

**SPECIAL CAMPS FOR SPECIAL KIDS
DBA: CAMP JOHN MARC AND
CAMP JOHN MARC FOUNDATION, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2022 AND 2021



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**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
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YEARS ENDED DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Special Camps for Special Kids
dba: Camp John Marc and
Camp John Marc Foundation, Inc.
Dallas, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Special Camps for Special Kids dba: Camp John Marc and Camp John Marc Foundation, Inc. which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Special Camps for Special Kids dba: Camp John Marc and Camp John Marc Foundation, Inc. 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 of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Special Camps for Special Kids dba: Camp John Marc and Camp John Marc Foundation, Inc. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Camps for Special Kids dba: Camp John Marc and Camp John Marc Foundation, Inc.'s ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Board of Directors
Special Camps for Special Kids
dba: Camp John Marc and
Camp John Marc Foundation, Inc.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Special Camps for Special Kids dba: Camp John Marc and Camp John Marc Foundation, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Camps for Special Kids dba: Camp John Marc and Camp John Marc Foundation, Inc.'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.

Board of Directors
Special Camps for Special Kids
dba: Camp John Marc and
Camp John Marc Foundation, Inc.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the December 31, 2022 and 2021 consolidated financial statements as a whole. The consolidating statement of financial position as of December 31, 2022, and related consolidating statement of activities is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization has adopted Accounting Standards Updated (ASU) 2016-02, Leases (ASC 842). Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

Fort Worth, Texas
May 18, 2023

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

| | 2022 | 2021 |
|---|---------------|---------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 1,143,573 | \$ 1,215,744 |
| Cash Restricted to Perpetual Endowment | 198,000 | 198,000 |
| Prepaid Expenses and Other Assets | 147,155 | 139,040 |
| Employee Retention Credit Receivable - See Note 12 | - | 80,385 |
| Total Current Assets | 1,488,728 | 1,633,169 |
| NONCURRENT ASSETS | | |
| Operating Right of Use Asset | 207,129 | - |
| Investments, Board Designated | 13,652,134 | 15,840,928 |
| Property and Equipment, Net | 4,152,251 | 4,431,711 |
| Land With Donor Restrictions | 544,666 | 544,666 |
| Total Noncurrent Assets | 18,556,180 | 20,817,305 |
| Total Assets | \$ 20,044,908 | \$ 22,450,474 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 123,727 | \$ 124,852 |
| Current Lease Liability - Operating | 42,001 | - |
| Accrued Expenses | 9,119 | 7,946 |
| Total Current Liabilities | 174,847 | 132,798 |
| NONCURRENT LIABILITIES | | |
| Long-Term Lease Liability - Operating (Less Current Maturities) | 167,933 | - |
| Total Liabilities | 342,780 | 132,798 |
| NET ASSETS | | |
| Without Donor Restrictions: | | |
| Undesignated | 4,888,473 | 5,092,977 |
| Designated by the Board for Endowment | 13,652,134 | 15,840,928 |
| Total Without Donor Restrictions | 18,540,607 | 20,933,905 |
| With Donor Restrictions | 1,161,521 | 1,383,771 |
| Total Net Assets | 19,702,128 | 22,317,676 |
| Total Liabilities and Net Assets | \$ 20,044,908 | \$ 22,450,474 |

See accompanying Notes to Consolidated Financial Statements.

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------|
| REVENUE AND SUPPORT | | | |
| Contributions | \$ 790,097 | \$ 379,533 | \$ 1,169,630 |
| Contributions of Nonfinancial Assets | 1,751 | - | 1,751 |
| Camp User Fees | 243,183 | - | 243,183 |
| Special Events | 365,000 | - | 365,000 |
| Grant Revenue from COVID Relief Acts - See Note 13 | 116,286 | - | 116,286 |
| Investment Return | (1,941,553) | - | (1,941,553) |
| Loss on Disposition of Assets | 65 | - | 65 |
| Net Assets release from Restriction | 601,783 | (601,783) | - |
| Total Revenue and Support | 176,612 | (222,250) | (45,638) |
| EXPENSES | | | |
| Camp Operations | 2,253,495 | - | 2,253,495 |
| Management and General | 236,734 | - | 236,734 |
| Fundraising | 79,681 | - | 79,681 |
| Total Expenses | 2,569,910 | - | 2,569,910 |
| CHANGE IN NET ASSETS | (2,393,298) | (222,250) | (2,615,548) |
| Net Assets - Beginning of Year | 20,933,905 | 1,383,771 | 22,317,676 |
| NET ASSETS - END OF YEAR | \$ 18,540,607 | \$ 1,161,521 | \$ 19,702,128 |

See accompanying Notes to Consolidated Financial Statements.

