

**CAMP Rehoboth, Inc.
and Subsidiary
Consolidated Financial Statements
December 31, 2021**



TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Assets, Liabilities and Net Assets – Modified Cash Basis	3
Consolidated Statement of Revenue, Expenses and Changes in Net Assets – Modified Cash Basis	4
Consolidated Statement of Functional Expenses – Modified Cash Basis	5
Notes to the Consolidated Financial Statements	6 - 12

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CAMP Rehoboth, Inc. and Subsidiary
Rehoboth Beach, Delaware

Qualified Opinion

We have audited the accompanying consolidated financial statements of CAMP Rehoboth, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statement of assets, liabilities and net assets – modified cash basis as of December 31, 2021, and the related consolidated statements of revenue, expenses and changes in net assets – modified cash basis and functional expenses – modified cash basis for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion section of our report, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and net assets of CAMP Rehoboth, Inc. and subsidiary as of December 31, 2021 and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Qualified Opinion

As discussed in Note 13, because of an ongoing investigation we were unable to obtain sufficient appropriate audit evidence to form an opinion regarding purchases and reimbursements to a former employee totaling approximately \$86,000 for the year ended December 31, 2021, which are recorded as program expense in the accompanying consolidated statement of functional expenses – modified cash basis. If these costs are deemed counterfeit, it could affect the classification of functional expenses between program services and management & general. Additionally, any related cost reimbursable grant revenue received could be due back to the granting agencies for the year ended December 31, 2021, as well as for any prior periods affected.

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

Basis of Accounting

We draw attention to Note 1 of the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 consolidated financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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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 CAMP Rehoboth, Inc.'s ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 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 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 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 consolidated 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 CAMP Rehoboth, 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 CAMP Rehoboth, 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.



Timonium, Maryland
October 27, 2022

CAMP REHOBOTH, INC.
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 562,788
Certificate of deposit	104,738

Total current assets	667,526
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**BENEFICIAL INTEREST IN ENDOWMENT FUNDS
HELD BY OTHERS**

	76,990
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PROPERTY AND EQUIPMENT

Buildings	2,590,078
Building improvements	2,206,464
Furniture and fixtures	62,982
Office equipment	78,490
Vehicles	24,907
Less: accumulated depreciation	(1,558,944)

Net property and equipment	3,403,977
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TOTAL ASSETS

	\$ 4,148,493
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Security deposits	\$ 4,350
Current maturities of long-term debt	60,348

Total current liabilities	64,698
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LONG-TERM DEBT, net of current maturities

	2,305,991
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Total liabilities	2,370,689
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NET ASSETS

Without donor restrictions	
Undesignated	1,609,204
Board designated	69,351
	1,678,555
With donor restrictions	99,249

Total net assets	1,777,804
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TOTAL LIABILITIES AND NET ASSETS

	\$ 4,148,493
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See accompanying notes.

CAMP REHOBOTH, INC.
CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Donations	\$ 217,560	\$ 7,371	\$ 224,931
Grants	217,021	11,587	228,608
Membership dues	260,282	-	260,282
Special events	203,686	-	203,686
Newsletter	140,648	-	140,648
Rental income	72,613	-	72,613
PPP loan forgiveness	151,034	-	151,034
Miscellaneous	12	-	12
Net investment return	(637)	-	(637)
Change in beneficial interest in endowment funds held by others	1,670	-	1,670
Net assets released from restrictions	40,851	(40,851)	-
Total support and revenue	1,304,740	(21,893)	1,282,847
EXPENSES			
Program services			
Community center	240,879	-	240,879
Outreach	287,445	-	287,445
Health and wellness	298,411	-	298,411
Total program services	826,735	-	826,735
Rental operations	78,205	-	78,205
Management and general	116,590	-	116,590
Fundraising and development	120,672	-	120,672
Total expenses	1,142,202	-	1,142,202
CHANGE IN NET ASSETS	162,538	(21,893)	140,645
NET ASSETS			
BEGINNING OF YEAR	1,516,017	121,142	1,637,159
END OF YEAR	\$ 1,678,555	\$ 99,249	\$ 1,777,804

See accompanying notes.

