



Report of Independent Auditors
and Financial Statements

Camp Korey

December 31, 2023 and 2022

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Report of Independent Auditors

The Board of Directors
Camp Korey

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Camp Korey, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Camp Korey as of December 31, 2023 and 2022, 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 (GAAS). 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 Korey 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 Camp Korey'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Camp Korey'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 Camp Korey'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.



Seattle, Washington
September 18, 2024

Financial Statements

Camp Korey
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,401,156	\$ 3,944,360
Current portion of pledges receivable, net of allowance for doubtful accounts of \$2,000 and \$1,552 at December 31, 2023 and 2022, respectively (Note 5)	308,939	973,998
Other receivables	458	8,449
Prepaid expenses and other	172,308	77,665
Total current assets	2,882,861	5,004,472
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation and amortization (Note 6)	14,014,966	13,907,065
INVESTMENTS (Notes 3 and 4)	1,396,290	1,137,145
PLEDGES RECEIVABLE, net of current portion (Note 5)	7,296	150,510
OTHER ASSETS	-	386
Total assets	\$ 18,301,413	\$ 20,199,578
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 153,040	\$ 749,488
Accrued liabilities	202,446	255,517
Current portion of financing lease obligation (Note 7)	3,901	7,305
Current portion of EIDL loan (Note 8)	13,336	23,735
Construction loan, net of issuance costs (Note 8)	41,599	5,384,547
Current portion of term loan (Note 8)	100,012	96,583
Total current liabilities	514,334	6,517,175
LEASE OBLIGATION, net of current portion (Note 7)	-	3,901
ECONOMIC INJURY DISASTER LOAN (EIDL), net of current portion (Note 8)	471,161	475,276
CONSTRUCTION LOAN (Note 8)	5,345,785	-
TERM LOAN, net of issuance costs (Note 8)	2,833,613	2,951,223
Total liabilities	9,164,893	9,947,575
COMMITMENTS AND CONTINGENCIES (Notes 1, 7, 8 and 15)		
NET ASSETS		
Net assets without donor restrictions	6,387,404	7,709,260
Net assets with donor restrictions (Note 11)	2,749,116	2,542,743
Total net assets	9,136,520	10,252,003
Total liabilities and net assets	\$ 18,301,413	\$ 20,199,578

See accompanying notes.

Camp Korey
Statements of Activities and Changes in Net Assets
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
SUPPORT AND REVENUE			
Contributions income and earned revenue			
Contributions income	\$ 816,619	\$ 1,426,888	\$ 2,243,507
In-kind contributions (Note 9)	317,223	-	317,223
Earned revenue, net	55,273	-	55,273
Investment and interest income, net (Note 3)	<u>43,832</u>	<u>259,146</u>	<u>302,978</u>
Total support from contributed income and earned revenue	<u>1,232,947</u>	<u>1,686,034</u>	<u>2,918,981</u>
Special events revenue			
Special events revenue	1,175,473	-	1,175,473
Less cost of direct benefit to donors	<u>(166,354)</u>	<u>-</u>	<u>(166,354)</u>
Net revenues from special events	<u>1,009,119</u>	<u>-</u>	<u>1,009,119</u>
Total support and revenue	2,242,066	1,686,034	3,928,100
Assets released from restriction (Note 11)	<u>1,479,661</u>	<u>(1,479,661)</u>	<u>-</u>
Total support, revenue, and releases	<u>3,721,727</u>	<u>206,373</u>	<u>3,928,100</u>
EXPENSES			
Program	3,889,544	-	3,889,544
Fundraising	961,706	-	961,706
Management and general	<u>192,333</u>	<u>-</u>	<u>192,333</u>
Total expenses	<u>5,043,583</u>	<u>-</u>	<u>5,043,583</u>
INCREASE (DECREASE) IN NET ASSETS	(1,321,856)	206,373	(1,115,483)
NET ASSETS, beginning of year	<u>7,709,260</u>	<u>2,542,743</u>	<u>10,252,003</u>
NET ASSETS, end of year	<u>\$ 6,387,404</u>	<u>\$ 2,749,116</u>	<u>\$ 9,136,520</u>

See accompanying notes.