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------|
| REVENUE AND SUPPORT | | | |
| Contributions | \$ 820,726 | \$ 536,886 | \$ 1,357,612 |
| Contributions of Nonfinancial Assets | 5,000 | - | 5,000 |
| Camp User Fees | 16,010 | - | 16,010 |
| Special Events | 260,000 | - | 260,000 |
| Grant Revenue from COVID Relief Acts - See Note 13 | 80,385 | - | 80,385 |
| Investment Return | 2,127,696 | - | 2,127,696 |
| Loss on Disposition of Assets | 456 | - | 456 |
| Net Assets release from Restriction | 108,895 | (108,895) | - |
| Total Revenue and Support | 3,419,168 | 427,991 | 3,847,159 |
| EXPENSES | | | |
| Camp Operations | 1,497,665 | - | 1,497,665 |
| Management and General | 217,609 | - | 217,609 |
| Fundraising | 80,351 | - | 80,351 |
| Total Expenses | 1,795,625 | - | 1,795,625 |
| CHANGE IN NET ASSETS | 1,623,543 | 427,991 | 2,051,534 |
| Net Assets - Beginning of Year | 19,310,362 | 955,780 | 20,266,142 |
| NET ASSETS - END OF YEAR | \$ 20,933,905 | \$ 1,383,771 | \$ 22,317,676 |

See accompanying Notes to Consolidated Financial Statements.

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

| EXPENSES | <u>Camp Operations</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|--------------------------------------|----------------------------|-----------------------------------|--------------------|---------------------|
| Salaries and Wages | \$ 588,930 | \$ 81,798 | \$ 35,056 | \$ 705,784 |
| Payroll Taxes | 41,439 | 5,598 | 2,399 | 49,436 |
| Employee Health and Retirement | 94,987 | 8,141 | 3,489 | 106,617 |
| Insurance | 166,272 | 16,772 | - | 183,044 |
| Professional Fees | - | 75,961 | - | 75,961 |
| Programs | 66,114 | 13 | - | 66,127 |
| Supplies | 247,953 | 415 | 178 | 248,546 |
| Technology | 18,716 | 4,920 | 2,109 | 25,745 |
| Postage and Shipping | 7,176 | 2,830 | 118 | 10,124 |
| Occupancy | 672,977 | 35,641 | 10,692 | 719,310 |
| Transportation Costs | 16,142 | 56 | 17 | 16,215 |
| Memberships, Dues, and Subscriptions | 976 | - | - | 976 |
| Other Office Expenses | 56,937 | - | - | 56,937 |
| Special Events | - | - | 25,623 | 25,623 |
| Total | <u>1,978,619</u> | <u>232,145</u> | <u>79,681</u> | <u>2,290,445</u> |
| Depreciation | 274,876 | 4,589 | - | 279,465 |
| Total Expenses | <u>\$ 2,253,495</u> | <u>\$ 236,734</u> | <u>\$ 79,681</u> | <u>\$ 2,569,910</u> |

See accompanying Notes to Consolidated Financial Statements.

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

| EXPENSES | <u>Camp Operations</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|--------------------------------------|----------------------------|-----------------------------------|--------------------|---------------------|
| Salaries and Wages | \$ 503,905 | \$ 84,407 | \$ 36,175 | \$ 624,487 |
| Payroll Taxes | 34,822 | 6,132 | 2,628 | 43,582 |
| Employee Health and Retirement | 99,668 | 9,247 | 3,963 | 112,878 |
| Insurance | 107,973 | 16,656 | - | 124,629 |
| Professional Fees | - | 57,216 | - | 57,216 |
| Programs | 37,133 | 13 | - | 37,146 |
| Supplies | 13,926 | 325 | 139 | 14,390 |
| Technology | 11,294 | 4,465 | 1,913 | 17,672 |
| Postage and Shipping | 4,289 | 1,229 | 527 | 6,045 |
| Occupancy | 325,327 | 33,080 | 9,150 | 367,557 |
| Transportation Costs | 12,213 | - | - | 12,213 |
| Memberships, Dues, and Subscriptions | 5,422 | 250 | 75 | 5,747 |
| Other Office Expenses | (473) | - | - | (473) |
| Special Events | - | - | 25,781 | 25,781 |
| Total | <u>1,155,499</u> | <u>213,020</u> | <u>80,351</u> | <u>1,448,870</u> |
| Depreciation | 342,166 | 4,589 | - | 346,755 |
| Total Expenses | <u>\$ 1,497,665</u> | <u>\$ 217,609</u> | <u>\$ 80,351</u> | <u>\$ 1,795,625</u> |

See accompanying Notes to Consolidated Financial Statements.

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

| | <u>2022</u> | <u>2021</u> |
|--|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (2,615,548) | \$ 2,051,534 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 279,465 | 346,755 |
| Noncash Donation - Property and Equipment | - | (5,000) |
| Realized Gain on Sales of Investments | (311,394) | (117,340) |
| Unrealized Investment (Gain) Loss | 2,756,198 | (1,539,678) |
| Changes in Operating Assets and Liabilities: | | |
| Prepaid and Other Assets | (8,115) | (42,469) |
| Employee Retention Credit Receivable - See Note 12 | 80,385 | (80,385) |
| Operating Right of Use Asset | (207,129) | - |
| Accounts Payable | (1,125) | 56,620 |
| Lease Liability | 209,934 | - |
| Accrued Expenses | 1,173 | (1,244) |
| Net Cash Provided by Operating Activities | <u>183,844</u> | <u>668,793</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Investments | (1,280,255) | (1,024,269) |
| Sales of Investments | 1,024,240 | 758,710 |
| Net Cash Used by Investing Activities | <u>(256,015)</u> | <u>(265,559)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (72,171) | 403,234 |
| Cash - Beginning of Year | <u>1,413,744</u> | <u>1,010,510</u> |
| CASH - END OF YEAR | <u><u>\$ 1,341,573</u></u> | <u><u>\$ 1,413,744</u></u> |
| RECONCILIATION TO STATEMENT OF FINANCIAL POSITION | | |
| Cash | \$ 1,143,573 | \$ 1,215,744 |
| Cash Restricted to Perpetual Endowment | 198,000 | 198,000 |
| Total Cash and Cash Equivalents | <u><u>\$ 1,341,573</u></u> | <u><u>\$ 1,413,744</u></u> |

See accompanying Notes to Consolidated Financial Statements.