CAMP REHOBOTH, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services				Rental Operations	Management & General	Fundraising & Development	Total
	Community Center	Outreach	Health & Wellness	Total				
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,750	\$ -	\$ 14,750
Advertising	2,340	1,064	691	4,095	-	957	266	5,318
Auto expense	-	952	-	952	-	-	-	952
Bank and credit card fees	5,567	2,531	1,645	9,743	-	2,182	633	12,558
Conferences and meetings	66	30	20	116	-	26	8	150
Contributions	200	-	-	200	-	-	100	300
Depreciation	40,521	18,419	11,972	70,912	17,396	16,577	4,605	109,490
Employee benefits	17,169	7,804	15,124	40,097	-	7,024	1,951	49,072
Events	24,445	11,112	7,223	42,780	-	10,001	56,031	108,812
Health and youth programs	-	-	123,640	123,640	-	-	-	123,640
Information technology	1,633	742	483	2,858	-	668	186	3,712
Insurance	5,091	2,314	1,504	8,909	7,359	2,083	579	18,930
Interest	17,702	8,046	5,230	30,978	40,230	7,242	2,012	80,462
Legal and professional fees	22,242	10,110	6,572	38,924	-	9,099	2,528	50,551
Memberships and subscriptions	483	219	143	845	-	197	55	1,097
Memberships premiums	384	175	114	673	-	158	44	875
Newsletter production	-	119,282	-	119,282	-	-	-	119,282
Payroll taxes	5,863	5,649	8,342	19,854	-	2,398	666	22,918
Payroll service	3,515	1,597	1,038	6,150	-	1,438	399	7,987
Postage	2,138	976	631	3,745	-	874	243	4,862
Printing	1,924	45,127	568	47,619	-	787	219	48,625
Property taxes	1,233	561	365	2,159	2,803	505	140	5,607
Repairs and maintenance	7,241	3,293	2,138	12,672	5,401	2,961	823	21,857
Salaries	68,384	40,833	106,671	215,888	-	30,717	47,532	294,137
Storage	2,129	968	629	3,726	-	871	241	4,838
Supplies	3,285	2,312	1,503	7,100	-	2,080	577	9,757
Taxes and licenses	156	71	46	273	-	64	18	355
Telephone	1,703	774	504	2,981	-	696	194	3,871
Utilities	5,465	2,484	1,615	9,564	5,016	2,235	622	17,437
Total	\$ 240,879	\$ 287,445	\$ 298,411	\$ 826,735	\$ 78,205	\$ 116,590	\$ 120,672	\$ 1,142,202

See accompanying notes.

CAMP REHOBOTH, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 **Summary of Significant Accounting Policies**

Nature of organization - CAMP Rehoboth, Inc. is a non-profit organization that was formed as a community service organization on December 6, 1991. On September 13, 2016, CAMP Rehoboth Properties, LLC was formed, as a wholly owned subsidiary of CAMP Rehoboth, Inc. to hold all real property utilized in the operation of the facility and to obtain financing. Collectively the Organizations are known as CAMP. CAMP's mission is to create a positive environment inclusive of all sexual orientations and gender identities in Rehoboth Beach and its related communities, as well as promote cooperation and understanding among all people to build a safer community with room for all.

Principles of consolidation - The accompanying consolidated financial statements include the accounts of Camp Rehoboth, Inc., and CAMP Rehoboth Properties, LLC. All significant inter-organization transactions and balances have been eliminated in consolidation.

Basis of presentation - The accompanying consolidated financial statements have been prepared using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis, certain revenue is recorded when cash is received rather than when earned and certain expenses are recorded when paid rather than when the obligations are incurred. However, property and equipment (and related debt) is capitalized and depreciated over the estimated useful life of each asset. Additionally, investments, certificate of deposit and beneficial interests in endowment funds held by others are presented at fair value and security deposits received from tenants are recorded as a liability.

CAMP reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CAMP. These net assets may be used at the discretion of CAMP's management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CAMP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of estimates - The preparation of consolidated financial statements under the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents - CAMP considers all money market funds and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments and certificates of deposit- Investments with readily determinable fair values are reported at their fair value in the consolidated statement of assets, liabilities and net assets – modified cash basis. Certificates of deposit are carried at the original deposited amount, plus accrued interest, which approximates fair value due to the short-term nature of the deposits. Net investment return is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses, if any.

CAMP REHOBOTH, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 **Summary of Significant Accounting Policies (continued)**

Beneficial interest in endowment funds held by others (beneficial interest) - CAMP is the beneficiary of two separate endowment funds held and administered by the Delaware Community Foundation, Inc. (DCF). Beneficiaries of interests in endowment funds held by others record, as a contribution and asset, the present value of the estimated future cash receipts to be received from the endowment, over the life of the endowment. Due to the perpetual nature of the endowments, the future cash flows from these endowments cannot be estimated. Under such circumstances, not-for-profit entities are permitted to base the present value measurement on the fair market value of an endowment's assets. CAMP records the beneficial interest in the assets held by DCF at fair value as measured and reported by DCF. As such, the beneficial interest in endowments held by others is re-measured at the fair value annually with the change in valuation reflected in the consolidated statement of revenue, expenses and changes in net assets – modified cash basis, separate from any related distributions. Distributions from the beneficial interests may only be made from the cumulative annual distribution amount as determined by DCF and are made based on requests for grants made by CAMP. If an urgent funding need arises, CAMP may submit a request to receive an amount over the annual distribution amount.

