

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

TABLE OF CONTENTS

	Page No
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 16

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Camphill Village Kimberton Hills, Inc.
Kimberton, Pennsylvania

Opinion

We have audited the accompanying financial statements of Camphill Village Kimberton Hills, Inc. (a non-profit organization), which comprise the statement of financial position as of March 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camphill Village Kimberton Hills, Inc. as of March 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Camphill Village Kimberton Hills, 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 audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Camphill Village Kimberton Hills, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Camphill Village Kimberton Hills, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Camphill Village Kimberton Hills, Inc. 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.

McCarthy & Co., P.C.

September 14, 2023
Blue Bell, PA

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2023

ASSETS

ASSETS

Cash and Cash Equivalents	\$ 627,676
Investments	6,161,215
Accounts Receivable	35,991
Grants Receivable	104,532
Prepaid Expenses	30,199
Inventory	109,405
Property and Equipment, net	<u>8,226,767</u>
TOTAL ASSETS	<u>\$ 15,295,785</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 54,949
Sales Tax Payable	178
Deferred Revenues	89,931
Payroll Liabilities	3,360
Security Deposits	<u>9,126</u>
TOTAL LIABILITIES	157,544

NET ASSETS

Without Donor Restrictions	
Designated by the Governing Board	4,797,052
No Restrictions	1,115,810
Net Investment in Property and Equipment	8,226,767
With Donor Restrictions	<u>998,612</u>
TOTAL NET ASSETS	<u>15,138,241</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,295,785</u>
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See independent auditors' report and notes to financial statements.

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Eliminations</u>	<u>TOTAL</u>
REVENUE				
Contributions	\$ 777,519	\$ 38,612	\$ -	\$ 816,131
Resident Fees	1,521,828	-	-	1,521,828
Product Sales	465,175	-	(100,932)	364,243
Rental Income	123,332	-	-	123,332
Special Events, Net of Expenses	65,168	-	-	65,168
Investment Income	117,852	-	-	117,852
Loss on Investments	(526,998)	-	-	(526,998)
Net Assets Released From Restrictions	<u>173,596</u>	<u>(173,596)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE	2,717,472	(134,984)	(100,932)	2,481,556
EXPENSES				
Program Fees				
Farm	388,744	-	-	388,744
Processed Goods	43,979	-	-	43,979
Residential Program	<u>2,051,258</u>	<u>-</u>	<u>(100,932)</u>	<u>1,950,326</u>
	2,483,981	-	(100,932)	2,383,049
Supporting Services				
Management and General Development	313,410	-	-	313,410
	<u>237,601</u>	<u>-</u>	<u>-</u>	<u>237,601</u>
	551,011	-	-	551,011
TOTAL EXPENSES	<u>3,034,992</u>	<u>-</u>	<u>(100,932)</u>	<u>2,934,060</u>
DECREASE IN NET ASSETS	(317,520)	(134,984)	\$ -	\$ (452,504)
NET ASSETS BEGINNING OF YEAR	<u>14,457,149</u>	<u>1,133,596</u>		
NET ASSETS END OF YEAR	<u>\$ 14,139,629</u>	<u>\$ 998,612</u>		

See independent auditors' report and notes to financial statements.

CAMPHILL VILLAGE KIMBERTON HILLS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2023