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Special Camps for Special Kids dba: Camp John Marc (Special Camps) and Camp John Marc Foundation, Inc. (Foundation) (collectively, the Organization) is presented to assist in understanding the consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, who is responsible for the fairness and objectivity embodied in the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Organization

Special Camps is a nonprofit organization qualified under Section 501(c)(3) of the Internal Revenue Code (IRC). In 1987, Special Camps was established to provide and operate camp facilities and improve the quality of life of Texas area children with chronic illnesses or major physical challenges, while providing necessary daily medical treatment. Construction of the original camping facilities was substantially complete in May 1991. The first camping season began in June 1991.

Each year Special Camps benefits over 2,000 kids ages 6 to 16 from all over the state of Texas with conditions such as spina bifida, muscular dystrophy, sickle cell disease, hemophilia, childhood cancer, juvenile arthritis, kidney disease, and asthma. Individual camps are illness-specific, introducing children to others dealing with the same debilitating disease as their own. Special Camps serves as a model for the national and international therapeutic camping community.

The Foundation is a nonprofit organization qualified under Section 501(c)(3) of the IRC and was created on January 28, 2004 to operate as a supporting organization (509(a)(2)) for Special Camps. The purpose of the Foundation is to hold, manage, and invest endowment funds of Special Camps, solicit contributions for Special Camps, and distribute funds and assets for the benefit of Special Camps.

After a two-year pause due to the pandemic in which Special Camps continued programming by creating its online CAMP IS MORE THAN A PLACE program, as well as the Family Escape program, camp reopened in 2022 for traditional programming.

Through three spring and seven fall weekend camps, as well as nine week-long summer camps, the campers and their families were able to once again experience the magic of in-person programming.

Management believes that the majority of the camping programs, including those that did not participate in 2022, will return for the 2023 season, and expects both an increase in overall camper numbers, as well as a return to more normal operations overall.

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

Under the consolidation requirement per FASB Accounting Standards Codification (ASC) 810-10, *Consolidation*, a nonprofit organization must consolidate another nonprofit organization in which it has a controlling financial interest. For this reason, Special Camps' and Foundation's statements of financial position as of December 31, 2022 and 2021, and statements of activities, functional expenses, and cash flows for the years ended December 31, 2022 and 2021 have been consolidated. All transactions between the two entities were eliminated upon consolidation.

Cash Equivalents

The Organization considers all short-term investments with an original maturity of 90 days or less to be cash equivalents. The Organization places cash, which, at times, may exceed federally insured limits. The Organization has not experienced any losses on such amounts.

Investments

Investments, consisting of equity securities and mutual funds, are stated at their current market values. Equity securities are comprised of individual equity shares of publicly traded companies. Mutual funds consist of domestic government and corporate bonds, foreign bonds, domestic value and growth stocks, and foreign stocks. Investment return consists of interest and dividend income, realized gains or losses, and unrealized gains or losses. Investment income is included in income without donor restrictions from operations, unless restricted by the donor.

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 consolidated statements of financial position. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for uncollectible promises to give at December 31, 2022 and 2021.

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost, when purchased, or at fair value as of the date of the gift, when donated. Items with a cost or fair value exceeding \$2,500 and a useful life of greater than one year are capitalized. Major expenditures and expenditures which substantially increase useful lives are capitalized. Maintenance, repairs, and replacements, which do not improve or extend the lives of the respective assets, are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed, and any gain or loss is included in operations.

Depreciation and amortization are calculated using the straight-line method at rates sufficient to amortize the related costs over the estimated useful lives of the respective assets. Estimated useful lives are as follows:

| | |
|-------------------------------|---------------|
| Buildings and Improvements | 30 Years |
| Furniture and Fixtures | 7 Years |
| Computer and Office Equipment | 5 to 7 Years |
| Camp Facilities | 5 to 30 Years |
| Horses and Tack | 5 Years |
| Vehicles | 5 Years |

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, net assets for an operating reserve and 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Program Service Fees

Program Service Fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. These amounts are due from hospitals and includes variable consideration for retrospective revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the hospitals several days after the camps are held based on attendance rosters. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the camps taking place. There are no performance obligations outside of the attendance of the camp and the campers do not receive benefits of any type outside of camp attendance. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The Organization measures the performance obligation from the start of the camp to the end of the camp.

Contributions

Contributions are recognized when received or a donor makes a pledge to give to the Organization that is, in substance, unconditional. Unconditional promises to give expected to be collected within one year, are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are to be received and adjusted for the credit risk of the donor based on management assessment. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Conditional promises to give as of December 31, 2022 and 2021 totaled \$-0-. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions (primarily restrictions as to purpose and/or time) are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of Nonfinancial Assets

Donated goods are recognized as revenue at their estimated fair value during the period received. Donated services are recognized as revenue at their estimated fair value, if both of the following criteria are met: the services require special skills and the services are provided by individuals possessing those skills; and the services would typically need to be purchased, if not donated. Although the Organization may utilize the services of outside volunteers, the fair value of these services has not been recognized in the accompanying consolidated financial statements since they do not meet the criteria for recognition under U.S. GAAP.

