

**CHILDREN'S ASSOCIATION FOR
MAXIMUM POTENTIAL**

Audited Financial Statements

December 31, 2021

ADKF, P.C.
Certified Public Accountants

CHILDREN'S ASSOCIATION FOR MAXIMUM POTENTIAL
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Children's Association for Maximum Potential
San Antonio, Texas

Opinion

We have audited the accompanying financial statements of Children's Association for Maximum Potential (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Association for Maximum Potential as of December 31, 2021 and 2020, and the results of its operations 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Auditor's Responsibilities for the Audit of the Financial Statements – continued

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

ADKF, PC

ADKF, P.C.
San Antonio, Texas
April 7, 2022

CHILDREN'S ASSOCIATION FOR MAXIMUM POTENTIAL
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents:		
Operating	\$ 461,441	\$ 161,155
Savings, board designated	852,035	223,566
Donor restricted	<u>205,981</u>	<u>409,491</u>
Total cash, cash equivalents and restricted cash	1,519,457	794,212
Accounts receivable, net	63,571	49,825
Pledges receivable, net	20,000	40,000
Inventory	29,754	4,755
Prepaid expenses	82,115	82,442
Investments, at fair value, board designated	765,436	657,312
Property and equipment, net	<u>7,847,869</u>	<u>8,057,514</u>
Total Assets	<u><u>\$ 10,328,202</u></u>	<u><u>\$ 9,686,060</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 12,735	\$ 9,165
Accrued expenses	47,855	56,166
Deferred revenue	-	<u>27,000</u>
Total liabilities	<u>60,590</u>	92,331
Net Assets:		
Without donor restrictions:		
Board designated	1,439,856	1,014,311
Available for general operations	<u>8,428,359</u>	<u>8,307,573</u>
Total without donor restrictions	9,868,215	9,321,884
With donor restrictions	<u>399,397</u>	<u>271,845</u>
Total net assets	<u>10,267,612</u>	<u>9,593,729</u>
Total Liabilities and Net Assets	<u><u>\$ 10,328,202</u></u>	<u><u>\$ 9,686,060</u></u>

See notes to audited financial statements.

CHILDREN'S ASSOCIATION FOR MAXIMUM POTENTIAL
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Program service fees	\$ 504,623	\$ -	\$ 504,623
Federal grants	625,294	-	625,294
United Way	50,791	-	50,791
Other grants and contributions	842,729	264,514	1,107,243
In-kind support	644,078	-	644,078
Special events, net of expenses of \$43,891	228,205	-	228,205
Dues	60	-	60
Investment earnings, net of fees	28,087	-	28,087
Other revenue	594,815	-	594,815
Total support and revenues	<u>3,518,682</u>	<u>264,514</u>	<u>3,783,196</u>
Expenses			
Program services	2,412,893	-	2,412,893
Management and general	356,917	-	356,917
Fundraising	339,503	-	339,503
Total expenses	<u>3,109,313</u>	<u>-</u>	<u>3,109,313</u>
Change in Net Assets	409,369	264,514	673,883
Net assets released from restrictions	136,962	(136,962)	-
Net assets at beginning of year	<u>9,321,884</u>	<u>271,845</u>	<u>9,593,729</u>
Net Assets at Year End	<u>\$ 9,868,215</u>	<u>\$ 399,397</u>	<u>\$ 10,267,612</u>

See notes to audited financial statements.

CHILDREN'S ASSOCIATION FOR MAXIMUM POTENTIAL
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Program service fees	\$ 47,902	\$ -	\$ 47,902
Federal grants	178,700	-	178,700
United Way	59,548	-	59,548
Capital infrastructure campaign	-	12	12
Other grants and contributions	851,420	119,031	970,451
In-kind support	508,156	-	508,156
Special events, net of expenses of \$24,108	226,105	-	226,105
Dues	450	-	450
Investment earnings, net of fees	23,827	3,017	26,844
Other revenue	10,471	-	10,471
Total support and revenues	<u>1,906,579</u>	<u>122,060</u>	<u>2,028,639</u>
Expenses			
Program services	1,817,233	-	1,817,233
Management and general	179,809	-	179,809
Fundraising	355,207	-	355,207
Total expenses	<u>2,352,249</u>	<u>-</u>	<u>2,352,249</u>
Change in Net Assets	(445,670)	122,060	(323,610)
Net assets released from restrictions	860,601	(860,601)	-
Net assets at beginning of year	<u>8,906,953</u>	<u>1,010,386</u>	<u>9,917,339</u>
Net Assets at Year End	<u>\$ 9,321,884</u>	<u>\$ 271,845</u>	<u>\$ 9,593,729</u>

See notes to audited financial statements.