	<u>Farm</u>	<u>Processed Goods</u>	<u>Residential</u>	<u>Management and General</u>	<u>Development</u>	<u>Total Before Eliminations</u>	<u>Eliminations</u>	<u>Total</u>
Salaries	\$ -	\$ -	\$ 71,613	\$ 204,120	\$ 163,863	\$ 439,596	\$ -	\$ 439,596
Payroll Taxes	-	-	4,622	12,891	10,393	27,906	-	27,906
Employee Benefits	-	-	5,376	41,651	21,929	68,956	-	68,956
Total Salaries and Payroll Taxes	-	-	81,611	258,662	196,185	536,458	-	536,458
Co-workers' Expense	-	-	347,052	-	-	347,052	1,011	346,041
Dues and Subscriptions	7,179	1,045	2,165	5,379	3,022	18,790	-	18,790
Education and Training	100	1,555	32,912	-	-	34,567	-	34,567
Food	-	-	225,873	-	-	225,873	58,489	167,384
Insurance	5,992	3,703	58,712	4,528	3,042	75,977	-	75,977
Occupancy	3,000	-	-	-	-	3,000	3,000	-
Operational Supplies	152,363	13,407	111,889	3,726	860	282,245	10,717	271,528
Medical	-	-	121,342	-	-	121,342	22,245	99,097
Professional Services	36,591	500	299,388	30,120	17,997	384,596	-	384,596
Public Relations	1,120	-	2,043	243	81	3,487	96	3,391
Real Estate Taxes	2,000	-	1,692	-	-	3,692	-	3,692
Repairs and Maintenance	23,462	2,428	93,254	-	-	119,144	248	118,896
Telephone	4,812	287	29,339	3,944	1,272	39,654	-	39,654
Travel, Meetings and Cultural Activity	-	-	15,486	-	5,848	21,334	4,426	16,908
Utilites	13,841	5,546	138,044	6,477	2,849	166,757	700	166,057
Vehicle Expense	35,426	-	97,580	331	6,445	139,782	-	139,782
Inventory Change	(5,700)	-	-	-	-	(5,700)	-	(5,700)
Total Expenses Before Depreciation and Amortization	280,186	28,471	1,658,382	313,410	237,601	2,518,050	100,932	2,417,118
Depreciation and Amortization	108,558	15,508	392,876	-	-	516,942	-	516,942
Total Expenses	<u>\$ 388,744</u>	<u>\$ 43,979</u>	<u>\$ 2,051,258</u>	<u>\$ 313,410</u>	<u>\$ 237,601</u>	<u>\$ 3,034,992</u>	<u>\$ 100,932</u>	<u>\$ 2,934,060</u>

See independent auditors' report and notes to financial statements.

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in Net Assets \$ (452,504)

Adjustments to reconcile decrease in net assets to net cash
and cash equivalents provided by operating activities:

Depreciation and Amortization 516,942

(Gain) on Sale of Property and Equipment (2,450)

ASSETS - (INCREASE)/ DECREASE

Accounts Receivable (2,090)

Grants Receivable 97,468

Prepaid Expenses (12,016)

Inventory (6,289)

LIABILITIES - INCREASE/(DECREASE)

Accounts Payable 24,584

Sales Tax Payable (1)

Deferred Revenues 5,734

Payroll Liabilities 1,595

Security Deposits 1,200

Conditional Contribution Payable (57,276)

NET CASH AND CASH EQUIVALENTS PROVIDED BY

OPERATING ACTIVITIES 114,897

CASH FLOWS FROM INVESTING ACTIVITIES

Net Change in Investments 127,786

Purchases of Property and Equipment (568,846)

Proceeds on Sale of Property and Equipment 2,450

NET CASH AND CASH EQUIVALENTS (USED) BY

INVESTING ACTIVITIES (438,610)

NET (DECREASE) IN CASH AND CASH EQUIVALENTS (323,713)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 951,389

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 627,676

See independent auditors' report and notes to financial statements.

CAMPBILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Camphill Village Kimberton Hills, Inc. (the "Village") is incorporated as a tax-exempt 501(c)(3) not-for-profit Pennsylvania corporation providing residential community living for individuals with intellectual and developmental disabilities. Donor contributions, residential fees and product sales are the Village's primary source of revenue.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standard Codification (ASC) No. 958, Not-for-Profit Organizations, as amended by Accounting Standards Update No. 2016-14. Under the provisions ASU No. 2016-14, the Village is required to report information regarding its financial position and activities according to two classes of net assets, net assets with donor restrictions and net assets without donor restrictions. As a part of its regular operations, the Village has internal transactions between its various programs. These are included in the Statements of Activities and Functional Expenses and eliminated to arrive at the changes in net assets and total expenses, respectively.

The financial statements are presented on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Village considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Village provides for losses on accounts receivable using the allowance method. The allowance is based on experience, communications with residents or customers, and other circumstances, which may affect the ability of residents or customers to meet their obligations. Management believes all accounts receivable as of March 31, 2023 are fully collectible. Accordingly, no reserve for bad debts exists at March 31, 2023.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Village capitalizes purchased property and equipment at cost. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Village reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Village reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to fifty years.

Contribution Revenue

Contributions received are recorded as increases in net assets with donor restrictions and net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions of donated non-cash assets are recorded at their fair values in the period received. The non-cash contributions for the year ended March 31, 2023 total \$19,500 and are included in contributions, assets and various expenses.

Revenue Recognition and Performance Obligations – Program Fees and Sales

The Village follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, “Revenue from Contracts with Customers” (ASC 606). Topic 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also added Subtopic 340-40, Other Assets and Deferred Costs—Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer.

