

**CAMP Rehoboth, Inc.
and Subsidiary
Consolidated Financial Statements
December 31, 2023**



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INDEPENDENT AUDITOR'S REPORT

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

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, 2023, 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, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of CAMP Rehoboth, Inc. and subsidiary as of December 31, 2023 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 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 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 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.

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
November 19, 2024

CAMP REHOBOTH, INC.
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 904,789
Certificate of deposit	<u>107,223</u>

Total current assets	<u>1,012,012</u>
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**BENEFICIAL INTEREST IN ENDOWMENT FUNDS
HELD BY OTHERS**

74,337

PROPERTY AND EQUIPMENT

Buildings	2,640,952
Building improvements	2,270,384
Furniture and fixtures	70,612
Office equipment	86,292
Vehicles	24,907
Construction in progress	37,716
Less: accumulated depreciation	<u>(1,779,970)</u>

Net property and equipment	<u>3,350,893</u>
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TOTAL ASSETS

\$ 4,437,242

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll taxes withheld	\$ 26,540
Security deposits	4,952
Current maturities of long-term debt	<u>64,344</u>

Total current liabilities	95,836
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LONG-TERM DEBT, net of current maturities

2,179,345

Total liabilities	<u>2,275,181</u>
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NET ASSETS

Without donor restrictions	
Undesignated	1,703,856
Board designated	<u>66,348</u>

1,770,204

With donor restrictions	<u>391,857</u>
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Total net assets	<u>2,162,061</u>
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TOTAL LIABILITIES AND NET ASSETS

\$ 4,437,242

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Donations	\$ 232,724	\$ 25,000	\$ 257,724
Grants	277,358	325,378	602,736
Membership dues	198,364	-	198,364
Special events	616,416	-	616,416
Newsletter	153,948	-	153,948
Rental income	59,892	-	59,892
Miscellaneous	558	-	558
Interest	3,387	-	3,387
Change in beneficial interest in endowment funds held by others	8,549	-	8,549
Net assets released from restrictions	195,102	(195,102)	-
Total support and revenue	1,746,298	155,276	1,901,574
EXPENSES			
Program services			
Community center	211,750	-	211,750
Outreach	435,826	-	435,826
Health and wellness	376,631	-	376,631
Total program services	1,024,207	-	1,024,207
Rental operations	72,988	-	72,988
Management & general	211,337	-	211,337
Fundraising & development	284,340	-	284,340
Total expenses	1,592,872	-	1,592,872
CHANGE IN NET ASSETS	153,426	155,276	308,702
NET ASSETS			
BEGINNING OF YEAR	1,616,778	236,581	1,853,359
END OF YEAR	\$ 1,770,204	\$ 391,857	\$ 2,162,061

See accompanying notes.

CAMP REHOBOTH, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services				Rental Operations	Management & General	Fundraising & Development	Total
	Community Center	Outreach	Health & Wellness	Total				
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,883	\$ -	\$ 31,883
Advertising	1,733	3,466	4,852	10,051	-	3,119	4,158	17,328
Auto expense	-	399	-	399	-	-	-	399
Bank and credit card fees	1,889	3,777	5,288	10,954	-	3,399	4,532	18,885
Conferences and meetings	40	80	112	232	-	114	97	443
Depreciation	9,589	19,178	26,849	55,616	16,919	17,260	23,013	112,808
Employee benefits	5,448	10,896	15,254	31,598	-	9,806	13,076	54,480
Events	69,201	69,201	49,430	187,832	-	-	101,734	289,566
Health and youth programs	-	-	84,571	84,571	-	-	-	84,571
Information technology	38	76	106	220	-	68	92	380
Insurance	1,355	2,710	3,794	7,859	5,845	2,439	3,253	19,396
Interest	3,876	7,753	10,854	22,483	38,764	6,978	9,303	77,528
Professional fees	70,329	35,473	18,374	124,176	-	49,415	9,272	182,863
Miscellaneous	410	820	1,149	2,379	-	738	988	4,105
Newsletter production	-	127,241	-	127,241	-	-	-	127,241
Payroll taxes	2,749	5,498	7,697	15,944	-	4,948	6,596	27,488
Payroll service	698	1,397	1,956	4,051	-	1,257	1,676	6,984
Postage	461	922	1,291	2,674	-	830	1,107	4,611
Printing	389	59,848	1,088	61,325	-	700	933	62,958
Property taxes	333	665	931	1,929	3,326	599	798	6,652
Repairs and maintenance	4,740	9,479	13,271	27,490	2,788	8,531	11,377	50,186
Salaries	33,888	67,776	116,925	218,589	-	60,999	81,331	360,919
Storage	628	1,257	1,759	3,644	-	1,131	1,508	6,283
Supplies	1,739	3,479	4,870	10,088	-	3,131	4,176	17,395
Taxes and licenses	41	83	116	240	-	75	99	414
Telephone	538	1,076	1,507	3,121	-	969	1,291	5,381
Utilities	1,638	3,276	4,587	9,501	5,346	2,948	3,930	21,725
Total	\$ 211,750	\$ 435,826	\$ 376,631	\$ 1,024,207	\$ 72,988	\$ 211,337	\$ 284,340	\$ 1,592,872

See accompanying notes.