The endowment funds shall be used to support the charitable purposes of CAMP and scholarships in memory of Fay Jacobs, as detailed in each agreement. In accordance with the agreements, the endowment funds are invested pursuant to the DCF's governing instrument and investment policies and DCF has the power to carry out the purposes of the endowment fund.

Property and equipment - Property and equipment, with an original cost in excess of \$1,000, is capitalized at the date of purchase. Depreciation is calculated over the estimated useful lives of the respective assets on an accelerated basis, ranging from three to seven years for furniture, equipment, and vehicles. Buildings and improvements are depreciated on the straight-line basis over the estimated useful life of thirty-nine years.

Donations and grants – Donations received are recorded as 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 without donor restrictions, if the restriction expires in the reporting period in which support is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Under its modified cash basis method of accounting, CAMP has not recognized as revenues grants or contributions of assets or services which might otherwise meet the recognition criteria of accounting principles generally accepted in the United States of America. CAMP may receive information from governmental agencies it serves regarding reconciliations of prior years grants. CAMP recognizes the related adjustments when they are known and estimable.

Income taxes - CAMP Rehoboth, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation as defined in Code Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1). CAMP Rehoboth Properties, LLC is a single-member limited liability company, wholly owned by CAMP Rehoboth, Inc., which is disregarded for income tax purposes. CAMP has no taxable unrelated business income for the year ended December 31, 2021. Accordingly, no provision for income taxes is reflected in these consolidated financial statements.

CAMP REHOBOTH, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 **Summary of Significant Accounting Policies (continued)**

Functional allocation of expenses - The costs of providing the various programs and other activities have been reported on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include advertising, bank and credit card fees, conferences and meetings, depreciation, employee benefits, events, information technology, insurance, interest, legal and professional fees, memberships and subscriptions, membership premiums, payroll taxes, payroll service, postage, printing, property taxes, repairs and maintenance, salaries, storage, supplies, taxes and licenses, telephone and utilities, which are allocated on the basis of estimates of time and effort. Certain costs have been allocated to rental operations. The expenses that are allocated include depreciation, insurance, interest, property taxes, repairs and maintenance, and utilities, which are allocated on the basis of estimates of square footage.

NOTE 2 **Availability and Liquidity**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the consolidated statement of assets, liabilities and net assets – modified cash basis, comprise the following as of December 31, 2021:

Cash and cash equivalents	\$ 562,788
Certificate of deposit	<u>104,738</u>
Financial assets, as of December 31, 2021	667,526
Less those unavailable for general expenditures within one year, due to:	
Restricted reserves	(63,910)
Restricted by donor with purpose restrictions	<u>(99,249)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 504,367</u></u>

As part of the liquidity management plan, CAMP invests cash, in excess of daily requirements, in money market funds, certificates of deposit and equities. Funds held in a managed investment portfolio could be made available if the need arises.

NOTE 3 **Restricted Reserves**

Pursuant to the requirements of the USDA mortgage (see Note 7), CAMP maintains a separate reserve account for the purpose of accumulating an amount equivalent to a full year of debt service payments of \$139,440. The requirements stipulate that \$1,162, which represents an amount equal to one tenth of the monthly debt service payment, be deposited into a restricted reserve account each month until the full year of debt service payments has accumulated. The restricted balance required in the reserve account as of December 31, 2021 was \$63,910, which is included in certificate of deposit in the consolidated statement of assets, liabilities and net assets.

CAMP REHOBOTH, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 **Fair Value Measurements**

CAMP measures its investments, certificates of deposit and beneficial interest at fair value with an established framework that prioritizes the inputs to valuation techniques used to measure fair value, as follows:

- Level 1: Quoted market prices in active markets for identical assets and liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data

Fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation hierarchy.

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 104,738	\$ -	\$ 104,738
Beneficial Interest	-	-	76,990	76,990
	\$ -	\$ 104,738	\$ 76,990	\$ 181,728

The valuation methods, described in Note 1, may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while CAMP believes DCF's valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The changes in investments measured at fair value for which CAMP used Level 3 inputs to determine fair value are as follows:

Balance - January 1,	\$ 25,085
Transfer in / (out)	50,235
Investment income	2,199
Appreciation / depreciation, net of fees	(529)
Balance - December 31,	\$ 76,990

CAMP recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. Administration expenses charged by DCF totaled \$529 for the year ended December 31, 2021.