Camp Korey
Statements of Activities and Changes in Net Assets
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2022 Total
SUPPORT AND REVENUE			
Contributions income and earned revenue			
Contributions income	\$ 1,887,054	\$ 1,294,450	\$ 3,181,504
In-kind contributions (Note 9)	252,481	-	252,481
Earned revenue, net	92,165	-	92,165
Investment and interest income (loss), net (Note 3)	<u>7,720</u>	<u>(314,892)</u>	<u>(307,172)</u>
Total support from contributed income and earned revenue	<u>2,239,420</u>	<u>979,558</u>	<u>3,218,978</u>
Special events revenue			
Special events revenue	1,199,999	-	1,199,999
Less cost of direct benefit to donors	<u>(226,098)</u>	<u>-</u>	<u>(226,098)</u>
Net revenues from special events	<u>973,901</u>	<u>-</u>	<u>973,901</u>
Total support and revenue	3,213,321	979,558	4,192,879
Assets released from restriction	<u>2,591,207</u>	<u>(2,591,207)</u>	<u>-</u>
Total support, revenue, and releases	<u>5,804,528</u>	<u>(1,611,649)</u>	<u>4,192,879</u>
EXPENSES			
Program	3,029,277	-	3,029,277
Fundraising	834,368	-	834,368
Management and general	<u>147,906</u>	<u>-</u>	<u>147,906</u>
Total expenses	<u>4,011,551</u>	<u>-</u>	<u>4,011,551</u>
INCREASE (DECREASE) IN NET ASSETS	1,792,977	(1,611,649)	181,328
NET ASSETS, beginning of year	<u>5,916,283</u>	<u>4,154,392</u>	<u>10,070,675</u>
NET ASSETS, end of year	<u>\$ 7,709,260</u>	<u>\$ 2,542,743</u>	<u>\$ 10,252,003</u>

See accompanying notes.

Camp Korey
Statements of Functional Expenses
Year Ended December 31, 2023

	Supporting Services			Total	Total Expenses
	Program	Fundraising	Management and General		
PERSONNEL EXPENSES					
Salaries	\$ 1,616,407	\$ 543,530	\$ 77,931	\$ 621,461	\$ 2,237,868
Employee benefits	162,679	56,946	7,262	64,208	226,887
Payroll taxes	170,451	56,879	8,065	64,944	235,395
Total personnel expenses	1,949,537	657,355	93,258	750,613	2,700,150
OTHER EXPENSES					
Donated goods and services	172,401	19,054	712	19,766	192,167
Other expenses	376,895	86,973	36,519	123,492	500,387
Facilities and utilities	337,843	15,089	2,533	17,622	355,465
Depreciation and amortization	497,133	11,991	3,331	15,322	512,455
Interest expense	321,217	51,395	55,678	107,073	428,290
Fundraising	19,310	117,407	15	117,422	136,732
Medical supplies	62,828	1,467	4	1,471	64,299
Food and hospitality	90,699	421	108	529	91,228
Program supplies	54,790	180	175	355	55,145
Volunteer recruitment and training	6,891	374	-	374	7,265
Total other expenses	1,940,007	304,351	99,075	403,426	2,343,433
Total expenses	\$ 3,889,544	\$ 961,706	\$ 192,333	\$ 1,154,039	\$ 5,043,583

See accompanying notes.

