and market factors, business strategies as well as the nature, length, and terms of the lease agreements.

At January 1, 2022, the Organization adopted the provisions of ASC 842, using the modified retrospective adoption method. In addition, the Organization utilized the simplified transition option available in ASC 842, which allows entities to continue to apply the legacy guidance in ASC 840, including its disclosure requirements, in the comparative periods presented in the year of adoption.

Upon adoption of ASC 842, the Organization elected the transitional package of practical expedients that allow an entity to not reassess (1) whether any expired or existing contracts contain a lease, (2) the lease classification of any expired or existing lease, and (3) initial direct costs for any existing lease, and the use of hindsight in determining the lease term. In addition, the Organization elected to not record a lease liability and corresponding right-of-use asset for leases with terms of 12 months or less.

The adoption of ASC 842 resulted in the recognition of an operating lease right-of-use asset of \$314,780 and an operating lease liability of \$345,674 as of January 1, 2022. The standard did not materially impact the Organization’s operations and cash flows.

## COMFORT ZONE CAMP, INC.

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Donated Materials and Services:** In September 2020, the FASB issued ASU 2020-07: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which aims to increase transparency of contributed nonfinancial assets, commonly known as gifts in kind, through enhancements to presentation and disclosures. The ASU requires contributions of nonfinancial assets, including both goods and services, to be presented as a separate line item on the statement of activities. The disclosure requirements also include a disaggregation of contributed nonfinancial assets by category and, for each category, information regarding the valuation methodology and whether the contributed nonfinancial assets were either monetized or used during the reported period. The Organization has adopted this ASU using the retrospective approach as of January 1, 2022. In-kind contributions are separately stated on the statements of activities for the years ended December 31, 2022 and 2021.

The Organization received donated nursing and counseling services for its camp programs totaling \$250,300 for 2022 and \$140,280 for 2021, and these amounts are recorded as revenue without donor restrictions and related expenditures as program expenses in the accompanying statements of activities and statements of functional expenses. The services were valued using prevailing market rates for professionals in similar roles at other non-profit organizations.

Individuals volunteer their time and perform a variety of tasks that assist the Organization to achieve its mission. The value of these services is not recognized in the financial statements either because the value could not be estimated or the services do not qualify for recognition under GAAP.

**Advertising:** The Organization expenses the advertising costs as they are incurred. Advertising costs amounted to \$2,909 for 2022 and \$427 for 2021.

**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.

## COMFORT ZONE CAMP, INC.

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**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.

**Functional Allocation of Expenses:** The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present 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 7).

**Subsequent Events:** Management has evaluated subsequent events through August 23, 2023, the date the financial statements were available to be issued. Other than described in Note 10, there were no subsequent events to be reported in the accompanying financial statements.

## COMFORT ZONE CAMP, INC.

### Notes to Financial Statements, Continued

#### 3. Contributions and Grants Receivable:

Anticipated collections of contributions and grants receivable at December 31 are as follows:

	2022	2021 (Restated)
Less than one year	\$ 50,000	\$ 122,050
One year to five years	100,000	150,000
	<u>150,000</u>	<u>272,050</u>
Less discount to net present value, discount rate of 4.27% for 2022 and 1.26% for 2021	<u>(6,059)</u>	<u>(3,702)</u>
Contributions and grants receivable, net	<u>\$ 143,941</u>	<u>\$ 268,348</u>

#### 4. 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, comprise of the following:

	2022	2021 (Restated)
Financial assets:		
Cash and cash equivalents	\$ 2,480,257	\$ 2,097,176
Contributions and grants receivable, net	<u>143,941</u>	<u>268,348</u>
 Total financial assets	 2,624,198	 2,365,524
 Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	<u>(278,941)</u>	<u>(401,904)</u>
 Financial assets available within one year for general expenditure	 <u>\$ 2,345,257</u>	 <u>\$ 1,963,620</u>

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.

In addition, the Organization maintains a line of credit (see Note 10) that can be accessed if unanticipated liquidity needs arise.



## COMFORT ZONE CAMP, INC.

### Notes to Financial Statements, Continued

#### 5. Net Assets With Donor Restrictions:

At December 31, 2022, net assets with donor restrictions amounted to \$278,941, \$135,000 of which was restricted to specific camp activities. The remaining \$143,941 was restricted for time. Net assets released from restrictions amounted to \$497,963 for the year ended December 31, 2022, and related primarily to camp activities and the passage of time.

At December 31, 2021, net assets with donor restrictions amounted to \$401,904, \$205,606 of which was restricted to partnership programs and related camp activities. The remaining \$196,298 was restricted for time. Net assets released from restrictions amounted to \$456,358 for the year ended December 31, 2021, and related primarily to camp activities.

#### 6. Leases:

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 discount rate used in the calculation of the operating lease liability at December 31, 2022 was 1.37%.

The Organization also leases multiple copiers and postage machines under short-term operating leases with monthly payments ranging from \$138 to \$448 and expire at various dates through March 2023.

Minimum future payments under non-cancellable operating leases as of December 31, 2022 are as follows:

<u>Year Ending</u>	<u>Amount</u>
2023	\$ 72,573
2024	74,024
2025	75,505
2026	<u>63,966</u>
Total lease payments	286,068
Less amount representing interest	<u>(7,626)</u>
Total operating lease liability	<u>\$278,442</u>

## COMFORT ZONE CAMP, INC.

### Notes to Financial Statements, Continued

#### 6. Leases, Continued:

The components of lease expense, which is included in occupancy in the accompanying statements of functional expenses, for the year ended December 31, 2022 are as follows:

Operating lease cost:	
Operating lease cost	\$ 67,514
Short-term lease cost	5,372
Variable lease cost	<u>4,355</u>
Total operating lease cost	<u>\$ 77,241</u>

#### 7. 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 years ended December 31:

	<u>2022</u>	<u>2021</u>
Program services	\$ 1,459,518	\$ 969,555
Management and general	44,629	35,918
Fundraising	<u>442,712</u>	<u>307,615</u>
Total joint costs	<u>\$ 1,946,859</u>	<u>\$ 1,313,088</u>

#### 8. 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. A matching contribution of \$12,684 was made for 2022 and \$13,650 was made for 2021.

## COMFORT ZONE CAMP, INC.

### Notes to Financial Statements, Continued

#### 9. 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.

#### 10. Line of Credit:

The Organization maintains a \$100,000 line of credit, which incurs interest at the bank's prime rate plus 1.0%. The line of credit is secured by substantially all of the assets of the Organization. There were no draws on the line of credit during 2022 or 2021. The line of credit expired in April 2023; however, the Organization renewed the line of credit for an additional year.

#### 11. Correction of an Error:

During 2022, it was determined that a contribution received from a foundation was part of a previous promise to give and should have been accrued as a receivable as of December 31, 2021. As a result, the Organization recorded an adjustment for \$196,298 to increase contributions and grants receivable as of December 31, 2021 and contribution revenue with donor restrictions for the year then ended. Additionally, it was determined that amounts received from foundations in 2021 that were initially deferred from revenue recognition as of December 31, 2021 were unconditional restricted contributions and should have been recorded as revenue in 2021. As a result, the Organization recorded an adjustment for \$191,000 to decrease deferred revenue as of December 31, 2021 and increase contribution revenue with donor restrictions for the year then ended. This results in an increase of net assets with donor restrictions as of December 31, 2021 as well as change in net assets for the year then ended.