The recognition under ASC 606 has been applied to the Village’s program fees and sales revenue, including the following:

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Performance Obligations – Program Fees and Sales (Continued)

Resident fees: The Village charges non-coworker residents a monthly fee for housing and living expenses provided. Fees are typically invoiced on a monthly basis, and revenue is recognized over time as services are rendered. When resident fees are paid in lump sums for a period that is greater than a month, the amount related to future periods is recorded as deferred revenue on the Statement of Financial Position until services are performed. The Village's services for its residents represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation satisfied over time as services are rendered.

Product sales: The Village's mission-related farming and crafting operations generate both point of sale and subscription-based sales. Sales that are made at a point in time are recognized as revenue at the time of sale. The Village's point of sale transactions include milk and cheese sales at the dairy farm and craft sales through various venues. Subscription sales include seasonal shares for the community supported agriculture (CSA) garden. Subscriptions are generally paid up front for the season. The Village records the revenue on the Statement of Financial Position as deferred revenue when it is received, and recognizes the revenue ratably over the duration of the subscription period. The performance obligations related to the sale of products is the transfer of those products to the purchaser. For point of sale transactions, this occurs at the time of sale. For subscription sales, this occurs over a set period of time as determined by the contract.

Non-mission rentals: The Village owns several houses and buildings that are rented to tenants who are uninvolved in the Village's mission. Rental income is invoiced on a monthly basis and is recognized as revenue during the applicable period of residency. As with resident fees, when rental income is received for future periods, it is recorded as deferred revenue on the Statement of Financial Position and is recognized as revenue over time as the performance obligations are met. The performance obligation for rentals is the use of the leased premises according to the terms of the lease agreement.

Contract Balances (Deferred Revenues)

The timing of revenue recognition, billings and cash collections related to program fees and sales and non-program rentals results in billed accounts receivable and customer advances and deposits (deferred revenue) on the Statement of Financial Position.

For resident fees and rental income, amounts are billed on a monthly basis according to the terms of the contracts. Generally for these transactions, billing, revenue recognition and cash collection occur within the same period, with occasional delays in cash collection resulting in billed accounts receivable. In some instances, the Village receives advances from residents and tenants, before revenue is recognized, resulting in deferred revenue. Deferred revenue is a contract liability and is recognized in revenue as the service obligations are performed.

For subscription sales, the full subscription is billed up front, resulting in a deferred revenue (contract liability) balance at the beginning of the contract term. Revenue is recognized ratably over the term of the subscription contract, reducing the deferred revenue over time.

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Balances (Deferred Revenues) (Continued)

The beginning and ending contract balances were as follows:

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Accounts Receivable	<u>\$ 35,991</u>	<u>\$ 33,901</u>
Deferred Revenues	<u>\$ 89,931</u>	<u>\$ 84,197</u>

Revenue recognized for the year ended March 31, 2023 that was included in the deferred revenues (contract liability) balance at the beginning of the year was \$84,197. The full deferred revenue balance as of March 31, 2023 is expected to be recognized as revenue during the year ended March 31, 2024.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation, which is allocated based on the specific use of the underlying assets.

Donated Services

The Village is generally operated by full-time resident co-workers who are part of the Camphill Movement and do not receive wages for their services; however, they are provided food, lodging and clothing, and other necessities. The co-workers, together with the mentally handicapped residents, perform whatever services are required to maintain and operate the residences and the farm. No amounts have been reflected in the statement of activities for these services in that they do not meet the criteria for recognition.

Sales Tax

The State of Pennsylvania imposes a sales tax on certain sales. The Village collects the sales tax and remits the entire amount to the state. The Village's accounting policy is to exclude the tax collected and remitted from revenue

Income Taxes

The Village is organized under the Pennsylvania Nonprofit Corporation Law of 1988 (as amended) exclusively for charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986. It is exempt from Federal and Pennsylvania income taxes. The Village recognizes the potential income tax and any related penalties and interest arising from uncertain tax positions using a recognition threshold of more likely than not to be sustained upon examination by the appropriate authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Potential interest and penalties are recognized as a component of the provisions for income taxes.

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Village has concluded that there are no taxes, penalties or interest resulting from uncertain positions that would materially impact the financial statements at March 31, 2023.

The Village's tax filings are subject to audit by various tax authorities. The Village believes that their current tax positions are appropriate based on the current facts and circumstances.

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. Under Topic 842, a lessor records a lease as sales-type, direct-financing, or operating. A lease is a sales-type lease if any one of five criteria are met indicating that the lease effectively transfers control of the underlying asset to the lessee. If those five criteria are not met, but two additional criteria are both met, indicating that the lessor has transferred substantially all the risks and benefits of the underlying asset to the lessee, the lease is a direct-financing lease. All leases that are not sales-type or direct-financing leases are operating leases. The Organization's leases are all classified as operating leases.