CHILDREN'S ASSOCIATION FOR MAXIMUM POTENTIAL
Statement of Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries	\$ 817,150	\$ 35,628	\$ 195,411	\$ 1,048,189
Employee benefits	50,265	14,357	13,839	78,461
Payroll taxes	63,183	2,274	13,102	78,559
Bank charges	12,073	8,995	332	21,400
Conferences	2,198	1,804	-	4,002
Dues and memberships	10,734	830	1,145	12,709
Insurance	77,736	19,584	-	97,320
Occupancy	157,858	151,400	5,988	315,246
Postage/delivery	1,512	116	8,326	9,954
Printing	1,288	4,866	4,212	10,366
Professional fees	83,078	23,388	900	107,366
Rental and maintenance	37,155	4,985	-	42,140
Supplies	135,652	5,463	1,826	142,941
Telephone	10,239	875	3,082	14,196
Training	2,604	60	688	3,352
Travel/mileage	12,441	3,393	1,906	17,740
Volunteer expense	13,838	(8,422)	532	5,948
Depreciation	409,811	27,321	18,214	455,346
Total direct expenses	<u>1,898,815</u>	<u>296,917</u>	<u>269,503</u>	<u>2,465,235</u>
In-kind contributed services and materials:				
Rent	270,000	60,000	70,000	400,000
Services	177,165	-	-	177,165
Supplies	66,913	-	-	66,913
Total in-kind services and materials	<u>514,078</u>	<u>60,000</u>	<u>70,000</u>	<u>644,078</u>
Total Expenses	<u>\$ 2,412,893</u>	<u>\$ 356,917</u>	<u>\$ 339,503</u>	<u>\$ 3,109,313</u>
Special event costs not included above:			<u>\$ 43,891</u>	

See notes to audited financial statements.

CHILDREN'S ASSOCIATION FOR MAXIMUM POTENTIAL

Statement of Functional Expenses

Year Ended December 31, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries	\$ 601,818	\$ 28,155	\$ 172,600	\$ 802,573
Employee benefits	55,683	12,774	13,689	82,146
Payroll taxes	66,376	2,037	11,328	79,741
Bank charges	9,832	7,653	103	17,588
Conferences	(165)	-	-	(165)
Dues and subscriptions	6,080	489	330	6,899
Insurance	69,336	18,937	-	88,273
Miscellaneous	150	-	-	150
Occupancy	83,420	-	6,205	89,625
Postage/delivery	2,039	217	4,718	6,974
Printing	288	491	5,737	6,516
Professional fees	60,206	18,059	2,859	81,124
Rental and maintenance	34,537	2,030	243	36,810
Supplies	50,271	4,432	1,175	55,878
Telephone	13,611	1,576	1,357	16,544
Training	6,921	10	803	7,734
Travel/mileage	8,222	900	854	9,976
Volunteer expense	1,380	4,778	425	6,583
Bad debt expense	-	-	54,600	54,600
Depreciation	409,072	27,271	18,181	454,524
Total direct expenses	<u>1,479,077</u>	<u>129,809</u>	<u>295,207</u>	<u>1,904,093</u>
In-kind contributed services and materials:				
Rent	240,000	50,000	60,000	350,000
Services	62,623	-	-	62,623
Supplies	35,533	-	-	35,533
Total in-kind services and materials	<u>338,156</u>	<u>50,000</u>	<u>60,000</u>	<u>448,156</u>
Total Expenses	<u>\$ 1,817,233</u>	<u>\$ 179,809</u>	<u>\$ 355,207</u>	<u>\$ 2,352,249</u>
Special event costs not included above:			<u>\$ 24,108</u>	

See notes to audited financial statements.

CHILDREN'S ASSOCIATION FOR MAXIMUM POTENTIAL
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Change in net assets	\$ 673,883	\$ (323,610)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	455,346	454,524
Bad debt expense	-	54,600
PPP Loan forgiveness	(277,700)	(178,700)
Change in operating assets and liabilities:		
Accounts receivable	(13,746)	(10,247)
Pledges receivable	20,000	8,833
Inventory	(24,999)	347
Prepaid expenses	327	8,500
Accounts payable and accrued expenses	(4,741)	(574,237)
Deferred revenue	-	(48,200)
Net cash provided (used) by operating activities	<u>828,370</u>	<u>(608,190)</u>
Investing Activities		
Net investment activity	(108,124)	709,812
Acquisitions of property and equipment	(245,701)	(145,749)
Net cash provided (used) by investing activities	<u>(353,825)</u>	<u>564,063</u>
Financing Activities		
Proceeds from PPP loan	<u>250,700</u>	<u>205,700</u>
Net cash provided by financing activities	<u>250,700</u>	<u>205,700</u>
Change in cash	725,245	161,573
Cash, cash equivalents and restricted cash at beginning of year	<u>794,212</u>	<u>632,639</u>
Cash, Cash Equivalents and Restricted Cash at End of Year	<u><u>\$ 1,519,457</u></u>	<u><u>\$ 794,212</u></u>
Supplemental Disclosures		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	-	-

See notes to audited financial statements.