The Organization received contributions of goods totaling \$1,751 and \$5,000 for the year ended December 31, 2022 and 2021, respectively. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been presented on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among camp operations, management and general, and fund raising.

Compensated Absences

The Organization has a use it or lose it policy for compensated absences for personal time. Therefore, no accrual is recorded at year-end.

Income Taxes

Special Camps is exempt from federal income taxes under Section 501(a) of the IRC of 1986, as amended, as an organization described in Section 509(a)(1) of the IRC. Special Camps has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to Special Camps qualify for deductions as charitable contributions. However, income generated from activities unrelated to Special Camp's exempt purpose is subject to tax under IRC Section 511. There was no net income from unrelated business for the years ended December 31, 2022 and 2021.

The Foundation is exempt from federal income taxes under Section 501(a) of the IRC of 1986, as amended, as an organization described in Section 509(a)(3) of the IRC. The Foundation has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Foundation qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under IRC Section 511. There was no net income from unrelated business for the years ended December 31, 2022 and 2021.

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses in accordance with U.S. GAAP. Significant estimates used in preparing these financial statements include those assumed in recording depreciation and amortization, allocation of functional expenses and realizable value of unconditional promises to give. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

Leases

The Company leases office space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the Statement of Financial Position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the Statement of Financial Position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the Statement of Financial Position. The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Guidance

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendment to this ASU requires nonprofits to (1) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and (2) include a disclosure of the disaggregation of the amount of contributed nonfinancial assets recognized by category that depicts the type of contributed nonfinancial assets. No cumulative-effect adjustment in net assets was recorded as a result of the adoption.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

Subsequent Events

We have evaluated subsequent events through May 18, 2023, the date the consolidated financial statements were available to be issued.

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
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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 statement of financial position date, comprise the following:

| | 2022 | 2021 |
|--|--------------|--------------|
| Cash and Cash Equivalents Without Donor Restrictions | \$ 1,143,573 | \$ 1,215,744 |
| Employee Retention Credit Receivable - See Note 12 | - | 80,385 |
| Estimated Distributions from Endowment | 234,000 | 310,000 |
| Less: Net Assets Subject to Expenditure for Specified Purpose (see Note 7) | (162,963) | (261,234) |
| Total Assets Available for General Expenditures in the Next 12 Months | \$ 1,214,610 | \$ 1,344,895 |

The executive board has approved an estimated distribution from endowment in an amount up to \$234,000 in 2023 for capital expenditures. Management expects the actual distribution needed to be between \$95,000-105,000, but received approval for the larger amount in the event that capital equipment with significant lead times became available in 2023.

The Organization's endowment funds consist of a donor-restricted endowment and funds designated by the board as endowments. Income from the donor-restricted endowment is available for operations.

The board-designated endowment of \$13,652,134 is subject to distribution at the discretion of the board, as described in Note 6. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation, as estimated above), these amounts could be made available if necessary.

Additionally, the Organization purchases insurance with sufficient coverage to sustain operations for 12 months in the event of a catastrophic event.

NOTE 3 FAIR VALUE MEASUREMENTS

The Organization reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Equity mutual funds, fixed income mutual funds, and exchange traded funds are classified as Level 1.

The Organization’s fair value and cost was as follows at years ended December 31:

| | 2022 | | |
|---|---------------|---------------|-------------------------|
| | Cost | Fair Value | Unrealized Appreciation |
| Professional Managed Funds: | | | |
| Equity Mutual Funds and Exchange Traded Funds | \$ 5,568,425 | \$ 8,674,044 | \$ 3,105,619 |
| Fixed Income Mutual Funds | 5,752,485 | 4,978,090 | (774,395) |
| Total | \$ 11,320,909 | \$ 13,652,134 | \$ 2,331,225 |
| | | | |
| | 2021 | | |
| | Cost | Fair Value | Unrealized Appreciation |
| Professional Managed Funds: | | | |
| Equity Mutual Funds and Exchange Traded Funds | \$ 5,944,242 | \$ 11,072,915 | \$ 5,128,673 |
| Fixed Income Mutual Funds | 4,809,878 | 4,768,013 | (41,865) |
| Total | \$ 10,754,120 | \$ 15,840,928 | \$ 5,086,808 |

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents assets measured at fair value and their respective fair value leveling as of December 31:

| | 2022 | | | Total |
|---|----------------------|-------------|-------------|----------------------|
| | Level 1 | Level 2 | Level 3 | |
| Equity Mutual Funds and Exchange Traded Funds | \$ 8,674,044 | \$ - | \$ - | \$ 8,674,044 |
| Fixed Income Mutual Funds | 4,978,090 | - | - | 4,978,090 |
| Total Assets at Fair Value | <u>\$ 13,652,134</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,652,134</u> |

| | 2021 | | | Total |
|---|----------------------|-------------|-------------|----------------------|
| | Level 1 | Level 2 | Level 3 | |
| Equity Mutual Funds and Exchange Traded Funds | \$ 11,072,915 | \$ - | \$ - | \$ 11,072,915 |
| Fixed Income Mutual Funds | 4,768,013 | - | - | 4,768,013 |
| Total Assets at Fair Value | <u>\$ 15,840,928</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,840,928</u> |