Camp Korey
Statements of Functional Expenses
Year Ended December 31, 2022

	Supporting Services			Total	Total Expenses
	Program	Fundraising	Management and General		
PERSONNEL EXPENSES					
Salaries	\$ 1,397,398	\$ 435,121	\$ 71,969	\$ 507,090	\$ 1,904,488
Employee benefits	153,160	47,691	7,888	55,579	208,739
Payroll taxes	141,821	44,160	7,304	51,464	193,285
Total personnel expenses	<u>1,692,379</u>	<u>526,972</u>	<u>87,161</u>	<u>614,133</u>	<u>2,306,512</u>
OTHER EXPENSES					
Donated goods and services	87,270	28,800	1,067	29,867	117,137
Other expenses	314,092	80,510	37,016	117,526	431,618
Facilities and utilities	361,220	8,890	2,432	11,322	372,542
Depreciation and amortization	304,020	7,483	2,046	9,529	313,549
Interest expense	102,805	16,449	17,819	34,268	137,073
Fundraising	24,989	164,783	65	164,848	189,837
Medical supplies	47,852	-	-	-	47,852
Food and hospitality	52,887	183	2	185	53,072
Program supplies	37,811	298	298	596	38,407
Volunteer recruitment and training	3,952	-	-	-	3,952
Total other expenses	<u>1,336,898</u>	<u>307,396</u>	<u>60,745</u>	<u>368,141</u>	<u>1,705,039</u>
Total expenses	<u>\$ 3,029,277</u>	<u>\$ 834,368</u>	<u>\$ 147,906</u>	<u>\$ 982,274</u>	<u>\$ 4,011,551</u>

See accompanying notes.

Camp Korey
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ (1,115,483)	\$ 181,328
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization expense	512,455	317,473
Unrealized/realized loss (gain) on investments	(248,139)	338,509
Changes in operating assets and liabilities		
Pledges receivable	808,273	745,962
Other receivables	7,991	(2,057)
Prepaid expenses and other	(94,257)	(25,918)
Accounts payable	(596,448)	(36,280)
Accrued liabilities	(53,071)	111,048
	(778,679)	1,630,065
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(614,140)	(2,228,889)
Sale of investments	196,170	563,002
Purchases of investments	(207,176)	(514,297)
	(625,146)	(2,180,184)
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on loan	(192,527)	(112,099)
Borrowings on loan	60,453	1,845,648
Payments on capital lease obligation	(7,305)	(6,690)
	(139,379)	1,726,859
Net cash provided by (used in) financing activities		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,543,204)	1,176,740
CASH AND CASH EQUIVALENTS, beginning of year	3,944,360	2,767,620
CASH AND CASH EQUIVALENTS, end of year	\$ 2,401,156	\$ 3,944,360
SUPPLEMENTAL DISCLOSURE AND NON-CASH INVESTING AND FINANCING ACTIVITIES		
Cash paid during the year for interest	\$ 449,095	\$ 138,609

See accompanying notes.

Camp Korey

Notes to Financial Statements

Note 1 – Description of Operations and Significant Accounting Policies

Camp Korey (the Organization) was formed in 2005. The Organization is a not-for-profit corporation dedicated to honoring the courage, strength, and determination of children and their families who battle life threatening and serious illnesses and to provide them with a safe, friendly, medically sound environment in which to simply have fun and be kids. The Organization holds week-long camps at its facilities in Mt. Vernon, Washington (the property), and other year-round programs including family weekend camps, camper reunions, and a hospital outreach program.

The Organization's significant accounting policies are summarized below.

Basis of accounting – The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of estimates – The preparation of financial statements in accordance with U.S. GAAP 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 – Cash and cash equivalents consist of cash on hand and in bank accounts and highly liquid short-term investments with original maturities of three months or less, which principally consists of money market funds.

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments – Investments consist of a money market fund and one exchange traded fund that are carried at fair value, as described in Note 4, with any realized and unrealized gains and losses included in income. The investments are classified as long-term given their restricted nature.

Contributions – All contributions are considered to be available without donor restrictions unless specifically restricted by purpose or time by the donor. Amounts received that are designated by the donor for specific purposes are reported as net assets with donor restriction regardless of the time period when the restriction is fulfilled. Amounts that are designated by the donor for future time periods are reported as net assets with donor restriction until the time period arrives. Additionally, promises to pay are reported as net assets with donor restriction when the restriction is not fulfilled in the same period. Payments received for sponsorships and other earned revenue prior to the service period are deferred and recognized as earned during the service period.

Contributions that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are expected to be received. Amortization of the discounts is included in contribution revenue. Conditional contributions are not included as support until the conditions are substantially met.