CAMP REHOBOTH, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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) are capitalized and depreciated over the estimated useful life of each asset. Additionally, certificates 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.

Certificates of deposit- 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. Interest earned on certificates of deposit is reported in the consolidated statement of revenue, expenses and change in net assets – modified cash basis.

CAMP REHOBOTH, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 honor 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 \$5,000, is capitalized at the date of purchase. Depreciation is calculated over the estimated useful lives of the respective assets on an accelerated and straight-line 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, 2023. Accordingly, no provision for income taxes is reflected in these consolidated financial statements. Management does not believe CAMP has any uncertain tax positions.

CAMP REHOBOTH, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, miscellaneous, 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. Certain depreciation, insurance, interest, property taxes, repairs and maintenance, and utilities 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, 2023:

Cash and cash equivalents	\$	904,789
Certificate of deposit		<u>107,223</u>
 Financial assets, as of December 31, 2023		 1,012,012
 Less those unavailable for general expenditures within one year, due to:		
Restricted reserves		(91,798)
Governing board designations		(66,348)
Restricted by donor with purpose restrictions		<u>(391,857)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$	 <u><u>462,009</u></u>

As part of the liquidity management plan, CAMP invests cash, in excess of daily requirements, in money market funds and certificates of deposit.

NOTE 3 **Restricted Reserves**

Pursuant to the requirements of the USDA mortgage (see Note 5), 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, 2023 was \$91,798, 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, 2023

NOTE 4 **Fair Value Measurements**

CAMP measures its 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
Certificate of deposit	\$ -	\$107,223	\$ -	\$107,223
Beneficial Interest	-	-	74,337	74,337
	\$ -	\$107,223	\$ 74,337	\$181,560

The entire endowment fund held at DCF is considered to fall within level 3 measurements in the fair value hierarchy as of December 31, 2023. There were no transfers into or out of Level 3 during the year ended December 31, 2023.

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	\$ 65,788
Interest income, net of fees	701
Appreciation / depreciation	7,848
Balance - December 31	\$ 74,337

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 \$934 for the year ended December 31, 2023.

CAMP REHOBOTH, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 **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:

2024	\$	64,344
2025		66,762
2026		69,050
2027		71,417
2028		73,679
Thereafter		<u>1,898,437</u>
	<u>\$</u>	<u>2,243,689</u>

Interest paid for the year ended December 31, 2023 totaled \$77,528 .

NOTE 6 **Governing Board Designations**

CAMP maintains \$75,285 in original funds in endowment funds at DCF as designated by the governing board. As of December 31, 2023, the fair value of these funds totaled \$74,337. The endowment deficit of \$948 as of December 31, 2023, is included 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, 2023:

Scholarships	\$	1,737
Mission objectives		<u>64,611</u>
	<u>\$</u>	<u>66,348</u>

NOTE 7 **Net Assets with Donor Restrictions**

Net assets with restrictions consisted of the following as of December 31, 2023:

Aging LGBTQ community forums	\$	21,959
Capital improvements		303,419
Scholarships		32,989
Equipment/website upgrades		<u>33,490</u>
	<u>\$</u>	<u>391,857</u>

CAMP REHOBOTH, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 **Rental Income**

CAMP leases a portion of its facilities to various parties for occasional one-time events and for commercial use, under operating leases with various renewal dates. The total rental revenue for the operating leases for 2023 was \$58,062. CAMP's security deposits from current tenants as of December 31, 2023 totaled \$4,952. The cost of property held by CAMP for lease was \$977,721, less accumulated depreciation of \$335,875, at December 31, 2023. At December 31, 2023, remaining minimum annual lease revenue per executed lease agreements is as follows:

2024	\$	45,684
2025		46,677
2026		41,698
2027		12,559
		<hr/>
	\$	146,618
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NOTE 9 **Retirement Plan**

CAMP contributes 3% of qualified compensation for the benefit of eligible employees into a SEP IRA. For the year ended December 31, 2023, there were no employer contributions to the SEP IRA plan.

NOTE 10 **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 \$327,065 as of December 31, 2023.

NOTE 11 **Loss Contingency**

In October 2021, CAMP management and authorities began investigating possible counterfeit purchases and reimbursements to a former employee through October 2021 that went back several years. On February 27, 2024, the former employee and the Delaware Department of Justice entered into a plea agreement in which the former employee pled guilty to the charge of felony theft of more than \$50,000. As part of the plea agreement, the former employee is required to pay restitution of \$176,200 to CAMP Rehoboth. CAMP is in communication with the Attorney General's office to determine whether CAMP will be required to reimburse the Delaware Department of Health and Human Services (DHHS) the restitution amount since the theft occurred from funds from a DHHS grant. Until resolved, CAMP will sequester all restitution payments received in a separate bank account. Receipt of restitution payments began in 2024, and to date, CAMP has received restitution payments totaling \$5,300.

NOTE 12 **Subsequent Events**

See Note 11 regarding the February 27, 2024 conviction and plea agreement of a former employee for counterfeit purchases and reimbursements.

Management has evaluated its December 31, 2023 consolidated financial statements for subsequent events through November 19, 2024, the date the consolidated financial statements were available to be issued. Management is not aware of any additional subsequent events which would require recognition or disclosure in the consolidated financial statements.