



CAMP HILL VILLAGE KIMBERTON HILLS, INC.

FINANCIAL STATEMENTS

MARCH 31, 2018

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

MARCH 31, 2018

I N D E X

| | <u>PAGE</u> |
|----------------------------------|-------------|
| INDEPENDENT AUDITORS' REPORT | 2 |
| STATEMENT OF FINANCIAL POSITION | 3 |
| STATEMENT OF ACTIVITIES | 4 |
| STATEMENT OF FUNCTIONAL EXPENSES | 5 |
| STATEMENT OF CASH FLOWS | 6 |
| NOTES TO FINANCIAL STATEMENTS | 7 - 15 |

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Camphill Village Kimberton Hills, Inc.
Kimberton, Pennsylvania

We have audited the accompanying financial statements of Camphill Village Kimberton Hills, Inc. (a non-profit organization), which comprise the statement of financial position as of March 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camphill Village Kimberton Hills as of March 31, 2018, and the changes 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.



June 30, 2018

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018

| | <u>Unrestricted</u> | Temporarily <u>Restricted</u> | Permanently <u>Restricted</u> | <u>Total</u> |
|--|---------------------|----------------------------------|----------------------------------|----------------------|
| <u>ASSETS</u> | | | | |
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 777,108 | \$ 380,433 | \$ - | \$ 1,157,541 |
| Investments | 4,077,940 | 38,975 | - | 4,116,915 |
| Contributions Receivable | 400 | - | - | 400 |
| Accounts Receivable | 16,413 | - | - | 16,413 |
| Prepaid Expenses | 17,854 | - | - | 17,854 |
| Inventory | 115,550 | - | - | 115,550 |
| Property and Equipment (Net of Accumulated Depreciation of \$4,990,113) | <u>4,943,569</u> | <u>-</u> | <u>1,216,127</u> | <u>6,159,696</u> |
| Total Assets | <u>\$ 9,948,834</u> | <u>\$ 419,408</u> | <u>\$ 1,216,127</u> | <u>\$ 11,584,369</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| LIABILITIES: | | | | |
| Accounts Payable | \$ 84,114 | \$ - | \$ - | \$ 84,114 |
| Payroll Taxes and Pension Payable | 945 | - | - | 945 |
| Sales Tax Payable | 520 | - | - | 520 |
| Deferred Revenues | 88,078 | - | - | 88,078 |
| Security Deposits | <u>4,795</u> | <u>-</u> | <u>-</u> | <u>4,795</u> |
| Total Liabilities | <u>178,452</u> | <u>-</u> | <u>-</u> | <u>178,452</u> |
| NET ASSETS: | | | | |
| Designated by Governing Board for | | | | |
| Capital Needs | 737,289 | - | - | 737,289 |
| Co Worker Reserve | 894,458 | - | - | 894,458 |
| Employees' Retirement | 25,599 | - | - | 25,599 |
| Founders Fund | 305,365 | - | - | 305,365 |
| Land Development Rights | 694,667 | - | - | 694,667 |
| Master Plan | 645,716 | - | - | 645,716 |
| Medical Emergency | 561,926 | - | - | 561,926 |
| Net Investment in Property and Equipment | 4,943,569 | - | 1,216,127 | 6,159,696 |
| Unrestricted | 961,793 | - | - | 961,793 |
| Temporarily Restricted | <u>-</u> | <u>419,408</u> | <u>-</u> | <u>419,408</u> |
| Total Net Assets | <u>9,770,382</u> | <u>419,408</u> | <u>1,216,127</u> | <u>11,405,917</u> |
| Total Liabilities and Net Assets | <u>\$ 9,948,834</u> | <u>\$ 419,408</u> | <u>\$ 1,216,127</u> | <u>\$ 11,584,369</u> |