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at December 31 consisted of the following:

| | 2022 | 2021 |
|--------------------------------------|---------------------|---------------------|
| Without Donor Restrictions: | | |
| Land and Land Improvements | \$ 1,108,406 | \$ 1,108,406 |
| Buildings | 8,935,246 | 8,935,246 |
| Camp Program Facilities | 574,701 | 574,701 |
| Fixtures, Furnishings, and Equipment | 3,202,267 | 3,202,267 |
| Access Roads | 67,147 | 67,147 |
| Vehicles | 79,882 | 79,882 |
| Horses and Tack | 37,429 | 37,429 |
| Subtotal | 14,005,078 | 14,005,078 |
| Accumulated Depreciation | (9,852,827) | (9,573,367) |
| Total Without Donor Restrictions | <u>4,152,251</u> | <u>4,431,711</u> |
| With Donor Restrictions: | | |
| Land | 544,666 | 544,666 |
| Property and Equipment, Net | <u>\$ 4,696,917</u> | <u>\$ 4,976,377</u> |

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
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NOTE 5 LEASES – ASC 842

The Organization leases office space for various terms under a long-term, noncancelable lease agreement. The lease expires in 2027. In the normal course of business, it is expected that this lease will be renewed or replaced by a similar lease.

The following table provides quantitative information concerning the Organization's lease at December 31, 2022:

| | |
|-----------------------|------------------|
| Lease Costs: | |
| Operating Lease Costs | \$ 47,235 |
| Total Lease Costs | <u>\$ 47,235</u> |

Other Information:

| | |
|--|------------|
| Cash Paid for Amounts Included in the Measurement of Lease Liabilities: | |
| Operating Cash Flow from Operating Leases | \$ 44,519 |
| Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities | \$ 249,893 |
| Weighted-Average Remaining Lease Term - Operating Leases | 4.6 years |
| Weighted-Average Discount Rate - Operating | 2.00% |

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

| <u>Year Ending December 31,</u> | <u>Operating Leases</u> |
|------------------------------------|-----------------------------|
| 2023 | \$ 45,742 |
| 2024 | 46,964 |
| 2025 | 48,187 |
| 2026 | 49,409 |
| 2027 | 29,408 |
| Thereafter | - |
| Total Lease Payments | <u>219,710</u> |
| Less: Imputed Interest | <u>(9,776)</u> |
| Present Value of Lease Liabilities | <u>\$ 209,934</u> |

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
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NOTE 6 OPERATING LEASE AGREEMENTS – ASC 840

The Organization elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

In January 2020, the Organization signed an agreement for its office space. The lease requires monthly payments of \$3,532 escalating to \$4,245 by the year 2027. The lease will expire in July 2027.

Future minimum lease payments under the noncancelable leases are approximately as follows:

| <u>Year Ending December 31, 2021</u> | <u>Amount</u> |
|--------------------------------------|-------------------|
| 2022 | \$ 44,519 |
| 2023 | 45,742 |
| 2024 | 46,964 |
| 2025 | 48,187 |
| 2026 and Thereafter | 78,817 |
| Total | <u>\$ 264,229</u> |

Rent expenses for the year ending December 31, 2021 was \$61,002.

NOTE 7 ENDOWMENTS

The Organization’s endowments were established to support Special Camps and may include both donor-restricted endowment funds and funds designated by the board to function as endowments. Net assets associated with the endowment funds, including funds designated by the board, are classified and reported based on the existence or absence of donor-imposed restrictions

Interpretation of Relevant Law

Effective January 1, 2008, the Organization adopted the provisions of FASB guidance related to endowments for nonprofit organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds. This position provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

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NOTE 7 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

The board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act of 2007 (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as restricted net assets in perpetuity (a) the original value of gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as restricted net assets in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor- restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

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NOTE 7 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

As of December 31, the Organization had the following endowment net asset composition by type of fund:

| <u>December 31, 2022</u> | <u>Without Donor Restriction</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|--------------------------------------|------------------------------------|----------------------|
| Board-Designated Endowment Funds | \$ 13,652,134 | \$ - | \$ 13,652,134 |
| Donor-Restricted Endowment Funds: Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor | - | 198,000 | 198,000 |
| Total | <u>\$ 13,652,134</u> | <u>\$ 198,000</u> | <u>\$ 13,850,134</u> |
| <u>December 31, 2021</u> | | | |
| Board-Designated Endowment Funds | \$ 15,840,928 | \$ - | \$ 15,840,928 |
| Donor-Restricted Endowment Funds: Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor | - | 198,000 | 198,000 |
| Total | <u>\$ 15,840,928</u> | <u>\$ 198,000</u> | <u>\$ 16,038,928</u> |

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2022 and 2021, there were no underwater endowments.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supplied by its endowment while seeking to maintain the principal of the endowment assets. Endowment assets include those assets of donor-restricted funds as well as board-designated funds. Under this policy, as approved by the board, the endowment assets are invested in a manner in diverse investments without a target return other than earning the highest rate of return without undue risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization invests only in publicly traded mutual funds and exchange traded funds of a diversified mix, with a target of 35% in fixed income and 65% in equity investments. Actual portfolio allocations may vary depending on management and board discretion.

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NOTE 6 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization has a policy of appropriating for distribution funds on a need basis each year. In establishing these policies, the Organization considers the expected return on its endowment.