Camp Korey

Notes to Financial Statements

Contributed professional services are recognized at fair value. The work of non-professional volunteers has been assigned no monetary value but provides significant benefit to the Organization. See Note 9.

During 2020, the Organization received a conditional grant from the M.J. Murdock Charitable Trust in the amount of \$300,000. The grant is to be used towards general project support in constructing the new youth recreational center. Receipt of grant funds is contingent upon completing the project during the planned timeline. For the year ended December 31, 2022, the conditions were met; thus, the full amount was recognized as revenue.

Special events – The Organization conducts special fundraising events, including a golf tournament, and a fall dinner and auction. Revenues raised by special fundraising events are recorded separately from contributions and include sponsorships and contributions made at the event. The cost of the direct benefit that participants receive at such events is presented as a line item on the statement of activities and changes in net assets and deducted from special event revenue to arrive at net revenues from special events.

Functional allocation of expenses – The costs of providing program services and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and the statements of functional expenses. Throughout the year, “common costs” relating to facilities, legal fees, interest expense, insurance, etc., are allocated to departments based on each department’s percentage of total salaries. This functional analysis then involves assigning percentage allocations to the Program, Management & General, and Fundraising categories for each department, depending on the nature of the department’s workload. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Land, buildings and equipment – Land, buildings, and equipment are stated at cost, if purchased, or fair value if contributed. Camper recreation equipment consisted of boats, teepees, pottery kiln, and various other equipment to enhance the camp experience. Depreciation and amortization are computed using the straight-line method over the useful lives of assets ranging from 5 to 20 years for furniture, equipment, and vehicles and 50 years for buildings. The Organization capitalizes asset purchases greater than \$1,000.

Federal income taxes – The Organization is exempt from federal taxes on income as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is not considered a private foundation. Net unrelated business income, if any, is subject to federal income taxes under Sections 512 and 514. There were no taxes due for the years ended December 31, 2023 and 2022.

The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. The Organization recognizes interest and penalties related to income tax matters in income tax expense, if applicable. As of December 31, 2023 and 2022, the Organization is not aware of any uncertain tax positions that require accrual.

Camp Korey Notes to Financial Statements

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the financial position date and before financials statements are available to be issued.

Subsequent events were evaluated through September 18, 2024, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2023.

Reclassification – Certain amounts reported in the December 31, 2022, financial statements have been reclassified to be in accordance with the December 31, 2023, financial statement presentation. The reclassifications have no effect on the change in net assets or total net assets as previously reported.

Note 2 – Liquidity and Availability of Financial Assets

The following reflects the Organization’s availability of financial assets as of the statements of financial position date. Financial assets are reduced by the amounts not available for general use within one year of the statements of financial position date because of contractual or donor-imposed restrictions or internal designations. Internal designations can be changed based on Board approval.

Camp Korey's financial assets available within one year of the statement of financial position date for general expenditures were as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,401,156	\$ 3,944,360
Investments	1,396,290	1,137,145
Receivables	458	8,449
Pledges receivable for general purposes, due within one year	<u>310,939</u>	<u>856,175</u>
Allowance for doubtful accounts	(2,000)	(1,552)
Less those unavailable for general expenditure within one year		
Endowment and long term investments	<u>(1,396,290)</u>	<u>(1,137,145)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,710,553</u></u>	<u><u>\$ 4,807,432</u></u>

Camp Korey’s policy is to maintain adequate liquid assets to fund near-term operating needs using bank deposits or a money market fund.

The Organization’s cash flows have seasonal variations attributed to summer residential camp activities and key fundraising activities which occur in the spring and fall.