CHILDREN’S ASSOCIATION FOR MAXIMUM POTENTIAL
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities: Children’s Association for Maximum Potential (CAMP) is a non-profit organization, located in San Antonio, Texas that provides recreational, educational, and respite services for children with developmental disabilities and their families. CAMP provides week-long camping sessions each summer, as well as and week-end camping sessions the other months of the year, at its campground on the Guadalupe River in Center Point. CAMP was founded in 1979 and has been accredited by the American Camp Association since 1994.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered “restricted” under GAAP, though for internal reporting the Organization tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board-designated.

With Donor Restrictions: Net assets subject to donor-imposed stipulations that are more restrictive than the Organization’s mission and purpose. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events that will be specified by the donor. Donor imposed restrictions are released when the 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions received with donor restrictions whose restrictions are met in the same reporting period are generally reported as unrestricted support in the same reporting year.

Revenue Recognition: Contributions received and unconditional promises to give are recorded when earned rather than received and are reported as an increase in net assets.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restrictions are reclassified to without donor restrictions and reported in the statements of activity as net assets released from restrictions.

CAMP reports gifts of goods and equipment at estimated fair value and as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

CHILDREN'S ASSOCIATION FOR MAXIMUM POTENTIAL
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Program Service Fees: Fees for program services are recorded at the time of service.

United Way Support: CAMP typically receives an allocated grant on an annual basis from the United Way, the grant period is July 1 to the following June 30. The grant confirmation is generally received from the United Way near CAMP's year end or shortly thereafter and is recognized as revenue in the year to which the grant applies.

In-kind Support: In-kind support includes contributed services and materials, facility usage, services and supplies. Such items are valued based on the estimated fair market value on the date of contribution. CAMP also receives substantial assistance from volunteers who contribute their personal time to assist in a number of areas. See Note D.

Functional Allocation of Expenses: The costs of providing services and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated based on time and effort (such as salaries and benefits) as well as on a square footage or other reasonable basis.

Special Events: Costs associated with special events are netted against the related revenue.

Cash, Cash Equivalents and Restricted Cash: Cash, cash equivalents and restricted cash consists of cash on hand and demand deposits held by financial institutions and any equivalent securities with a maturity of three months or less. Board designated cash represents amounts designated by the Board for specific purposes, but for which there is no legal restriction. Donor restricted cash represents cash restricted for the capital campaign infrastructure.

Accounts Receivable: Accounts receivable represent program service fees and are reported at outstanding principal net of an allowance for doubtful accounts of approximately \$-0- at December 31, 2021 and December 31, 2020. An allowance is generally determined based on an account-by-account review and historical trends. Accounts are charged off when collection efforts have failed and the account is deemed uncollectible. Interest is generally not charged on the receivables.

Pledges Receivable: Legally enforceable pledges and contributions, less an allowance for uncollectible amounts, are recorded as receivables in the year made unless the pledge or contribution is dependent upon the occurrence of a specified future and uncertain event to bind the promisor. Conditional pledges and contributions are recognized when the conditions upon which they depend are substantially met or when the possibility that the condition will not be met is remote. An allowance of \$54,600 was provided at December 31, 2021 and 2020.

Inventory: Inventories are recorded at the lower of cost or net realizable value, using the first-in, first-out method.

Investments: Investments are reported at fair market value determined by quoted market prices. Interest earned on money market accounts and certificate of deposits is recorded monthly as earned.

Property and Equipment: Property and equipment is stated at historical cost or estimated fair value at date of donation. Expenditures for betterments that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related asset (generally three to five years for furniture, equipment and vehicles, and 15 to 30 years for buildings and improvements) or the remaining term of the lease.

CHILDREN'S ASSOCIATION FOR MAXIMUM POTENTIAL
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Revenue: Deferred revenue represents advanced funding received for services to be provided in the subsequent period. The revenue is recognized as services are provided.