The Accompanying Notes Are an Integral Part of These Financial Statements

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2018

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Eliminations</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|-------------------|
| REVENUE: | | | | | |
| Contributions | \$ 436,540 | \$ 278,036 | \$ - | \$ - | \$ 714,576 |
| Resident Fees | 1,376,532 | - | - | - | 1,376,532 |
| Product Sales | 523,338 | - | - | (87,706) | 435,632 |
| Rental Income | 105,603 | - | - | - | 105,603 |
| Special Events, Net of Expenses | 37,889 | - | - | - | 37,889 |
| Investment Income | 133,095 | - | - | - | 133,095 |
| Gain on Investments | 121,956 | - | - | - | 121,956 |
| Loss on Sale of Fixed Assets | (2,777) | - | - | - | (2,777) |
| Net Assets Released From Restrictions | <u>290,121</u> | <u>(290,121)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Revenue | <u>3,022,297</u> | <u>(12,085)</u> | <u>-</u> | <u>(87,706)</u> | <u>2,922,506</u> |
| EXPENSES: | | | | | |
| Program Fees: | | | | | |
| Farm | 334,419 | - | - | - | 334,419 |
| Processed Goods | 97,249 | - | - | - | 97,249 |
| Residential Program | <u>1,768,112</u> | <u>-</u> | <u>-</u> | <u>(87,706)</u> | <u>1,680,406</u> |
| | <u>2,199,780</u> | <u>-</u> | <u>-</u> | <u>(87,706)</u> | <u>2,112,074</u> |
| Supporting Services: | | | | | |
| Management and General | 251,876 | - | - | - | 251,876 |
| Development | <u>131,298</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>131,298</u> |
| | <u>383,174</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>383,174</u> |
| Total Expenses | <u>2,582,954</u> | <u>-</u> | <u>-</u> | <u>(87,706)</u> | <u>2,495,248</u> |
| CHANGES IN NET ASSETS | 439,343 | (12,085) | - | <u>\$ -</u> | <u>\$ 427,258</u> |
| NET ASSETS BEGINNING OF YEAR | <u>9,331,039</u> | <u>431,493</u> | <u>1,216,127</u> | | |
| NET ASSETS END OF YEAR | <u>\$ 9,770,382</u> | <u>\$ 419,408</u> | <u>\$ 1,216,127</u> | | |

The Accompanying Notes Are an Integral Part of These Financial Statements

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2018

| | <u>Farm</u> | <u>Processed Goods</u> | <u>Residential</u> | <u>Management and General</u> | <u>Development</u> | <u>Total Before Eliminations</u> | <u>Eliminations</u> | <u>Total</u> |
|--|-------------------|----------------------------|---------------------|-----------------------------------|--------------------|--------------------------------------|---------------------|---------------------|
| Salaries | \$ - | \$ 31,860 | \$ 69,022 | \$ 162,718 | \$ 66,027 | \$ 329,627 | \$ - | \$ 329,627 |
| Payroll Taxes | - | 2,203 | 4,509 | 10,475 | 3,859 | 21,046 | - | 21,046 |
| Employee Benefits | - | 629 | 3,417 | 29,486 | 5,472 | 39,004 | - | 39,004 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Salaries and Payroll Taxes | - | 34,692 | 76,948 | 202,679 | 75,358 | 389,677 | - | 389,677 |
| Co-workers' Expense | - | - | 454,874 | - | - | 454,874 | 1,372 | 453,502 |
| Dues and Subscriptions | 3,998 | 621 | 2,484 | 1,630 | 2,639 | 11,372 | - | 11,372 |
| Education and Training | 3,775 | 2,536 | 42,462 | 519 | 179 | 49,471 | 36 | 49,435 |
| Food | - | - | 195,303 | - | - | 195,303 | 67,630 | 127,673 |
| Insurance | 1,970 | 3,551 | 38,753 | 5,455 | 3,045 | 52,774 | - | 52,774 |
| Operational Supplies | 162,981 | 28,579 | 108,438 | 4,229 | 3,696 | 307,923 | 7,381 | 300,542 |
| Medical | - | - | 80,445 | - | - | 80,445 | 9,622 | 70,823 |
| Professional Services | 28,107 | 512 | 172,164 | 24,217 | 39,127 | 264,127 | - | 264,127 |
| Public Relations | 1,820 | 38 | 5,307 | 511 | 3,806 | 11,482 | 315 | 11,167 |
| Real Estate Taxes | 2,000 | - | 1,464 | - | - | 3,464 | - | 3,464 |
| Repairs and Maintenance | 28,394 | 789 | 46,733 | 478 | - | 76,394 | 232 | 76,162 |
| Telephone | 3,464 | 770 | 28,586 | 3,872 | 1,313 | 38,005 | - | 38,005 |
| Travel, Meetings and Cultural Activity | - | - | 18,232 | - | - | 18,232 | 918 | 17,314 |
| Utilities | 11,902 | 4,511 | 97,058 | 3,994 | 1,757 | 119,222 | 200 | 119,022 |
| Vehicle Expense | 28,126 | - | 79,490 | 162 | 378 | 108,156 | - | 108,156 |
| Inventory Increase | (8,200) | - | - | - | - | (8,200) | - | (8,200) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenses Before Depreciation and Amortization | 268,337 | 76,599 | 1,448,741 | 247,746 | 131,298 | 2,172,721 | 87,706 | 2,085,015 |
| Depreciation and Amortization | 66,082 | 20,650 | 319,371 | 4,130 | - | 410,233 | - | 410,233 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenses | <u>\$ 334,419</u> | <u>\$ 97,249</u> | <u>\$ 1,768,112</u> | <u>\$ 251,876</u> | <u>\$ 131,298</u> | <u>\$ 2,582,954</u> | <u>\$ 87,706</u> | <u>\$ 2,495,248</u> |