Camp Korey

Notes to Financial Statements

Note 3 – Investments

Investments are stated at the fair value based on quoted market prices and consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Money market fund	\$ 19,457	\$ 31,956
Stock exchange-traded fund	<u>1,376,833</u>	<u>1,105,189</u>
Total investments	<u>\$ 1,396,290</u>	<u>\$ 1,137,145</u>

Investment income consisted of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Dividends and interest, net	\$ 54,839	\$ 31,337
Realized gains	54,235	31,947
Unrealized gains (losses)	<u>193,904</u>	<u>(370,456)</u>
Total investment return (loss)	<u>\$ 302,978</u>	<u>\$ (307,172)</u>

Note 4 – Fair Value Measurements

The Organization applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Quoted prices for similar assets or liabilities in active markets or inputs that are observable;
and

Level 3 – Inputs that are unobservable. These valuations require significant judgment.

The fair value measurement of the money market fund and stock exchange-traded fund assets is based on quoted market prices in active markets and, therefore, these assets are recorded at fair value on a recurring basis and classified as Level 1 assets.

Camp Korey Notes to Financial Statements

The following table presents information about the Organization's assets measured at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Balance
ASSETS (at fair value)				
Investments				
Money market	\$ 19,457	\$ -	\$ -	\$ 19,457
Public equity securities	1,376,833	-	-	1,376,833
	<u>\$ 1,396,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,396,290</u>

The following table presents information about the Organization's assets measured at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Balance
ASSETS (at fair value)				
Investments				
Money market	\$ 31,956	\$ -	\$ -	\$ 31,956
Public equity securities	1,105,189	-	-	1,105,189
	<u>\$ 1,137,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,137,145</u>

The transfer of assets between fair value hierarchy levels are recognized on the date the event occurs. There were no such transfers during the years ended December 31, 2023 and 2022.

There were no changes in valuation methodologies or assumptions during the years ended December 31, 2023 and 2022.

Note 5 – Pledges Receivable

Pledges receivable consist of unconditional promises to give cash from individuals, businesses, and other organizations. Pledges are comprised of the following at December 31:

	2023	2022
Expected to be realized		
In one year or less	\$ 310,939	\$ 975,550
Between one year and five years	7,296	150,510
	<u>318,235</u>	<u>1,126,060</u>
Less allowance for doubtful accounts	<u>(2,000)</u>	<u>(1,552)</u>
	<u>\$ 316,235</u>	<u>\$ 1,124,508</u>

As of December 31, 2023 and 2022, pledges due in more than one year were reflected at the present value of estimated future cash flows using a discount rate of 5.47% and 3.40%, respectively.

Approximately 56% of pledges receivable at December 31, 2023, are due from two donors. Approximately 90% of pledges receivable at December 31, 2022, are due from three donors.

Camp Korey

Notes to Financial Statements

Note 6 – Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at December 31:

	2023	2022
Land	\$ 882,319	\$ 882,319
Buildings and improvements	13,933,737	11,990,014
Furniture, fixtures, and equipment	812,167	774,600
Camper recreation equipment	151,257	77,382
Vehicles	557,903	346,149
Construction in process	5,936	1,658,715
	16,343,319	15,729,179
Less accumulated depreciation and amortization	(2,328,353)	(1,822,114)
	\$ 14,014,966	\$ 13,907,065

Note 7 – Commitments

The Organization leases certain equipment under a financing lease arrangement. The lease requires monthly payments through 2024 and has an interest rate of 8.83%. Future payments on the financing lease obligation are as follows:

2024	\$ 4,003
Less interest	(102)
	\$ 3,901

The Organization recognizes depreciation expense on assets acquired under financing leases. The cost and related accumulated depreciation of the assets acquired under financing leases are classified in land, buildings, and equipment accounts and are insignificant to the financial statements.

The Organization leases an office facility under operating lease agreements that extend through May 2026. Future minimum lease payments for the years ending December 31 are as follows:

2024	\$ 5,139
2025	5,526
2026	2,340
	\$ 13,005

Rental expense under this lease was \$2,688 and \$5,143 for the years ended December 31, 2023 and 2022, respectively.