Changes in endowment net assets for the years ended December 31 were as follows:

| <u>December 31, 2022</u> | <u>Without Donor Restriction</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|--------------------------------------|------------------------------------|----------------------|
| Endowment Net Assets - Beginning of Year | \$ 15,840,928 | \$ 198,000 | \$ 16,038,928 |
| Investment Return, Net | (1,946,828) | - | (1,946,828) |
| Contributions | 515 | - | 515 |
| Distribution from Board-Designated Pursuant to Distribution Policy | <u>(242,481)</u> | <u>-</u> | <u>(242,481)</u> |
| Endowment Net Assets - End of Year | <u>\$ 13,652,134</u> | <u>\$ 198,000</u> | <u>\$ 13,850,134</u> |
| <u>December 31, 2021</u> | | | |
| Endowment Net Assets - Beginning of Year | \$ 13,918,351 | \$ 198,000 | \$ 14,116,351 |
| Investment Return, Net | 2,126,367 | - | 2,126,367 |
| Contributions | 1,002 | - | 1,002 |
| Distribution from Board-Designated Pursuant to Distribution Policy | <u>(204,792)</u> | <u>-</u> | <u>(204,792)</u> |
| Endowment Net Assets - End of Year | <u>\$ 15,840,928</u> | <u>\$ 198,000</u> | <u>\$ 16,038,928</u> |

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
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NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods for the years ended December 31:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Subject to Expenditure for Specified Purpose: | | |
| Brick Pathways, Live Oak Campaign | \$ 49,380 | \$ 41,115 |
| Our House/Camping | 57,524 | 62,060 |
| Land | 4,909 | 4,909 |
| Swimming Pool | - | 100,000 |
| Scholarships | 51,150 | 53,150 |
| Total | <u>162,963</u> | <u>261,234</u> |
| Subject to the Passage of Time: | | |
| Donated Land | 544,666 | 544,666 |
| Contributions Received for the Upcoming Year | 255,892 | 379,871 |
| Total | <u>800,558</u> | <u>924,537</u> |
| Endowments: | | |
| Subject to the Organization Endowment Spending Policy and Appropriation: | | |
| To be Held in Perpetuity | <u>198,000</u> | <u>198,000</u> |
| Total | <u>198,000</u> | <u>198,000</u> |
| Total Net Assets with Donor Restrictions | <u>\$ 1,161,521</u> | <u>\$ 1,383,771</u> |

Special Camps has land that was donated in 1987 with an original value of \$544,666 that is restricted for the use of Special Camps until the year 2086. Otherwise, the land must be given to the Texas Scottish Rite Hospital for Children.

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NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Expiration of Time Restrictions | \$ 379,871 | \$ - |
| Satisfaction of Purpose Restrictions: | | |
| Brick Pathways, Live Oak Campaign | 41,116 | 93,995 |
| Our House/Camping | 4,536 | - |
| Swimming Pool | 100,000 | - |
| Scholarships | 3,000 | - |
| Campership | 68,510 | 12,500 |
| Equine | - | 500 |
| Herbicide for Lake | 750 | - |
| Chairs and Tables | 3,000 | - |
| Technology | - | 900 |
| COVID-19 Supplies | 1,000 | 1,000 |
| Total Net Assets Released from Donor Restrictions | <u>\$ 601,783</u> | <u>\$ 108,895</u> |

NOTE 9 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The categorization is done by the use of class: Capital Maintenance Expenses, Camp Operations, Management, and Nonoperating Expenses. The nonoperating expenses may be from restricted funds that relate to Operations or Capital Maintenance which were part of the prior year revenues. Management expenses are allocated based on management's best estimate of the space and time used and is applied on a consistent basis from year to year. Fundraising expenses are considered part of the operations of the Camp but maintained in separate accounts for segregation in the functional expenses worksheet.

NOTE 10 RETIREMENT PLANS

In 2003, Special Camps established a 403(b)(7) defined contribution plan (Plan). The Plan covers all eligible employees, as defined. Under the Plan, employees can contribute a portion of their pre-tax compensation. Employer contributions are discretionary. During the years ended December 31, 2022 and 2021, the Organization contributed up to 10% of an employee's base salary to the Plan, resulting in contributions to the Plan of \$39,055 and \$38,950, respectively.

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NOTE 11 CONCENTRATIONS

One major donor contributed 20% and 13% of the Organization's total contribution and special event revenue for the years ended December 31, 2022 and 2021, respectively.

NOTE 12 RELATED PARTY TRANSACTIONS

The Organization purchased insurance from an entity managed by a board member. Total amounts paid to the entity were approximately \$181,663 and \$114,565 during the years ending in December 31, 2022 and 2021, respectively. Total amounts due to the entity were \$92,776 and \$86,134 at December 31, 2022 and 2021, respectively.

Special Camps utilized interior design services from an entity owned by a board member for the completion of certain camp facilities. Total amounts paid to the entity were \$- and \$8,658, respectively, during the years ended in December 31, 2022 and 2021, respectively.

The Organization received \$90,525 and \$159,781 in contributions from board members for the years ended December 31, 2022 and 2021, respectively.