The Accompanying Notes Are an Integral Part of These Financial Statements

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

| | |
|--|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Change in Net Assets | \$ 427,258 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | |
| Depreciation and Amortization | 410,233 |
| Gain on Investments | (121,956) |
| Loss on Sale of Fixed Assets | 2,777 |
| (Increase) Decrease in: | |
| Contributions Receivable | 166,757 |
| Accounts Receivable | 5,559 |
| Interest Receivable | 2,750 |
| Prepaid Expenses | 9,731 |
| Inventory | (8,200) |
| Increase (Decrease) in: | |
| Accounts Payable | 14,926 |
| Payroll Taxes and Pension Payable | (68) |
| Sales Tax Payable | 205 |
| Deferred Revenues | (44,018) |
| Security Deposits | <u>570</u> |
| Net Cash Provided by Operating Activities | <u>866,524</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Increase in Investments | (368,470) |
| Purchases of Property and Equipment | <u>(350,454)</u> |
| Net Cash Used in Investing Activities | <u>(718,924)</u> |
| NET INCREASE IN CASH | 147,600 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>1,009,941</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 1,157,541</u> |
| SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION: | |
| Interest and Dividend Income Received | <u>\$ 145,796</u> |

The Accompanying Notes Are an Integral Part of These Financial Statements

CAMPHILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Nature of Activities

Camphill Village Kimberton Hills, Inc. (the “Village”) is incorporated as a tax-exempt 501(c)(3) not-for-profit Pennsylvania corporation providing residential community living for the mentally handicapped. Donor contributions, residential fees and product sales are the Village’s primary source of revenue.

B. Basis of Presentation

Under generally accepted accounting standards in the United States (U.S. GAAP) standards, the Organization is required to report information regarding financial position and activities according to the following three classes of net assets:

- a. Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations.
- b. Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- c. Permanently restricted net assets—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization to use all or part of the assets for general or specific purposes.

C. Basis of Accounting

The financial statements are presented on the accrual basis of accounting.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Village considers all un-restricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

E. Accounts Receivable

Management believes all accounts receivable as of March 31, 2018 are fully collectible. Accordingly, no reserve for bad debts exists at March 31, 2018.

(Continued)

CAMPBILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted or temporarily restricted net assets, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions of donated non-cash assets are recorded at their fair values in the period received. The contributions for the year ended March 31, 2018 total \$2,485 and are included in contributions, assets and various expenses.

G. 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. Accordingly, certain costs have been allocated among programs and supporting services benefited.

H. Donated Services

The Village is generally operated by full-time resident co-workers who are part of the Camphill Movement and do not receive wages for their services; however, they are provided food, lodging and clothing, and other necessities. The co-workers, together with the mentally handicapped residents, perform whatever services are required to maintain and operate the residences and the farm. No amounts have been reflected in the statement of activities for these services in that they do not meet the criteria for recognition.

I. Deferred Revenue

Income from fees and subscriptions is deferred and recognized over the periods to which the fees and subscriptions relate.