The Organization adopted Topic 842 effective April 1, 2022 using a modified retrospective transition method with the effective date as the date of initial application. The Organization elected the practical expedient that permitted it to not reassess under the new standard its prior conclusions about lease identification, lease classification, and initial direct costs and the practical expedient to not separate lease and non-lease components for underlying property assets. This allows the Organization to continue to recognize property lease and the related property services as one combined operating lease component.

Because the Organization elected the practical expedient to not reassess lease identification, classification, and initial direct costs, Topic 842 had no effect to beginning net assets or statement of financial position accounts related to lessor accounting.

In connection with the new lease guidance, the Company completed a comprehensive review of its lease arrangements in order to determine the impact of this ASU on its financial statements and related disclosures. See Note 14 for further information.

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB ASC 820-10, Fair Value Measurement, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon transparency of inputs into the valuation of the fair value of the asset or liability at the measurement date. The three levels are defined as follows:

CAMPBILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 – Represented by quoted prices that are available in an active market.

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data and estimated using pricing models or discounted cash flows.

Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity's own assumption about the market risk.

Fair values of assets measured on a recurring basis at March 31, 2023 are as follows

	Fair Value <u>(Level 1)</u>
Investments in Stocks and Bonds – Morgan Stanley	<u>\$ 6,161,215</u>

Investment income includes dividends and interest. Investment advisory fees of \$37,395 are netted against investment income and are reported on the statement of activities. Gains on investments reported on the statement of activities include both realized and unrealized gains and losses.

NOTE 3 - GRANTS RECEIVABLE

Grants receivable as of March 31, 2023 consist of charitable trust grants of \$100,000 and individual promises to pay of \$4,532. Receivables of \$104,532 are expected to be collected in less than one year.

NOTE 4 - INVENTORY

Inventory consists of livestock and related items and is stated at the lower of cost or market value. Inventory at March 31, 2023 was \$109,405.

NOTE 5 - VILLAGE OPERATIONS

One of the programs of the Village is the production of farm products. The co-workers, together with the mentally-handicapped residents, provide the labor used in the program. The products produced are consumed by the residents of the Village and are also sold to the general public. The Village also performs various maintenance services to the residential houses and the equipment used in the production of the farm goods. The costs and maintenance incurred in the production of the goods are recorded as residential costs and included in various income items. These inter-operational income and expenses are eliminated on the statement of activities.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost with depreciation computed on the straight-line method over the estimated useful lives. The cost of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. The fair value of donated assets is similarly capitalized. Land is not depreciated.

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PROPERTY AND EQUIPMENT (CONTINUED)

Property and equipment at March 31, 2023 consist of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Carrying Value</u>
Land	\$ 1,791,447	\$ -	\$ 1,791,447
Building and Improvements	11,817,868	6,136,793	5,681,075
Equipment and Fixtures	<u>1,557,365</u>	<u>913,812</u>	<u>643,553</u>
	15,166,680	7,050,605	8,116,075
Construction in Progress	<u>110,692</u>	-	<u>110,692</u>
	<u>\$ 15,277,372</u>	<u>\$ 7,050,605</u>	<u>\$ 8,226,767</u>

Depreciation expense for the year ended March 31, 2023 was \$516,942.

NOTE 7 - BOARD DESIGNATED NET ASSETS

As of March 31, 2023, the Board has designated the following amounts for the purpose indicated:

Capital Needs	\$ 840,477
Co-Workers Support	979,677
Employee's Retirement	25,599
Founders Fund	913,344
Land Development Rights	1,248,729
Medical Emergency	715,293
Master Plan	<u>73,933</u>
	<u>\$ 4,797,052</u>

NOTE 8 - CONCENTRATIONS OF CREDIT RISK

The Village maintains its cash and cash equivalent balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At March 31, 2023, the Village had \$133,004 in uninsured cash and cash equivalent balances.

Open promises to give to the Organization are usually unsecured.

NOTE 9 - SALE OF LAND DEVELOPMENT RIGHTS

During the fiscal years ended March 31, 2019 and 2001, the Village received cash proceeds in exchange for the sale of one and two conservation easements, respectively, to the Commonwealth of Pennsylvania. Under the terms of the agreements, approximately 261 acres of land owned by the Village shall not be developed or used for any purpose other than agricultural production or commercial equine activities. The recorded value of the associated land has not been adjusted as a result of these transactions.

