

FINANCIAL STATEMENTS

**CITY KIDS TO WILDERNESS
PROJECT, INC.**

**FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

CITY KIDS TO WILDERNESS PROJECT, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City Kids to Wilderness Project, Inc.
Washington, D.C.

Opinion

We have audited the accompanying financial statements of City Kids to Wilderness Project, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

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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.

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.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Organization's 2020 financial statements, which were audited by other auditors and, in their report dated June 8, 2021, they expressed an unmodified opinion on those statements.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

August 17, 2022

CITY KIDS TO WILDERNESS PROJECT, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 369,718	\$ 207,884
Investments	2,430,787	2,298,294
Contributions and grants receivable	361,457	496,934
Prepaid expenses and deposits	<u>15,630</u>	<u>57,997</u>
Total current assets	<u>3,177,592</u>	<u>3,061,109</u>
FIXED ASSETS		
Equipment	57,223	55,475
Computer equipment	23,842	19,342
Vehicles	102,881	102,881
Leasehold improvements	109,339	85,751
Other	<u>23,204</u>	<u>27,071</u>
	316,489	290,520
Less: Accumulated depreciation and amortization	<u>(181,996)</u>	<u>(160,856)</u>
Net fixed assets	<u>134,493</u>	<u>129,664</u>
TOTAL ASSETS	<u>\$ 3,312,085</u>	<u>\$ 3,190,773</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Notes payable	\$ -	\$ 150,000
Accounts payable and accrued liabilities	76,116	25,857
Accrued vacation	25,372	19,576
Other current liabilities	<u>6,000</u>	<u>5,125</u>
Total liabilities	<u>107,488</u>	<u>200,558</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	1,609,855	1,300,475
Board designated - general reserve	<u>1,372,778</u>	<u>1,479,247</u>
Total without donor restrictions	2,982,633	2,779,722
With donor restrictions	<u>221,964</u>	<u>210,493</u>
Total net assets	<u>3,204,597</u>	<u>2,990,215</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,312,085</u>	<u>\$ 3,190,773</u>

See accompanying notes to financial statements.

CITY KIDS TO WILDERNESS PROJECT, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions and grants	\$ 1,221,067	\$ 348,954	\$ 1,570,021	\$ 1,949,016
Investment income, net	310,549	-	310,549	181,464
Donated goods, facilities and services	723,835	-	723,835	588,247
Rental income	61,050	-	61,050	90,057
Other revenue	3,468	-	3,468	712
Net assets released from donor restrictions	<u>337,483</u>	<u>(337,483)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,657,452</u>	<u>11,471</u>	<u>2,668,923</u>	<u>2,809,496</u>
EXPENSES				
Program Services	<u>1,880,654</u>	<u>-</u>	<u>1,880,654</u>	<u>1,472,513</u>
Supporting Services:				
Management and General	344,929	-	344,929	250,813
Fundraising	<u>228,958</u>	<u>-</u>	<u>228,958</u>	<u>290,810</u>
Total supporting services	<u>573,887</u>	<u>-</u>	<u>573,887</u>	<u>541,623</u>
Total expenses	<u>2,454,541</u>	<u>-</u>	<u>2,454,541</u>	<u>2,014,136</u>
Change in net assets before other item	202,911	11,471	214,382	795,360
OTHER ITEM				
Loss on disposal of property and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,171)</u>
Total change in net assets	202,911	11,471	214,382	787,189
Net assets at beginning of year	<u>2,779,722</u>	<u>210,493</u>	<u>2,990,215</u>	<u>2,203,026</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,982,633</u>	<u>\$ 221,964</u>	<u>\$ 3,204,597</u>	<u>\$ 2,990,215</u>

CITY KIDS TO WILDERNESS PROJECT, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021				2020	
	Program Services	Supporting Services			Total Expenses	Total Expenses
		Management and General	Fundraising	Total Supporting Services		
Salaries and related expenses	\$ 659,667	\$ 235,472	\$ 160,823	\$ 396,295	\$ 1,055,962	\$ 1,044,063
Donated goods, facilities and services	723,835	-	-	-	723,835	588,247
Supplies and activity fees	275,804	768	513	1,281	277,085	24,075
Occupancy	119,719	11,815	6,555	18,370	138,089	68,913
Consultants and professional fees	10,750	74,555	31,579	106,134	116,884	119,827
Insurance	30,621	12,894	8,072	20,966	51,587	39,375
Office expenses	13,473	4,122	9,100	13,222	26,695	84,287
Travel and meals	-	-	-	-	-	8,894
Special event expenses	-	-	5,979	5,979	5,979	6,222
Other expenses	46,785	5,303	6,337	11,640	58,425	30,233
TOTAL	\$ 1,880,654	\$ 344,929	\$ 228,958	\$ 573,887	\$ 2,454,541	\$ 2,014,136

See accompanying notes to financial statements.

