

VICTORY JUNCTION GANG
CAMP, INC.

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



VICTORY JUNCTION GANG CAMP, INC.

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Independent Auditor's Report

To the Board of Directors
Victory Junction Gang Camp, Inc.
Randleman, NC

Opinion

We have audited the accompanying financial statements of Victory Junction Gang Camp, Inc. (the "Camp"), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of Victory Junction Gang Camp, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Camp'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 auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, 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 Victory Junction Gang Camp, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Victory Junction Gang Camp, 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.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
June 23, 2023

VICTORY JUNCTION GANG CAMP, INC.**Statements of Financial Position****December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 5,293,547	\$ 5,406,741
Contributions receivable, net	276,636	304,807
Other receivables	134,539	221,321
Inventory	19,517	18,199
Prepaid expenses	152,683	230,838
Total Current Assets	<u>5,876,922</u>	<u>6,181,906</u>
Property and equipment, net of accumulated depreciation	25,832,909	26,927,383
Contributions receivable, noncurrent, net	108,270	54,167
Investments - endowment	5,989,987	6,672,577
Certificate of deposit	467,198	466,033
Cash surrender value of life insurance policy	60,973	58,733
Total Assets	<u>\$ 38,336,259</u>	<u>\$ 40,360,799</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable - trade	\$ 190,225	\$ 98,160
Accrued expenses	158,572	110,303
Current portion of notes payable	258,586	-
Total Current Liabilities	<u>607,383</u>	<u>208,463</u>
Non Current Liabilities:		
Paycheck Protection Program loan	-	525,672
Notes payable, less current portion	-	446,306
Total Liabilities	<u>607,383</u>	<u>1,180,441</u>
Net Assets:		
Without Donor Restrictions	34,943,611	36,707,796
With Donor Restrictions	2,785,265	2,472,562
Total Net Assets	<u>37,728,876</u>	<u>39,180,358</u>
Total Liabilities and Net Assets	<u>\$ 38,336,259</u>	<u>\$ 40,360,799</u>

VICTORY JUNCTION GANG CAMP, INC.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:						
Contributions	\$ 3,863,347	\$ 495,365	\$ 4,358,712	\$ 3,451,584	\$ 495,329	\$ 3,946,913
Grants	523,670	-	523,670	184,538	-	184,538
Special events	1,899	-	1,899	2,592	-	2,592
Camp Store	8,439	-	8,439	2,046	-	2,046
In-kind contributions	143,277	-	143,277	646,921	-	646,921
Net investment return (loss)	(1,115,396)	-	(1,115,396)	734,693	-	734,693
Other interest income	36,290	-	36,290	5,766	-	5,766
Other income	573,908	-	573,908	546,594	-	546,594
Total Revenue, Gains and Other Support	<u>4,035,434</u>	<u>495,365</u>	<u>4,530,799</u>	<u>5,574,734</u>	<u>495,329</u>	<u>6,070,063</u>
Net Assets Released From Restrictions	<u>182,662</u>	<u>(182,662)</u>	<u>-</u>	<u>1,011,483</u>	<u>(1,011,483)</u>	<u>-</u>
Expenses:						
Program services						
Camp activities	1,965,269	-	1,965,269	1,504,056	-	1,504,056
Facilities maintenance	2,321,742	-	2,321,742	2,180,163	-	2,180,163
Medical	176,586	-	176,586	107,188	-	107,188
Total Program	<u>4,463,597</u>	<u>-</u>	<u>4,463,597</u>	<u>3,791,407</u>	<u>-</u>	<u>3,791,407</u>
Fundraising	1,096,586	-	1,096,586	993,923	-	993,923
General and administrative	422,098	-	422,098	369,267	-	369,267
Total Expenses	<u>5,982,281</u>	<u>-</u>	<u>5,982,281</u>	<u>5,154,597</u>	<u>-</u>	<u>5,154,597</u>
Change in Net Assets	(1,764,185)	312,703	(1,451,482)	1,431,620	(516,154)	915,466
Net assets - beginning of year	<u>36,707,796</u>	<u>2,472,562</u>	<u>39,180,358</u>	<u>35,276,176</u>	<u>2,988,716</u>	<u>38,264,892</u>
Net assets - end of year	<u>\$ 34,943,611</u>	<u>\$ 2,785,265</u>	<u>\$ 37,728,876</u>	<u>\$ 36,707,796</u>	<u>\$ 2,472,562</u>	<u>\$ 39,180,358</u>