NOTE 5 **Investments and Certificate of Deposit**

The following schedule summarizes CAMP's net investment return for the year ended December 31, 2021:

Interest & dividends	\$ 406
Realized loss on investments	(1,043)
Net investment return	\$ (637)

CAMP REHOBOTH, INC.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 6 **Loans Payable**

On May 7, 2020, CAMP received loan funds in the amount of \$77,486 pursuant to the Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted March 27, 2020. The terms of the loan stipulated that the loan would mature on May 7, 2022 and bore interest at a rate of 1% per year; however, on March 20, 2021, CAMP received forgiveness of the loan by the Small Business Administration (SBA).

On February 8, 2021, CAMP received loan funds in the amount of \$73,548 pursuant to the PPP Second Draw Program, established as part of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Economic Aid Act) which was enacted December 27, 2020. The loan was due to mature on February 8, 2026 and bore interest at a rate of 1% per year; however, on June 15, 2021, CAMP received forgiveness of the loan by the SBA.

NOTE 7 **Long-Term Debt**

On May 12, 2017, CAMP Rehoboth Properties, LLC executed a mortgage note payable to Rural Housing Service, USDA in the aggregate principal amount of \$2,623,000. The note bears interest at a rate of 3.375% and requires monthly principal and interest payments of \$11,620 over a term of 30 years, with the balance payable at maturity, May 12, 2047. The note is secured by all real and personal property located at 37 & 39 Baltimore Avenue. In addition, CAMP maintains a separate reserve account in compliance with the loan (see Note 3).

Future maturities of long-term debt for the years ended December 31, are as follows:

2022	\$	60,348
2023		62,417
2024		64,344
2025		66,762
2026		69,050
Thereafter		2,043,418
	\$	2,366,339

Interest paid for the year ended December 31, 2021 totaled \$80,462 .

NOTE 8 **Governing Board Designations**

CAMP maintains \$75,235 in endowment funds at DCF as designated by the governing board. As of December 31, 2021, the value of these funds totaled \$76,990. The endowment surplus of \$1,755 as of December 31, 2021, is included as an addition in board designated net assets without donor restrictions. The value of scholarships in excess of those specifically restricted by donors is included as board designated. Any distributions from board designated funds are expendable to support the following as of December 31, 2021:

Scholarships	\$	2,745
Mission objectives		66,606
	\$	69,351

CAMP REHOBOTH, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 **Net Assets with Donor Restrictions**

Net assets with restrictions consisted of the following as of December 31, 2021:

Tobacco prevention and cessation	\$ 8,633
LGBTQ+ youth/thrive programs	2,954
Scholarships	7,639
Chorus expenses	6,371
Equipment/website upgrades	73,652
	\$ 99,249

NOTE 10 **Rental Income**

CAMP leases a portion of its facilities to various parties for occasional one-time events and for commercial use, under long-term operating leases with various renewal dates. The total rental revenue for the long-term operating leases for 2021 was \$72,250. CAMP's security deposits from current tenants as of December 31, 2021 totaled \$4,350. The cost of property held by CAMP for lease was \$977,721, less accumulated depreciation of \$302,494, at December 31, 2021. At December 31, 2021, remaining minimum annual lease revenue per executed lease agreements is as follows:

2022	\$ 15,498
2023	12,559
2024	12,559
2025	12,559
2026	12,559
Thereafter	12,559
	\$ 78,293

NOTE 11 **Retirement Plan**

CAMP contributes 3% of qualified compensation for the benefit of eligible employees into a SEP IRA. For the year ended December 31, 2021, employer contributions to the SEP IRA plan were \$1,152.

NOTE 12 **Concentration of Credit Risk**

At various times during the year, CAMP may maintain cash balances with one financial institution in excess of the federally insured limit of \$250,000. Uninsured deposits exceeded federally insured limits by \$8,190 as of December 31, 2021.

CAMP REHOBOTH, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 13 **Loss Contingency**

CAMP management and authorities are investigating possible counterfeit purchases and reimbursements to a former employee that most likely go back several years. Purchases and payments to the employee totaled approximately \$86,000 for the year ended December 31, 2021, which are recorded as program expense in the accompanying consolidated statement of functional expenses – modified cash basis. If these costs are deemed counterfeit, it could affect the classification of functional expenses between program services and management & general. In addition, most of these funds were reimbursed by granting agencies under cost reimbursable grants and recorded as revenue under the modified cash basis of accounting when paid to CAMP by the agencies. Any costs determined to be counterfeit could be due back to the granting agency for the year ended December 31, 2021, as well as for any prior years affected. Due to the ongoing investigation and seizure of related files by authorities, an estimate of the full extent of the counterfeit reimbursements for the year ended December 31, 2021, as well as any prior years, cannot be made at this time.

NOTE 14 **Subsequent Events**

Management has evaluated its December 31, 2021 consolidated financial statements for subsequent events through October 27, 2022, the date the consolidated financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.