Camp Korey

Notes to Financial Statements

Note 8 – Debt

Future maturities of long term debt are as follows:

2024	\$ 210,303
2025	221,167
2026	236,715
2027	248,785
2028	260,603
Thereafter	<u>7,780,937</u>
Less unamortized issuance costs	<u>(153,004)</u>
	<u><u>\$ 8,805,506</u></u>

On April 1, 2019, the Washington State Housing Finance Commission issued Variable Rate Demand Nonprofit Revenue Bonds, Series 2019 (the 2019 Bonds) of \$3,450,000 and loaned the proceeds to Camp Korey. The 2019 Bonds were issued with the purpose of refinancing the Organization's existing bridge loan. The 2019 Bonds were then sold to a private lender. The bonds mature on April 1, 2044, and bear interest at 3.875% at December 31, 2023 and 2022, subject to reset on each reset date set forth in the financing agreement, and paid monthly. Principal payments, as determined in the financing agreement schedule of payments, are payable monthly. The current portion of debt of \$100,012 and long-term portion of \$2,833,613, net of issuance costs, is presented as outstanding as of December 31, 2023. The current portion of debt of \$96,583 and long-term portion of \$2,951,223, net of issuance costs, is presented as outstanding as of December 31, 2022. The loan is secured by real property.

On June 6, 2020, the Organization received \$150,000 in loan proceeds from the Small Business Administration. The \$150,000 Small Business Administration Economic Injury Disaster Loan (EIDL) loan was initially payable monthly beginning on June 6, 2021. During 2021, the Organization received approval of an increase of its EIDL from \$150,000 to \$500,000. The loan matures on June 6, 2051, and carries an interest rate of 2.75%. Principal plus accrued interest was \$484,497 and \$499,011 as of December 31, 2023 and 2022, respectively.

During 2021, the Organization secured a line of credit for \$5,500,000 through Mountain Pacific Bank to fund construction at camp. The loan includes interest-only payments due monthly beginning June 10, 2021, and is due on demand, maturing March 10, 2033, if no demand is made. All outstanding principal plus accrued unpaid interest is due upon maturity. The loan carries a variable interest rate of the Wall Street Journal Prime Rate Index plus 1.5%. In 2023, the terms of the line of credit agreement were changed, making the line of credit now a fully disbursed installment loan, payable in 119 regular payments of \$36,737 and one balloon payment of \$4,285,777 due at maturity of March 10, 2033, with a variable interest rate of the Federal Home Loan Bank of Des Moines Five Year Fixed Rate Advances plus 2.0%. The new term loan is secured with the existing property from the original line of credit. As of December 31, 2023 and 2022, the note carried a balance of \$5,442,384 and \$5,439,547 with interest at 6.375% and 9.25%, respectively. The note is presented on the statement of financial position net of unamortized issuance costs of \$55,000. The loan is secured by a construction deed of trust, assignment of rents, and all equipment, inventory, and accounts receivable.

Camp Korey

Notes to Financial Statements

Note 9 – In-Kind Contributions

In September 2020, the FASB issued ASU 2020-07, *Not-For-Profit Entities* (Topic 958), *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. This standard intends to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This guidance requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets and more detailed quantitative and qualitative disclosure of the valuation of the amount recognized and monetization or utilization of these assets during the reporting period. Topic 958 was adopted by the Organization for the year ending December 31, 2022.

In-kind contributions of goods and services are recorded at their estimated fair values at the date of donation based on market rates for similar goods and services and are recognized upon donation or when an unconditional promise is made. Donated services are recognized if they (a) create or enhance non-financial assets, or (b) require specialized technical skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization received in-kind gifts and in-kind accounting, legal, and medical services valued at \$317,223 and \$252,481 for the years ended December 31, 2023 and 2022, respectively. The Organization does not monetize the contributed nonfinancial assets.

Note 10 – Related-Party Transactions and Board Contributions

During the years ended December 31, 2023 and 2022, 16 board members provided contributions totaling approximately \$351,000 and \$210,000, respectively, to the Organization, either individually or through foundations or businesses in which they exercise control in discretionary contributions.