See Notes to Financial Statements

VICTORY JUNCTION GANG CAMP, INC.
Statements of Functional Expenses
Years Ended December 31, 2022 and 2021

	2022						2021					
	Camp Activities	Facilities Maintenance	Medical	Fundraising	General and Administrative	Total	Camp Activities	Facilities Maintenance	Medical	Fundraising	General and Administrative	Total
Expenditures:												
Salaries	\$ 1,033,136	\$ 376,369	\$ 127,357	\$ 691,805	\$ 279,551	\$ 2,508,218	\$ 809,573	\$ 371,477	\$ 74,892	\$ 656,075	\$ 247,023	\$ 2,159,040
Depreciation	13,199	1,135,134	1,894	4,347	194	1,154,768	10,001	1,131,902	1,894	4,952	3,272	1,152,021
Payroll taxes and benefits	172,254	77,383	18,051	120,483	37,327	425,498	138,629	82,383	8,515	118,592	35,746	383,865
Maintenance and utilities	800	226,728	-	-	-	227,528	600	133,988	-	-	-	134,588
Food and supplies	394,369	-	-	-	-	394,369	290,896	-	-	-	-	290,896
In-kind	93,034	35,643	-	-	14,600	143,277	95,069	35,613	-	-	191	130,873
Insurance	7,786	125,933	10,558	9,538	18,643	172,458	7,546	122,208	16,868	3,837	20,745	171,204
Outside services	15,923	16,036	2,204	8,517	25,199	67,879	8,123	15,481	240	10,253	23,756	57,853
Fundraising expense	-	-	-	49,194	-	49,194	-	-	-	34,464	-	34,464
Retirement	18,504	11,382	142	14,925	6,575	51,528	15,835	9,298	421	14,471	5,565	45,590
Promotional	39,544	111	-	63,887	100	103,642	542	264	-	57,232	38	58,076
Office supplies, postage, and rent	29,321	9,157	3,187	27,629	11,709	81,003	27,619	11,071	2,441	24,013	13,270	78,414
Travel	20,270	27,493	481	8,931	2,911	60,086	3,927	19,928	113	6,059	1,183	31,210
IT	27,766	7,392	3,814	80,794	14,314	134,080	14,704	1,582	190	49,699	12,944	79,119
Occupancy	7,039	272,181	-	-	-	279,220	10,487	241,814	-	-	-	252,301
Program supplies	64,514	-	5,632	-	-	70,146	53,901	-	1,498	-	-	55,399
Miscellaneous	27,810	800	3,266	16,536	10,975	59,387	16,604	3,154	116	14,276	5,534	39,684
Total Expenditures	<u>\$ 1,965,269</u>	<u>\$2,321,742</u>	<u>\$ 176,586</u>	<u>\$1,096,586</u>	<u>\$ 422,098</u>	<u>\$ 5,982,281</u>	<u>\$ 1,504,056</u>	<u>\$2,180,163</u>	<u>\$ 107,188</u>	<u>\$ 993,923</u>	<u>\$ 369,267</u>	<u>\$ 5,154,597</u>