Income Taxes: CAMP is a not-for-profit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. In addition, it is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. CAMP is not subject to the Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last four years remain subject to examination.

Employee Benefit Plan: CAMP has a 403(b) Plan that covers substantially all employees age 18 and over. Employees may contribute a percentage of their annual compensation as allowed by the federal tax code. CAMP, at its discretion, may elect to match a portion of the employees' contribution on an annual basis. CAMP contributed \$18,206 in 2021 and \$15,752 in 2020 to the Plan.

Concentrations of Credit Risk: Financial instruments that potentially subject CAMP to concentrations of credit risk consist principally of cash and investments. CAMP maintains cash deposits with major financial institutions which, from time-to-time, may exceed federally insured limits. CAMP periodically assesses the financial condition of the institutions, as well as the diverse nature of its investments, and believes that the risk of loss is minimal.

Use of Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

New Accounting Pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2022. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

Reclassifications: Certain footnote disclosures for prior years have been reclassified to conform with the current period presentation.

CHILDREN'S ASSOCIATION FOR MAXIMUM POTENTIAL
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE B – PLEDGES RECEIVABLE

Pledges receivables are scheduled to be collected as follows at December 31:

	<u>2021</u>	<u>2020</u>
Pledges receivable in less than one year	\$ 74,600	\$ 79,600
Pledges receivable in one to five years	<u>-</u>	<u>15,000</u>
Total pledges receivable	74,600	94,600
Less allowance for doubtful accounts	<u>(54,600)</u>	<u>(54,600)</u>
 Pledges receivable, net	 <u>\$ 20,000</u>	 <u>\$ 40,000</u>

Discounting of multi-year pledges has not been reported as the amount is not significant for recognition.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 191,735	\$ 191,735
Buildings and improvements	9,110,096	9,110,096
Equipment	679,579	642,547
Leasehold improvements	1,663,694	1,663,694
Construction in progress	<u>312,159</u>	<u>103,491</u>
Total property and equipment	11,957,263	11,711,563
Less accumulated depreciation	<u>(4,109,394)</u>	<u>(3,654,049)</u>
 Net property and equipment	 <u>\$ 7,847,869</u>	 <u>\$ 8,057,514</u>

NOTE D – IN-KIND SUPPORT

In-kind contributions of materials and services (noncash support) are recorded as both revenues and expense on the Statement of Activities and are recorded at fair market value as of the date of receipt. A summary of noncash support is as follows for the year ended December 31:

	<u>2021</u>	<u>2020</u>
Contributed services and materials (1)	\$ 244,078	\$ 158,156
Donated facility usage (2)	<u>400,000</u>	<u>350,000</u>
 Total in-kind support	 <u>\$ 644,078</u>	 <u>\$ 508,156</u>

CHILDREN’S ASSOCIATION FOR MAXIMUM POTENTIAL
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE D – IN-KIND SUPPORT – continued

- (1) Contributed services and materials represent the estimated fair value of professional time contributed to CAMP’s Summer and Mini Camp programs, and Family Support Services.
- (2) CAMP is housed in the Boorda Building, at Lackland Air Force Base. The Department of Defense provided a grant to CAMP for construction of the building. The building was formally transferred to the Department of Defense on September 11, 2000, and leased back to CAMP. The lease for the use of the building is \$1 per year for 25 years. Accordingly, the difference between the market value of the lease and the amount paid by CAMP is recognized as in-kind support. Renegotiations of the lease will take place in 2022, as it expires September 2022.

Other In-Kind Support: Other donated services (non-professional in nature) totaling approximately \$117,000 in 2021 and \$34,000 in 2020 are not recognized in these financial statements as they do not meet the criteria for recognition under U.S. generally accepted accounting principles. The estimated fair value of the services was computed using the minimum wage times the number of volunteer hours.

NOTE E – LINE OF CREDIT

CAMP has a \$250,000 line of credit with Frost Bank that accrues interest at the prime rate and matured March 3, 2022. Accounts receivable serve as collateral. No amounts were outstanding under the line of credit at December 31, 2021 and 2020. On March 2, 2022, CAMP renewed the line of credit for \$250,000 with a maturity date of March 1, 2023 and accrues interest at a rate of 1.75% over the prime rate.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Capital campaign:		
Pledges receivable (time-restricted)	\$ 20,000	\$ 40,000
Restricted for capital infrastructure	92,883	73,814
2022 Camp funding	241,000	119,031
Giant Swing Project	20,000	-
Music Garden	5,514	-
KOA Family Retreat Grant	15,000	-
Accessible Treehouse	-	39,000
TADA Grant-Koehler Foundation	<u>5,000</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 399,397</u>	<u>\$ 271,845</u>

CHILDREN’S ASSOCIATION FOR MAXIMUM POTENTIAL
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE G – FAIR VALUE MEASUREMENTS

In accordance with U.S. generally accepted accounting principles, CAMP utilizes a fair value hierarchy that prioritizes the inputs for the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets
 - quoted prices for identical or similar assets or liabilities in inactive markets
 - inputs other than quoted prices that are observable for the asset or liability
 - inputs that are derived principally from or corroborated by observable market data by correlation
 - if a contractual term, the Level 2 input must be observable for substantially the full term
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s 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.