Camp Korey Notes to Financial Statements

Note 11 – Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31 are available for the following purposes or periods:

	2023	2022
Subject to expenditure for specified purpose		
Program activities	\$ 77,002	\$ 5,500
Capital activities	1,116,000	720,699
Other	62,500	-
	1,255,502	726,199
Subject to the passage of time		
For periods after December 31	97,324	500,000
	396,290	316,544
Subject to spending policy and appropriation		
Endowment earnings for use in programming	1,000,000	1,000,000
	1,000,000	1,000,000
Not subject to appropriation or expenditure		
Endowment donor restricted funds	-	-
	\$ 2,749,116	\$ 2,542,743

Net assets with donor restrictions where restrictions were met by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors were as follows for the years ended December 31:

	2023	2022
Purpose restrictions accomplished		
Program expenses	\$ 804,219	\$ 502,950
Capital expenses	675,442	1,527,114
	1,479,661	2,030,064
Time restrictions accomplished		
Passage of a specified time	-	500,000
	-	500,000
Release of appropriated endowment amounts		
	-	61,143
	\$ 1,479,661	\$ 2,591,207

Note 12 – Endowments

The Organization follows the provisions of Accounting Standards Codification (ASC) 958-205, *Reporting Endowment Funds*. ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

Camp Korey

Notes to Financial Statements

Interpretation of relevant law – The Board of Trustees of the Organization has followed Washington State law and determined that requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary, is appropriate. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment, as applicable, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Organization receives contributions towards an endowment whose investment earnings will be used for program needs while the principal remains intact. There was an investment gain of \$259,146 and investment loss of \$314,892 during the years ended December 31, 2023 and 2022, respectively. There were \$0 and \$4,910 contributions during the years ended December 31, 2023 and 2022, respectively, to the endowment. Total donor-restricted endowment funds to be held in perpetuity were \$1,000,000 as of December 31, 2023 and 2022.

Return objectives and risk parameters – The endowment fund’s primary long-term investment objective is to attain an average annual total return (net of investment management fees) of at least the Seattle area CPI Index plus the anticipated spend rate over the long term (a minimum five-year period). The Organization has determined that the initial strategy will be a growth style because of the “in perpetuity” time frame and the desire to grow the endowment. This strategy will be maintained until the Board adopts a revised style. The allocation of the endowment assets consists of long-term investments to allow exposure to a broad participation in the world equity market. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s).

Strategies employed for achieving objectives – The Organization relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends) and appreciation of the investments. The Organization targets an asset allocation that places a greater emphasis on endowment growth.

Spending policy and how the investment objectives relate to spending policy – In 2018, Camp Korey adopted an Endowment Spending Policy with two primary goals: maintaining the perpetual purchasing power of the principal providing a significant and stable flow of funds to the operating budget. This allows the Organization to provide services and programs to children today, while providing adequate resources to support the Organization in the future. Distributions were \$0 and \$61,143 in 2023 and 2022, respectively. For future budgeting years, the Organization may elect to take an annual distribution based on a Board-approved calculation that considers inflation and market value of the endowment investments.

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level of original value of the asset donated, at which time distributions are ceased unless determined prudent by the board of directors. There were no deficiencies of this nature as of December 31, 2023 or 2022.

Camp Korey

Notes to Financial Statements

Note 13 – Concentrations

Approximately 26% of the Organization's total support was provided by contributions from two donors during the year ended December 31, 2023. For the year ended December 31, 2022, no individual donor made contributions representing more than 10% of the Organization's total support.