VICTORY JUNCTION GANG CAMP, INC.**Statements of Cash Flows****Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets	\$ (1,451,482)	\$ 915,466
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Forgiveness of paycheck protection program loan	(525,672)	(525,672)
Depreciation	1,154,768	1,152,021
Net increase on cash value of life insurance	(2,240)	(2,187)
Change in allowance for uncollectable accounts	-	(41,335)
Investment earnings reinvested	(88,158)	(73,730)
Gain on sale of investments	(403,052)	(643,132)
Unrealized (gain) loss on investments	1,173,800	(461,886)
Loss on disposal of property and equipment	-	2,840
Donated property and equipment	-	(487,348)
(Increase) decrease in:		
Accounts receivable	86,782	(44,679)
Pledges receivable	(25,932)	728,423
Inventory	(1,318)	3,609
Prepaid expenses	78,155	(56,996)
Increase (decrease) in:		
Accounts payable	92,065	4,521
Accrued expenses	48,269	(102,861)
Net cash provided by operating activities	<u>135,985</u>	<u>367,054</u>
Cash flows from investing activities:		
Purchase of property and equipment	(60,294)	(21,266)
Purchase of investments	-	(466,033)
Proceeds from sales of investments	-	199,100
Interest reinvested in certificates of deposit	(1,165)	-
Net cash used in investing activities	<u>(61,459)</u>	<u>(288,199)</u>
Cash flows from financing activities:		
Payments on note payable	(187,720)	(149,751)
Borrowings on Paycheck Protection Program loan	-	525,672
Net cash provided by (used in) financing activities	<u>(187,720)</u>	<u>375,921</u>
Net increase (decrease) in cash and cash equivalents	(113,194)	454,776
Cash and cash equivalents beginning	5,406,741	4,951,965
Cash and cash equivalents ending	<u>\$ 5,293,547</u>	<u>\$ 5,406,741</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 7,039</u>	<u>\$ 10,389</u>
Purchase of property and equipment with notes payable	<u>\$ -</u>	<u>\$ 465,000</u>

See Notes to Financial Statements

VICTORY JUNCTION GANG CAMP, INC.

Notes to Financial Statements

NOTE 1 - NATURE OF ORGANIZATION

Victory Junction Gang Camp, Inc. (the "Camp") was incorporated in North Carolina on April 17, 2000. The Camp's mission is to enrich the lives of children with chronic medical conditions or serious illnesses by providing life-changing camping experiences that are exciting, fun, and empowering, in a safe and medically-sound environment. The Camp is located in the Greensboro, North Carolina area and is comprised of 58 buildings including a medical center, 16 camper cabins, a dining hall, staff housing, an arts and crafts center, a pool, a performing arts center, stables, a boat house, a gym, and administrative and maintenance facilities. The Camp is supported primarily by donor contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Camp considers all highly-liquid debt instruments purchased with an initial maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

Investments

Investments in marketable equity securities with readily determinable fair values are measured at fair value in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses. Investment income is not restricted.

Inventory

Inventory consists primarily of apparel and accessories purchased for resale. Inventory is valued using the first-in, first-out (FIFO) method.

Contributions and Contributions Receivable

The camp derives its revenues primarily from contributions and grants. Contributions and grants are recognized as revenue when the donor makes an unconditional promise to give to the Camp. All contributions and grants are available for unrestricted use unless the donor or grantor specifically restricts its use. Restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, donor restricted net assets are reclassified to without donor restricted net assets. The Camp records multi-year pledges at their discounted present value using a risk free rate of return.

An allowance for uncollectible contributions is based on a combination of factors, including the Camp's historical loss experience and any anticipated effects related to current economic conditions, as well as management's knowledge of the current composition of receivables. Receivables that the Camp believes to be ultimately not collectible are written off upon such determination.

Property and Equipment

Property and equipment are stated at cost, or if donated, at estimated fair market value at the date of donation. The Camp capitalizes all significant expenditures for property and equipment over \$2,500. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method.

VICTORY JUNCTION GANG CAMP, INC.

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Camp has sources of revenue that are considered exchange transactions:

Facility Rental: Income from rental of the facility consists of employees renting on-site cottages on a monthly basis. Rent is collected through payroll deduction. Other facility rentals consist of groups that use the facility that meet the mission purpose of the Camp. Rent is collected from these rentals the first day of the rental period. Rent is recognized in the month it is earned.

Camp Store Revenue: Revenue received from the Camp store is recognized at the point of sale, when the goods are transferred to the customer.

In-Kind Contributions

Donated supplies, services, property and equipment, and investments are reflected as support and expense or capitalized in the accompanying financial statements at their estimated fair values on the date of the donation. For the years ended December 31, 2022 and 2021, the value of contributed supplies and services in the accompanying financial statements totals \$143,277, and \$130,873, respectively. Donated inventory, property and equipment, and construction costs for the years ended December 31, 2022 and 2021 totaled \$- and \$516,048. In addition, many volunteers perform a variety of tasks that are not recognized as support or related expenses since the services provided do not create or enhance non-financial assets or require specialized skills for which those possessing those skills would typically charge for their services.