(Continued)

CAMPHILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

K. Income Taxes

The Village is organized under the Pennsylvania Nonprofit Corporation Law of 1988 (as amended) exclusively for charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986. It is exempt from Federal and Pennsylvania income taxes. The Village recognizes the potential income tax and any related penalties and interest arising from uncertain tax positions using a recognition threshold of more likely than not to be sustained upon examination by the appropriate authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Potential interest and penalties are recognized as a component of the provisions for income taxes. The Organization has concluded that there are no taxes, penalties or interest resulting from uncertain positions that would materially impact the financial statements at March 31, 2018.

The Organizations' tax filings are subject to audit by various tax authorities. The Organizations' open audit periods are 2015 to 2018 and it believes that their current tax positions are appropriate based on the current facts and circumstances.

L. Impairment of Long-Lived Assets

The Organization assesses whether there has been impairment in the value of its long-lived assets whenever events or change in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount to the future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such assets are considered to be impaired, the amount of impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported as the lower of carrying amount or fair value, less costs to sell. Management believes no impairment in the net carrying values of the property and equipment has occurred for the year presented.

(Continued)

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Fair Value of Financial Instruments

The Organization's financial instruments consist of cash, short-term receivables and payables. The carrying value of all such instruments, considering the terms, approximates fair value at March 31, 2018.

N. Sales Tax

The State of Pennsylvania imposes a sales tax on certain sales. The Organization collects the sales tax and remits the entire amount to the state. The Organization's accounting policy is to exclude the tax collected and remitted from revenue.

2. INVESTMENTS

The Village records investments at fair market value. At March 31, 2018, investments are summarized as follows:

| | <u>Market Value</u> |
|------------------------------|---------------------|
| Equity and Bond Investments: | |
| Morgan Stanley | <u>4,116,915</u> |
| | <u>\$4,116,915</u> |

Investment income includes dividends and interest. Investment advisory fees of \$8,993 are netted against investment income and are reported on the statement of activities. Gains on investments reported on the statement of activities include both realized and unrealized gains and losses.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of March 31, 2018 consist of operational contributions of \$400. All contributions receivable are expected to be received within one year. There were no grants receivable as of March 31, 2018.

4. INVENTORY

Inventory at March 31, 2018 consists of livestock and is stated at the lower of cost or market value.

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2018

5. VILLAGE OPERATIONS

One of the programs of the Village is the production of farm products. The co-workers, together with the mentally-handicapped residents, provide the labor used in the program. The products produced are consumed by the residents of the Village and are also sold to the general public. The Village also performs various maintenance services to the residential houses and the equipment used in the production of the farm goods. The costs and maintenance incurred in the production of the goods are recorded as residential costs and included in various income items. These inter-operational income and expenses are eliminated on the statement of activities.

6. FAIR VALUE MEASUREMENTS

FASB ASC 820-10, Fair Value Measurement, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon transparency of inputs into the valuation of the fair value of the asset or liability at the measurement date. The three levels are defined as follows:

Level 1 – Represented by quoted prices that are available in an active market.

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data and estimated using pricing models or discounted cash flows.

Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity's own assumption about the market risk.

Fair values of assets measured on a recurring basis at March 31, 2018 are as follows:

| | Fair Value (Level 1) | Quoted Prices |
|---|-------------------------|--------------------|
| Investments in Stocks and Bonds – Morgan Stanley | <u>\$4,116,915</u> | <u>\$4,116,915</u> |
| Total | <u>\$4,116,915</u> | <u>\$4,116,915</u> |

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2018

7. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost with depreciation computed on the straight-line method over their estimated useful lives. The fair value of donated assets is similarly capitalized. Land is not depreciated.

Property and equipment at March 31, 2018 consisted of:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Carrying Value</u> |
|---------------------------|----------------------|-------------------------------------|-----------------------------------|
| Land | \$ 1,791,447 | \$ - | \$ 1,791,447 |
| Building and Improvements | 8,452,265 | 4,416,638 | 4,035,627 |
| Equipment and Fixtures | <u>906,097</u> | <u>573,475</u> | <u>332,622</u> |
| | <u>\$ 11,149,809</u> | <u>\$ 4,990,113</u> | <u>\$ 6,159,696</u> |

Depreciation expense for the year ended March 31, 2018 amounted to \$410,233.