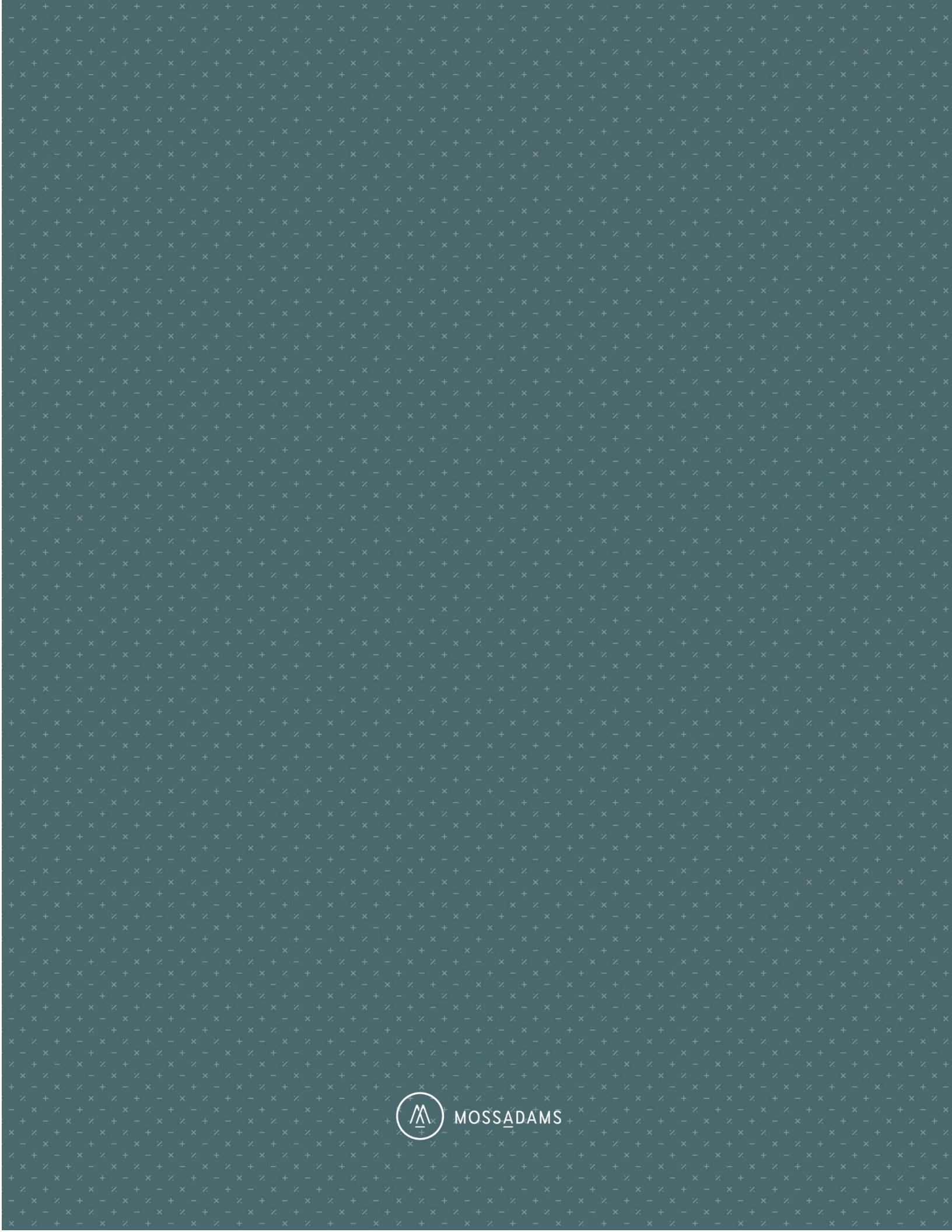
Approximately \$593,000 and \$740,000 of the Organization's total support was provided by contributions from one fundraising event, the Grow fall dinner and auction, held during the years ended December 31, 2023 and 2022, respectively, and is recorded in special events revenue.

Note 14 – 401(k) Retirement Plan

The Organization sponsors a 401(k) Salary Deferral Plan (Plan), which covers all employees of the Organization. The Organization contributes to the retirement accounts of employees who have completed 1,000 hours of service. Individual contributions to the Plan are determined by the employee at an amount not to exceed Internal Revenue Code limits. Effective January 1, 2016, the Organization contributes to the Plan by matching participating employees' 401(k) salary reductions up to 3% of compensation. The Organization made matching contributions of \$50,555 and \$52,341 during the years ended December 31, 2023 and 2022, respectively.

Note 15 – Contingencies

The Organization is periodically involved in claims and complaints that arise in the ordinary course of business. In the opinion of management, any unresolved outcomes of these complaints and claims are not expected to have a material adverse effect on the Organization's financial condition, results of operations, or its liquidity.



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