NOTE 13 GRANT REVENUE FROM COVID RELIEF ACTS

Certain funding programs from the government under certain Covid Relief Acts are recognized when all conditions of such programs are fulfilled or there is reasonable assurance that they will be fulfilled. The Organization complied with the conditions of the Employee Retention Tax Credit (ERC) funding in the amount of \$116,286 for the applicably eligible quarters in 2021 recorded to revenue during the year ended December 31, 2022 as well as funding in the amount of \$80,385 for the applicably eligible quarters in 2020 recorded to revenue during the year ended December 31, 2021. Grants related to the Employee Retention Tax Credit are classified as Grant Revenue from Covid Relief Acts in the Statement of Activities and Employee Retention Credit Receivable in the Statement of Financial Position.

NOTE 14 REVENUE RECOGNITION

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of goods and services:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|------------------|
| Revenue Recognized Over Time | | |
| Camp Fees | \$ 235,251 | \$ 13,271 |
| Total Revenue Recognized Over Time | <u>\$ 235,251</u> | <u>\$ 13,271</u> |
| Revenue Recognized at a Point in Time | | |
| Store Sales | \$ 7,932 | \$ 2,739 |
| Total Revenue Recognized at a Point in Time | <u>\$ 7,932</u> | <u>\$ 2,739</u> |

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CONSOLIDATING STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

| | Special Camps for Special Kids dba: Camp John Marc | Camp John Marc Foundation | Eliminations | Total |
|---|--|---------------------------------|--------------|----------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash Without Donor Restrictions | \$ 1,143,573 | \$ - | \$ - | \$ 1,143,573 |
| Cash With Donor Restrictions | 198,000 | - | - | 198,000 |
| Prepaid Expenses and Other Assets | 141,416 | 5,739 | - | 147,155 |
| Total Current Assets | <u>1,482,989</u> | <u>5,739</u> | <u>-</u> | <u>1,488,728</u> |
| NONCURRENT ASSETS | | | | |
| Investments, Board Designated | - | 13,652,134 | - | 13,652,134 |
| Property and Equipment: | | | | |
| Without Donor Restrictions | 4,152,251 | - | - | 4,152,251 |
| With Donor Restrictions | 544,666 | - | - | 544,666 |
| Operating Right of Use Asset | 207,129 | - | - | 207,129 |
| Total Noncurrent Assets | <u>4,904,046</u> | <u>13,652,134</u> | <u>-</u> | <u>18,556,180</u> |
| Total Assets | <u>\$ 6,387,035</u> | <u>\$ 13,657,873</u> | <u>\$ -</u> | <u>\$ 20,044,908</u> |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts Payable | \$ 116,843 | \$ 6,884 | \$ - | \$ 123,727 |
| Current Lease Liability - Operating | 42,001 | - | - | 42,001 |
| Accrued Expenses | 9,119 | - | - | 9,119 |
| Total Current Liabilities | <u>167,963</u> | <u>6,884</u> | <u>-</u> | <u>174,847</u> |
| NONCURRENT LIABILITIES | | | | |
| Long-Term Lease Liability - Operating (Less Current Maturities) | <u>167,933</u> | <u>-</u> | <u>-</u> | <u>167,933</u> |
| Total Liabilities | 335,896 | 6,884 | - | 342,780 |
| NET ASSETS | | | | |
| Without Donor Restrictions | 4,889,618 | 13,650,989 | - | 18,540,607 |
| With Donor Restrictions | 1,161,521 | - | - | 1,161,521 |
| Total Net Assets | <u>6,051,139</u> | <u>13,650,989</u> | <u>-</u> | <u>19,702,128</u> |
| Total Liabilities and Net Assets | <u>\$ 6,387,035</u> | <u>\$ 13,657,873</u> | <u>\$ -</u> | <u>\$ 20,044,908</u> |

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

| | Special Camps for Special Kids dba: Camp John Marc | Camp John Marc Foundation | Eliminations | Total |
|--|--|---------------------------------|--------------|----------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash Without Donor Restrictions | \$ 1,215,744 | \$ - | \$ - | \$ 1,215,744 |
| Cash With Donor Restrictions | 198,000 | - | - | 198,000 |
| Prepaid Expenses and Other Assets | 133,456 | 5,584 | - | 139,040 |
| Employee Retention Credit Receivable - See Note 12 | 80,385 | - | - | 80,385 |
| Total Current Assets | <u>1,627,585</u> | <u>5,584</u> | <u>-</u> | <u>1,633,169</u> |
| NONCURRENT ASSETS | | | | |
| Investments, Board Designated | - | 15,840,928 | - | 15,840,928 |
| Property and Equipment: | | | | |
| Without Donor Restrictions | 4,431,711 | - | - | 4,431,711 |
| With Donor Restrictions | 544,666 | - | - | 544,666 |
| Total Noncurrent Assets | <u>4,976,377</u> | <u>15,840,928</u> | <u>-</u> | <u>20,817,305</u> |
| Total Assets | <u>\$ 6,603,962</u> | <u>\$ 15,846,512</u> | <u>\$ -</u> | <u>\$ 22,450,474</u> |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts Payable | \$ 119,043 | \$ 5,809 | \$ - | \$ 124,852 |
| Accrued Expenses | 7,946 | - | - | 7,946 |
| Total Current Liabilities | <u>126,989</u> | <u>5,809</u> | <u>-</u> | <u>132,798</u> |
| NET ASSETS | | | | |
| Without Donor Restrictions | 5,093,202 | 15,840,703 | - | 20,933,905 |
| With Donor Restrictions | 1,383,771 | - | - | 1,383,771 |
| Total Net Assets | <u>6,476,973</u> | <u>15,840,703</u> | <u>-</u> | <u>22,317,676</u> |
| Total Liabilities and Net Assets | <u>\$ 6,603,962</u> | <u>\$ 15,846,512</u> | <u>\$ -</u> | <u>\$ 22,450,474</u> |