8. BOARD DESIGNATED NET ASSETS

As of March 31, 2018, the Board has designated the following amounts for the purpose indicated:

| | |
|-------------------------|---------------------|
| Capital Needs | \$ 737,289 |
| Co-Worker Support | 894,458 |
| Employee's Retirement | 25,599 |
| Founders Fund | 305,365 |
| Land Development Rights | 694,667 |
| Master Plan | 645,716 |
| Medical Emergency | <u>561,926</u> |
| | <u>\$ 3,865,020</u> |

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2018

9. CONCENTRATIONS OF CREDIT RISK ARISING FROM
CASH DEPOSITS IN EXCESS OF INSURED LIMITS

Financial instruments representing concentrations of credit risk consist principally of cash and receivables.

The Village maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Open promises to give to the Organization are usually unsecured. At March 31, 2018, the Organization's contributions receivable balance was immaterial at \$400.

10. PERMANENTLY RESTRICTED NET ASSETS

As of March 31, 2018 permanently restricted net assets consist of the value of the land pertaining to the sale of development rights of \$1,216,127, which is now required to be preserved as open space.

11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

| | |
|--|-------------------|
| Pew Trust - Building Maintenance Program | \$ 30,000 |
| Pew Trust - Aging in the Community Program | 20,000 |
| Huston Aging Fund | 88,034 |
| New CSA Building | 276,374 |
| Serena Wetlands Maintenance | <u>5,000</u> |
| | <u>\$ 419,408</u> |

(Continued)

CAMPHILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2018

11. TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

| | |
|--|-------------------|
| Pew Trust - Building Maintenance Program | \$ 60,000 |
| Pew Trust - Aging in Community Program | 40,000 |
| Huston Aging Fund | 35,176 |
| New CSA Building | 4,050 |
| Generators | 10,000 |
| Founders Fund | 69,412 |
| General Operations Restricted by Time | 71,483 |
| | <u>\$ 290,121</u> |

During the year ended March 31, 2018, the Organization decided to postpone the lifesharing house project until an undetermined later date. With donor approval, the \$48,650 previously restricted for this project was reassigned to the new CSA building.

As discussed in Note 14, a subsequent event occurred in May, 2018 that led to the Organization's decision to cancel the Sassafras II retirement house project. The opening restricted balance of \$18,820, plus the additional contributions received for this project during the year of \$52,500, were reclassified as of March 31, 2018 to other purposes as directed by the various donors. During the year ended March 31, 2017, \$2,233 was spent on the Sassafras II retirement house project. Amounts released for general operations are included in the released amount above. Funds were reallocated as follows:

| | |
|---|------------------|
| Returned to Grantor | \$ 25,000 |
| Reassigned to the New CSA Building | 11,587 |
| Released from Restrictions For General Operations | 32,500 |
| | <u>\$ 69,087</u> |

12. PENSION PLAN

The Village established a 403(b) pension plan for eligible employees during the fiscal year ended March 31, 2003. Under the terms of the plan, the Village contributes a 50% match of the employees' contribution. Pension expense for the year ended March 31, 2018 was \$5,386.

CAMP HILL VILLAGE KIMBERTON HILLS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2018

13. SPECIAL EVENTS

Revenues from special events and activities are included below:

| | Gross <u>Revenue</u> | <u>Expenses</u> | Net <u>Revenue</u> |
|----------------------------|-------------------------|------------------|-----------------------|
| What's For Dinner - Winter | \$ 6,925 | \$ 1,530 | \$ 5,395 |
| Hootenanny | 7,254 | 4,904 | 2,350 |
| Kimberton Inn Dinner | <u>37,870</u> | <u>7,726</u> | <u>30,144</u> |
| | <u>\$ 52,049</u> | <u>\$ 14,160</u> | <u>\$ 37,889</u> |

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 30, 2018, the date these financial statements were available for distribution, and an event was identified as having a material effect on the financial statements.

In May, 2018, a house that was owned by the Organization but occupied by an unaffiliated person, became available upon the occupant's death. The house is centrally located on the Organization's grounds. Upon news of the occupant's death, the community met and decided that the house would meet the needs of a retirement home, and cancelled the Sassafra II retirement house, as it was no longer necessary. As of March 31, 2018, the Organization held \$69,087 in restricted funds dedicated to the Sassafra II project. Contributing donors were contacted to see if the funds could be retained and applied to another restricted purpose or released for general operating expenses. The reassignment of these funds is detailed in Note 11 above. A \$25,000 grant was required to be returned to the grantor, and was sent back in June, 2018.