The following table sets forth by level, within the fair value hierarchy, the investments at fair value:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
<i>December 31, 2021:</i>				
Board Designated:				
Money market funds	\$ 467,803	\$ -	\$ -	\$ 467,803
Mutual funds	297,633	-	-	297,633
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments at fair value	<u>\$ 765,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 765,436</u>

December 31, 2020:

Board Designated:				
Money market funds	\$ 318,246	\$ -	\$ -	\$ 318,246
Mutual funds	207,530	-	-	207,530
Corporate stock	6,536	-	-	6,536
Certificates of deposit	125,000	-	-	125,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments at fair value	<u>\$ 657,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657,312</u>

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NOTE G – FAIR VALUE MEASUREMENTS

There have been no changes in methodologies used to estimate fair value, nor transfers between levels. Following is a description of the valuation methodologies used for various types of assets measured at fair value:

Money Market Funds and Certificates of Deposit: Valued at cost plus accrued interest.

Mutual Funds: Valued at the net asset value (NAV).

Corporate Stock: Valued at closing price reported on the active market on which the individual securities traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CAMP believes its 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.

NOTE H – PPP GRANT

On January 23, 2021, CAMP received a 2nd round of funding under the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), administered by the U.S. Small Business Administration (SBA). Under the terms of the grant, CAMP received funding of \$205,700. All proceeds were used for payroll costs and the grant was subsequently fully forgiven by the SBA on November 17, 2021; accordingly, the forgiveness is included under federal grant revenue in the 2021 statement of activities.

In 2020, CAMP received the 1st round of PPP Loan funding. All proceeds were used for payroll costs and business utility payments. The grant was subsequently fully forgiven by the SBA on April 6, 2021; accordingly, CAMP recognized \$178,700 of the funding as federal grant revenues during the year ended December 31, 2020. The remaining portion of \$27,000 was reported as deferred revenue at December 31, 2020, and was recognized as federal grant revenue in 2021.

NOTE I – EMPLOYEE RETENTION CREDIT (ERC)

In March 2021, the Internal Revenue Service (“IRS”) released Notice 2021-20, which retroactively eliminated the restriction that prevented employers who received a PPP loan from qualifying for the Employee Retention Credit (“ERC”), which is a refundable tax credit against certain employment taxes. Upon determination that the employer has complied with all of the conditions required to receive the credit, a grant may be recognized. In 2021, CAMP qualified and filed to claim the ERC in the total amount of \$347,594. The amount claimed and subsequently received by the Organization is reported as federal grant revenue in the 2021 statement of activities.

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NOTE J – CURRENT ECONOMIC CONDITIONS

Certain current economic events have arisen which could impact the Company's ongoing operations. As a result of the COVID-19 pandemic, mandated and voluntary closings have caused various business and supply chain disruptions which have an indeterminate duration. Additionally, the effects of economic stimulus programs and U.S. Federal Reserve actions remain uncertain. These matters could impact numerous facets of the business environment including interest rates, inflation, and the availability of goods, capital and labor. Any related financial impact cannot be reasonably estimated at this time.

NOTE K – INSURANCE PROCEEDS

CAMP's Board of Directors has designated \$425,545 of insurance proceeds received in 2021 for future repairs of its CAMP offices leased in the Lackland Airforce Base, or to secure new office space. As renegotiations of the lease will take place in 2022, the Board approved to designate the insurance proceeds to be used for the purpose of repairing its current Lackland offices or securing an alternative office space.

NOTE L – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

CAMP has approximately \$2,081,893 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. This consists of non-restricted cash of \$1,313,476, accounts receivable of \$63,571 and board designated investments of \$765,436. See Note K above for Board restricted funds received from insurance proceeds. CAMP's goal is to maintain six months of operating reserves throughout the year. CAMP plans to contribute at a minimum 50% of the increase in net assets with donor restriction each year until the reserve portfolio goal is met.