CITY KIDS TO WILDERNESS PROJECT, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 214,382	\$ 787,189
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	21,140	15,030
Net realized and unrealized gain on investments	(242,520)	(142,375)
Loss on disposal of equipment	-	8,171
Decrease (increase) in:		
Contributions and grants receivable	135,477	314,137
Prepaid expenses and deposits	42,367	(7,011)
Increase (decrease) in:		
Accounts payable and accrued liabilities	50,259	6,984
Accrued vacation	5,796	1,706
Other liabilities	<u>875</u>	<u>(1,725)</u>
Net cash provided by operating activities	<u>227,776</u>	<u>982,106</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(25,969)	(26,570)
Purchase of investments	(2,381,739)	(3,385,103)
Proceeds from sale of investments	<u>2,491,766</u>	<u>2,324,905</u>
Net cash provided (used) by investing activities	<u>84,058</u>	<u>(1,086,768)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payments on) notes payable	<u>(150,000)</u>	<u>150,000</u>
Net cash (used) provided by financing activities	<u>(150,000)</u>	<u>150,000</u>
Net increase in cash and cash equivalents	161,834	45,338
Cash and cash equivalents at beginning of year	<u>207,884</u>	<u>162,546</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 369,718</u>	<u>\$ 207,884</u>

CITY KIDS TO WILDERNESS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

City Kids to Wilderness Project, Inc. (the Organization) is a non-profit organization, incorporated in the District of Columbia (DC). The Organization was founded on the belief that providing enriching life experiences for DC youth can enhance their lives, the lives of their families, and the greater community. The program is based around three core principles: long-term youth engagement, outdoor adventure and experiential education programming, and goal setting with a focus on future planning. Youth develop a positive self-identity by overcoming challenges, building strong relationships with peers and adult mentors, and exploring personal possibilities. The City Kids journey begins when youth enter the program in the sixth grade, and continues through middle school, high school, and beyond. Programming is based on the positive youth development framework, and the program is carefully structured to provide age and stage appropriate support as youth mature. Each year brings new challenges, and excitement as youth gain new skills, and explore Washington, D.C. and the wilderness areas of the Mid-Atlantic, and participate in summer programming at Broken Arrow Ranch in Jackson, Wyoming. The Organization funds its program and supporting services primarily through contributions from individuals, foundations, governments, and corporations.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

CITY KIDS TO WILDERNESS PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Contributions and grants receivable -

Contributions and grants receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2021 totaled \$21,140.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statement of Activities and Change in Net Assets, to its current fair value.

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)3 of the Internal Revenue Code and is only subject to tax on unrelated business income. The Organization is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2021, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Revenue -

Contributions and grants -

The Organization receives contributions, including unconditional promises to give, from various sources, including organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received.

CITY KIDS TO WILDERNESS PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue (continued) -

Contributions and grants (continued) -

The Organization performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions and grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Certain grants and awards are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional.

Funds received in advance of the incurrence of qualifying expenditures are recorded as deferred revenue. For contributions and grants treated as contributions, the Organization had approximately \$250,000 in unrecognized conditional awards as of December 31, 2021.

Rental income -

Rental income is classified as an exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers* are recorded as revenue at a point in time when the performance obligations are met. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Funds received in advance of satisfying performance obligations are recorded as deferred revenue.

Donated goods, facilities and services -

Donated goods, facilities and services are recorded at their fair values in the period received. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the year ended December 31, 2021, the Organization received donated river sport services valued at \$2,260, as well as donated ranch rent of \$683,240 used in program activities. The Organization also received donated legal services of \$38,335, used for management and general activities during the year ended December 31, 2021.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

CITY KIDS TO WILDERNESS PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Use of estimates (continued) -

Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on the distribution of labor. Expenses allocated include salaries and related expenses, supplies and activity fees, occupancy, consultants and professional fees, donated goods, facilities and services, insurance, office expenses and other expenses.

Risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements not yet adopted -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

CITY KIDS TO WILDERNESS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements not yet adopted (continued) -

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non-public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organization plans to adopt the new ASUs at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2021. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Organization are deemed to be actively traded.

CITY KIDS TO WILDERNESS PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. INVESTMENTS (Continued)

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy and those invested and measured at NAV as a practical expedient as of December 31, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 63,860	\$ -	\$ -	\$ 63,860
Equities	1,774,810	-	-	1,774,810
Mutual funds	<u>592,117</u>	<u>-</u>	<u>-</u>	<u>592,117</u>
TOTAL INVESTMENTS	<u>\$ 2,430,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,430,787</u>

Included in investment income are the following:

Interest and dividends	\$ 75,915
Net realized and unrealized gain on investments	242,520
Investment expenses provided by external investment advisors	<u>(7,886)</u>
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	<u>\$ 310,549</u>

3. LOAN PAYABLE

In 2020, the Organization accepted a loan in the amount of \$150,000 under the Small Business Administration (SBA) Economic Injury and Disaster Loan (EIDL) program with an effective date of May 19, 2020. The loan carried an interest rate of 2.75% over a term of 30 years, and repayment of the loan is deferred for twenty-four months from the effective date. All tangible and intangible property that the Organization owns or shall acquire was collateral for the loan. The Organization repaid the loan in full in February 2021, therefore no amount was due at December 31, 2021.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021:

Subject to expenditure for specified purpose:	
General program	\$ 114,964
Clean/Ranch	<u>7,000</u>
Subtotal	121,964
Subject to passage of time	<u>100,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 221,964</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:	
General Programs	\$ 184,983
Alumni	40,500
Middle School	12,000
Timing restrictions accomplished	<u>100,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 337,483</u>

CITY KIDS TO WILDERNESS PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 369,718
Investments	2,430,787
Contributions and grants receivable	<u>361,457</u>
Subtotal financial assets available within one year	3,161,962
Less: Donor restricted funds	(221,964)
Less: Board designated funds	<u>(1,372,778)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,567,220</u>

The Organization has a goal to maintain financial assets to meet three months of normal operating expenses. The Organization structures its financial assets to be available and liquid as its obligations become due, operating within a prudent range of financial soundness and stability while maintaining and monitoring reserves to provide reasonable assurance that long-term program goals and donor restrictions will continue to be met. Occasionally, the Board designates a portion of net assets without donor restrictions as a general long-term reserve. The reserve was \$1,372,778 at December 31, 2021, as shown on the accompanying Statement of Financial Position. Should the need arise, the Board may approve releases from the reserve.

6. LEASE COMMITMENTS

The Organization entered into lease agreements for its office space on a month-to-month basis. Rent expense from these leases for the year ended December 31, 2021 was \$68,707 and is included in occupancy on the accompanying Statement of Functional Expenses.

7. RETIREMENT PLAN

The Organization provides noncontributory retirement benefits to its employees. Full time employees with six months of service or more are eligible for the Organization's retirement plan. Employees are permitted to contribute up to the allowable maximum.

8. CONCENTRATION OF REVENUE

During the year ended December 31, 2021, the Organization received 29% of its contribution and grant revenues from three donors. Additionally, at December 31, 2021, 75% of contributions and grants receivable were due from three donors. The Organization has no reason to believe that relationships with these donors will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Organization's ability to finance ongoing operations.

9. RELATED PARTY TRANSACTIONS

In 2017, the Organization entered into a lease agreement for a ranch used for the Organization's program activities with its founder and chairman emeritus of the Board. The lease provides discounted rent at \$100 annually for ten years. The lease is automatically extended for up to two subsequent ten-year extension terms unless the Organization terminates at least one year prior to the initial or extended termination date.

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9. RELATED PARTY TRANSACTIONS (Continued)

If the term of the lease is extended, either the landlord or the Organization may terminate the lease with a five-year notice during the first extended term, or three-year notice during the second extended term. The intent is that prior to the expiration of the final extended term, the parties will negotiate a new lease. The fair value market value of the annual rent for the ranch is approximately \$683,340. The difference between the fair value of the rent and the actual rent paid during the year ended December 31, 2021 was recognized as donated rent income and expenses, and included in donated goods, facilities and services on the accompanying Statement of Activities and Change in Net Assets.

10. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 17, 2022, the date the financial statements were issued.