Beneficial Interest in Endowments

In accordance with FASB ASC 958, *Transfers of Assets to a Not-for-profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the Camp recognizes its interest in assets held by High Point Community Foundation ("HPCF") for the sole benefit of the Camp. These assets consist of a donor restricted endowment and a beneficial interest in the assets held in the endowment.

Net Assets

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

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain granter) restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve, debt reduction, and a Board-designated endowment.

Net assets with donor restrictions: Net assets subject to donor (or certain granter) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when stipulated purpose for which the resource was restricted has been fulfilled or both.

VICTORY JUNCTION GANG CAMP, INC.

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation

The Camp allocates expenses on a functional basis. The directly identifiable expenses are charged to program services, fundraising or management and general services. Expenses that are attributed to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis. Expenses such as salaries, payroll taxes, professional services, office expenses, information technology, insurance and others are allocated based on the estimates of times and effort.

Income Tax Status

The Camp is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Qualifying contributions to the Camp are tax deductible.

It is the Camp's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2022 or 2021.

Estimates

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

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through June 23, 2023, which is the date the financial statements were available to be issued.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Camp maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits. The Camp believes there is minimal risk to its cash investments.

VICTORY JUNCTION GANG CAMP, INC.**Notes to Financial Statements**

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable amounts to be received in future periods are discounted to a present value using an interest rate of 2%.

Contributions receivable are as follows:

	<u>2022</u>	<u>2021</u>
Amounts receivable less than one year	\$ 298,506	\$ 304,807
Amounts receivable in one to five years	<u>111,215</u>	<u>79,429</u>
Total unconditional promises to give	409,721	384,236
Less - discount to present value for future pledges	(2,946)	(2,883)
Less - allowance for uncollectible pledges	<u>(21,869)</u>	<u>(22,379)</u>
	<u>\$ 384,906</u>	<u>\$ 358,974</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 2,168,359	\$ 2,168,359
Buildings	43,319,797	43,264,503
Vehicles	383,528	383,528
Office equipment	289,111	289,111
Furniture and fixtures	2,369,111	2,369,111
Construction in progress	<u>5,000</u>	<u>-</u>
	48,534,906	48,474,612
Less accumulated depreciation	<u>22,701,997</u>	<u>21,547,229</u>
	<u>\$ 25,832,909</u>	<u>\$ 26,927,383</u>

NOTE 6 - INVESTMENTS

The following is a summary of the Camp's investments at December 31, 2022 and 2021:

	<u>2022</u>		
	<u>Historical Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain</u>
Cash and cash equivalents	\$ 143,200	\$ 143,200	\$ -
Domestic equities and mutual funds	4,999,231	5,081,270	82,039
Beneficial interest in Community Foundation	<u>673,675</u>	<u>765,517</u>	<u>91,842</u>
Total	<u>\$ 5,816,106</u>	<u>\$ 5,989,987</u>	<u>\$ 173,881</u>

VICTORY JUNCTION GANG CAMP, INC.**Notes to Financial Statements**

NOTE 6 - INVESTMENTS (Continued)

	2021		
	Historical Cost	Fair Market Value	Unrealized Gain
Cash and cash equivalents	\$ 168,608	\$ 168,608	\$ -
Domestic equities and mutual funds	4,499,590	5,607,207	1,107,617
Beneficial interest in Community Foundation	704,791	896,762	191,971
Total	<u>\$ 5,372,989</u>	<u>\$ 6,672,577</u>	<u>\$ 1,299,588</u>

The following schedule summarizes investment returns as of December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends on investments	\$ 127,605	\$ 112,793
Realized and unrealized gain (loss)	(1,203,365)	660,964
Fees	(39,447)	(39,064)

Financial Accounting Standards Board provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.
- Level 2 Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2022 and 2021.

Investments consist of mutual funds that are valued at the closing price reported on the active market on which the individual securities are traded.