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

Pew Trust – Building Maintenance Program	\$ 70,000
Pew Trust – Aging in the Community Program	105,000
Huston Aging Fund	170,847
Estate of Erika Asten	636,702
Website Redesign & Updating	10,000
Chamber Music Residency	<u>6,063</u>
	<u>\$ 998,612</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by the donor as follows:

Pew Trust – Building Maintenance Program	\$ 55,000
Pew Trust – Aging in the Community Program	45,000
Huston Aging Fund	4,062
Serena Wetlands Maintenance	4,780
Estate of Erika Asten- Building Maintenance	37,642
Student Loan Assistance	1,000
CSA Building Landscaping	20,175
Chamber Music Residency Program	<u>5,937</u>
	<u>\$ 173,596</u>

Net assets with donor restrictions whose use is limited is composed of cash, investments and grants receivable at March 31, 2023.

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Village’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include board designated assets that could be drawn upon if the governing board approves that action.

Financial Assets	
Cash and Cash Equivalents	\$ 627,676
Investments	6,161,215
Accounts Receivable	35,991
Grants Receivable – Current	<u>104,532</u>
Total Financial Assets	6,929,414

Less those unavailable for general expenditures within one year, due to:

Donor-imposed restrictions for specific programs	(823,612)
Board designations	<u>(4,797,052)</u>

Financial assets available to meet cash needs	
For general expenditures within one year:	<u>\$ 1,308,750</u>

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - RETIREMENT PLAN

The Village established a 403(b) pension plan for eligible employees during the fiscal year ended March 31, 2003. Under the terms of the plan, the Village contributes a 50% match of the employees' contribution. Pension expense for the year ended March 31, 2023 was \$5,087.

NOTE 13 - SPECIAL EVENTS

Revenues from special events and activities are included below:

	<u>Gross Revenue</u>	<u>Expense</u>	<u>Net Revenue</u>
Spring Into Action	\$ 21,793	\$ 3,293	\$ 18,500
50 th Anniversary	32,070	20,981	11,089
Kimberton Inn Dinner	50,735	18,508	32,227
Valentine's Day Fundraiser	<u>4,425</u>	<u>1,073</u>	<u>3,352</u>
	<u>\$ 109,023</u>	<u>\$ 43,855</u>	<u>\$ 65,168</u>

NOTE 14 - OPERATING LEASE COMMITMENTS

The Organization leases property space to tenants under noncancelable operating leases with terms of one to three years. Leases do not (1) transfer ownership of the underlying asset to the lessee, (2) contain options to extend the lease, (3) early termination at the option of the Organization or the lessee.

At lease inception, the Organization determines whether an arrangement qualifies as a lease under ASC 842 (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration). The Organization only reassess if the terms and conditions of the contract are changed.

Lease income is included in the statement of activities as part of other rental income. Cash receipts from operating leases are classified within cash flows from operating activities:

For the years ending March 31, 2023:

Property	\$ <u>123,332</u>
Total Lease Income	\$ <u>123,322</u>

Buildings under operating leases was \$11,817,868 at March 31, 2023, and is included in property and equipment in the accompanying statement of financial position. Accumulated depreciation on property under operating leases was \$6,136,793 at March 31, 2023.

The following is an analysis of the maturity of the undiscounted operating lease payments:

For the years ending March 31, 2023:

2024	\$ 74,256
2025	<u>23,340</u>
Total	\$ <u>97,596</u>

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 15 - CONDITIONAL CONTRIBUTION PAYABLE

The Village follows Accounting Standards Update No. 2018-18 to ASC No. 958. In accordance with ASU No. 2018-08, the Village evaluates each contribution for criteria indicating the existence of measurable barriers to entitlement for the Village and the right of return to the donor. If a measurable barrier to entitlement exists and is accompanied by a right of return of the funds to the donor or a release of the obligation of the donor, the contribution is treated as a conditional contribution. If both the barrier to entitlement and the right of return do not exist, the contribution is unconditional. Unconditional contributions are recognized as revenue at the time the Village receives notification of the award. Contributions that include conditions imposed by the donor are recognized when those conditions are met by the Village. For the year ended March 31, 2023, there is no conditional contribution payable balance.

NOTE 16 - SUBSEQUENT EVENTS

Management has considered subsequent events through September 14, 2023, which is the date financial statements are available to be issued. Management has determined there are no material subsequent events that require disclosure in accordance with generally accepted accounting principles as practiced in the United States.