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

| | <u>Special Camps for Special Kids dba: Camp John Marc</u> | | | <u>Camp John Marc Foundation</u> | <u>Eliminations</u> | <u>Total</u> |
|--|---|------------------------------------|---------------------|--|---------------------|----------------------|
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> | | | |
| REVENUE AND SUPPORT | | | | | | |
| Contributions | \$ 1,022,084 | \$ 379,533 | \$ 1,401,617 | \$ 515 | \$ (232,502) | \$ 1,169,630 |
| Contributions of Nonfinancial Assets | 1,751 | - | 1,751 | - | - | 1,751 |
| Camp User Fees | 243,183 | - | 243,183 | - | - | 243,183 |
| Special Events | 365,000 | - | 365,000 | - | - | 365,000 |
| Grant Revenue from COVID Relief Acts - See Note 12 | 116,286 | - | 116,286 | - | - | 116,286 |
| Investment Return | 5,275 | - | 5,275 | (1,946,828) | - | (1,941,553) |
| Loss on Disposition of Assets | 65 | - | 65 | - | - | 65 |
| Net Assets Released from Restriction | 601,783 | (601,783) | - | - | - | - |
| Total Revenue and Support | <u>2,355,427</u> | <u>(222,250)</u> | <u>2,133,177</u> | <u>(1,946,313)</u> | <u>(232,502)</u> | <u>(45,638)</u> |
| EXPENSES | | | | | | |
| Camp Operations | 2,253,492 | - | 2,253,492 | 232,505 | (232,502) | 2,253,495 |
| Management and General | 225,838 | - | 225,838 | 10,896 | - | 236,734 |
| Fundraising | 79,681 | - | 79,681 | - | - | 79,681 |
| Total Expenses | <u>2,559,011</u> | <u>-</u> | <u>2,559,011</u> | <u>243,401</u> | <u>(232,502)</u> | <u>2,569,910</u> |
| CHANGE IN NET ASSETS | (203,584) | (222,250) | (425,834) | (2,189,714) | - | (2,615,548) |
| Net Assets - Beginning of Year | <u>5,093,202</u> | <u>1,383,771</u> | <u>6,476,973</u> | <u>15,840,703</u> | <u>-</u> | <u>22,317,676</u> |
| NET ASSETS - END OF YEAR | <u>\$ 4,889,618</u> | <u>\$ 1,161,521</u> | <u>\$ 6,051,139</u> | <u>\$ 13,650,989</u> | <u>\$ -</u> | <u>\$ 19,702,128</u> |

**SPECIAL CAMPS FOR SPECIAL KIDS DBA: CAMP JOHN MARC
AND CAMP JOHN MARC FOUNDATION, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

| | <u>Special Camps for Special Kids dba: Camp John Marc</u> | | | <u>Camp John Marc Foundation</u> | <u>Eliminations</u> | <u>Total</u> |
|--|---|------------------------------------|---------------------|--|---------------------|----------------------|
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> | | | |
| REVENUE AND SUPPORT | | | | | | |
| Contributions | \$ 1,020,710 | \$ 536,886 | \$ 1,557,596 | \$ 1,002 | \$ (200,986) | \$ 1,357,612 |
| Contributions of Nonfinancial Assets | 5,000 | - | 5,000 | - | - | 5,000 |
| Camp User Fees | 16,010 | - | 16,010 | - | - | 16,010 |
| Special Events | 260,000 | - | 260,000 | - | - | 260,000 |
| Grant Revenue from COVID Relief Acts - See Note 12 | 80,385 | - | 80,385 | - | - | 80,385 |
| Investment Return | 1,329 | - | 1,329 | 2,126,367 | - | 2,127,696 |
| Loss on Disposition of Assets | 456 | - | 456 | - | - | 456 |
| Net Assets Released from Restriction: | 108,895 | (108,895) | - | - | - | - |
| Total Revenue and Support | <u>1,492,785</u> | <u>427,991</u> | <u>1,920,776</u> | <u>2,127,369</u> | <u>(200,986)</u> | <u>3,847,159</u> |
| EXPENSES | | | | | | |
| Camp Operations | 1,497,665 | - | 1,497,665 | 200,986 | (200,986) | 1,497,665 |
| Management and General | 207,951 | - | 207,951 | 9,658 | - | 217,609 |
| Fundraising | 80,351 | - | 80,351 | - | - | 80,351 |
| Total Expenses | <u>1,785,967</u> | <u>-</u> | <u>1,785,967</u> | <u>210,644</u> | <u>(200,986)</u> | <u>1,795,625</u> |
| CHANGE IN NET ASSETS | (293,182) | 427,991 | 134,809 | 1,916,725 | - | 2,051,534 |
| Net Assets - Beginning of Year | <u>5,386,384</u> | <u>955,780</u> | <u>6,342,164</u> | <u>13,923,978</u> | <u>-</u> | <u>20,266,142</u> |
| NET ASSETS - END OF YEAR | <u>\$ 5,093,202</u> | <u>\$ 1,383,771</u> | <u>\$ 6,476,973</u> | <u>\$ 15,840,703</u> | <u>\$ -</u> | <u>\$ 22,317,676</u> |