VICTORY JUNCTION GANG CAMP, INC.**Notes to Financial Statements**

NOTE 6 - INVESTMENTS (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Camp believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value hierarchy of the Camp's investments at December 31, 2022 and 2021 is as follows:

	2022			
	Level 1	Level 2	Level 3	Total
Cash	\$ 143,200	\$ -	\$ -	\$ 143,200
Equities	3,060,487	-	-	3,060,487
Fixed Income	1,600,746	-	-	1,600,746
Alternatives	420,037	-	-	420,037
HPCF Endowment Fund	765,517	-	-	765,517
Total	<u>\$ 5,989,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,989,987</u>
	2021			
	Level 1	Level 2	Level 3	Total
Cash	\$ 168,608	\$ -	\$ -	\$ 168,608
Equities	3,508,801	-	-	3,508,801
Fixed Income	1,877,218	-	-	1,877,218
Alternatives	221,188	-	-	221,188
HPCF Endowment Fund	896,762	-	-	896,762
Total	<u>\$ 6,672,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,672,577</u>

NOTE 7 - ENDOWMENT

The Camp follows the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as enacted by the State of North Carolina on March 19, 2009 and its own governing documents. The Camp's endowment consists of approximately 454 gifts in 5 funds at December 31, 2022, established by donors to provide funding for camperships and maintenance needs, and 445 gifts in 6 funds at December 31, 2021, established by donors to provide funding for camperships. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors. The Board of Directors has interpreted UPMIFA as 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. As a result of this interpretation, the Camp retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the applicable donor gift instrument at the time the accumulation is added to the fund and, (d) the portion of investment return, if any, added to the endowment as directed by the donor.

VICTORY JUNCTION GANG CAMP, INC.**Notes to Financial Statements**

NOTE 7 - ENDOWMENT (Continued)

Laws and regulations allow the governing board to appropriate so much of an endowment fund as is prudent considering the following relevant factors:

- 1) The duration and preservation of the endowment fund.
- 2) The purposes of the Camp and the endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation or deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) The Camp's other resources and investment policy.

Endowment net assets composition by type of fund as of December 31, 2022 and 2021 are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$2,531,451	\$ -	\$ 2,531,451
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,288,900	2,288,900
Accumulated investment gains	1,396,583	-	1,396,583
Accumulated distributions	(226,947)	-	(226,947)
	<u>\$3,701,087</u>	<u>\$ 2,288,900</u>	<u>\$ 5,989,987</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$2,156,010	\$ -	\$ 2,156,010
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,210,430	2,210,430
Accumulated investment gains	2,501,967	-	2,501,967
Accumulated distributions	(195,830)	-	(195,830)
	<u>\$4,462,147</u>	<u>\$ 2,210,430</u>	<u>\$ 6,672,577</u>

VICTORY JUNCTION GANG CAMP, INC.
Notes to Financial Statements

NOTE 7 - ENDOWMENT (Continued)

Changes in Endowment Net Assets and Composition by Type of Fund consist of the following as of December 31, 2022 and 2021:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, beginning of the year	\$ 4,462,147	\$ 2,210,430	\$ 6,672,577
Investment return, net income	(1,105,385)	-	(1,105,385)
Appropriation of endowment assets	375,441	78,470	453,911
Distribution pursuant to distribution policy	(31,116)	-	(31,116)
Endowment, end of year	<u>\$ 3,701,087</u>	<u>\$ 2,288,900</u>	<u>\$ 5,989,987</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, beginning of the year	\$ 3,519,499	\$ 2,173,430	\$ 5,692,929
Investment return, net income	734,716	-	734,716
Board designation of endowment assets	241,798	37,000	278,798
Distribution pursuant to gift giving policy	(33,866)	-	(33,866)
Endowment, end of year	<u>\$ 4,462,147</u>	<u>\$ 2,210,430</u>	<u>\$ 6,672,577</u>

NOTE 8 - LONG-TERM DEBT

Long-term debt consists of the following:

	2022	2021
Note payable to a financial institution at a fixed interest rate of 2.00%, secured by a certificate of deposit valued at \$467,198 at December 31, 2022, interest only payments are due monthly with balance due in February 2023.	\$ 258,586	\$ 446,306
Less current maturities	<u>258,586</u>	-
	<u>\$ -</u>	<u>\$ 446,306</u>

NOTE 9 - PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, the federal government passed the Coronavirus Aid, Relief and Economic Security (“CARES”) Act that created up to \$349 billion in forgivable loans (“Paycheck Protection Program”) to businesses and not for profit organizations to pay employees during the COVID-19 pandemic. If the businesses and not for profit organizations used the Payroll Protection Program loan funds to cover payroll costs, mortgage interest, rent and utility costs over an 8 or 24 week period after the loan was made and maintained employee and compensation level, they can request forgiveness of the loan.

VICTORY JUNCTION GANG CAMP, INC.

Notes to Financial Statements

NOTE 9 - PAYCHECK PROTECTION PROGRAM LOAN (Continued)

In accordance with ASC 450-30, Contingencies, the proceeds from the loan would remain recorded as a liability until the forgiveness of the Paycheck Protection Program loan, at which time the earnings impact would be recognized.

On April 15, 2020, the Camp obtained \$525,672 in Paycheck Protection Program loan proceeds. On May 17, 2021, the Camp was legally released from their obligation to repay the debt and received forgiveness for the loan and accrued interest in full. On March 31, 2021, the Camp obtained a second Paycheck Protection Program loan for \$525,672. On January 31, 2022, the Camp received full forgiveness of the loan and accrued interest. The Camp recognized the income as other income on the Statements of Activities and Changes in Net Assets for the years ending December 31, 2022 and 2021.

NOTE 10 - LINE OF CREDIT

The Camp has a \$1,000,000 line of credit with a bank, which matures August 2023. There was no balance due on the line of credit at December 31, 2022 or 2021.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Subject to expenditures for specified purpose:		
Camp session partners	\$ 295,000	\$ 150,000
Maintenance of facility	46,627	38,304
Event Sponsorship	20,000	1,422
Program support	92,220	36,469
Operations support	41,518	10,937
	<u>495,365</u>	<u>237,132</u>
Endowments:		
Subject to expenditures for specified purpose:		
Restricted by donors for Camperships (general use)	1,405,383	1,350,913
Subject to Organization's spending policy and appropriation		
Camperships (general use)	150,000	150,000
	<u>1,555,383</u>	<u>1,500,913</u>
Not subject to spending policy or appropriation:		
Beneficial interest in assets held by Community Foundation	734,517	734,517
Total net assets with donor restrictions	<u>\$ 2,785,265</u>	<u>\$ 2,472,562</u>

VICTORY JUNCTION GANG CAMP, INC.

Notes to Financial Statements

NOTE 12 - ASSET LIQUIDITY

The following reflects the Camp's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year end	\$ 38,336,259
Less those unavailable for general expenditures within one year:	
Cash - with donor restrictions	243,289
Noncurrent pledges - net of discount	108,270
Prepays and other assets	213,656
Inventory	19,517
Endowments investments	5,989,987
Property and equipment, net of depreciations	<u>25,832,909</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,928,631</u>

The Camp's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is unrestricted. The Camp's Board-designated endowment of \$2,531,451 is not subject to an annual spending rate. Although, the Camp does not intend to spend from this Board-designated endowment, these amounts could be made available if necessary. As part of the Camp's liquidity management plan, the Camp invests cash in excess of daily requirements in a money market account.

NOTE 13 - RETIREMENT PLAN

The Camp sponsors a 401(k) profit sharing plan that covers all full-time employees with at least 90 days of service who are age 20½ or older. The Camp will match 100% of the participant's contribution up to 4% of their salary. Matching contributions totaled \$51,527 and \$45,590 for the years ended December 31, 2022 and 2021, respectively.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Camp purchased certain services from Board members and entities controlled by Board members. Related party purchases for 2022 and 2021 totaled approximately \$16,052 and \$50. There were no related party accounts payable due at December 31, 2022 and 2021. The camp received donations from related parties totaling \$300,000 and \$126,099 for the years ended December 31, 2022 and 2021, respectively.