

# Draft

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
TABLE OF CONTENTS  
DECEMBER 31, 2021 AND 2020**

	<u>PAGE</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities and Change in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
The College Settlement of Philadelphia  
d/b/a College Settlement

### Opinion

We have audited the accompanying financial statements of The College Settlement of Philadelphia d/b/a College Settlement (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and change 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 The College Settlement of Philadelphia d/b/a College Settlement as of December 31, 2021 and 2020, 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 the Financial Statements section of our report. We are required to be independent of The College Settlement of Philadelphia d/b/a College Settlement and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The College Settlement of Philadelphia d/b/a College Settlement'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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 College Settlement of Philadelphia d/b/a College Settlement'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 College Settlement of Philadelphia d/b/a College Settlement'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.

Brinker Simpson & Company, LLC  
Springfield, Pennsylvania

Date

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 353,300	\$ 395,369
Restricted cash	24,788	24,787
Investments	10,211,792	9,115,560
Accounts receivable	5,596	487,497
Current portion of mortgage receivable	25,342	24,545
Due from Summer Camps at College Settlement	135,928	-
Prepaid expenses	8,640	10,059
<b>Total Current Assets</b>	<u>10,765,386</u>	<u>10,057,817</u>
<b>Property and Equipment, net</b>	<u>1,940,030</u>	<u>1,765,222</u>
<b>Other Assets</b>		
Investment - deferred compensation	97,953	97,953
Mortgage receivable, net of current portion	688,251	713,593
<b>Total Other Assets</b>	<u>786,204</u>	<u>811,546</u>
<b>Total Assets</b>	<u>\$ 13,491,620</u>	<u>\$ 12,634,585</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 23,633	\$ 18,988
Accrued expenses	27,894	13,008
Paycheck Protection Program loan	-	168,280
Due to Summer Camps at College Settlement	-	9,934
Payable from restricted assets	24,737	24,787
<b>Total Current Liabilities</b>	<u>76,264</u>	<u>234,997</u>
<b>Long Term Liabilities</b>		
Deferred compensation	97,953	97,953
<b>Total Liabilities</b>	<u>174,217</u>	<u>332,950</u>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated - available for general activities	12,486,080	11,660,074
Board designated capital reserve	265,914	43,942
<b>Total Without Donor Restrictions</b>	<u>12,751,994</u>	<u>11,704,016</u>
With donor restrictions	565,409	597,619
<b>Total Net Assets</b>	<u>13,317,403</u>	<u>12,301,635</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 13,491,620</u>	<u>\$ 12,634,585</u>

See accompanying notes.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support and Revenue</b>						
Public Support:						
Contributions	\$ 60,512	\$ 79,707	\$ 140,219	\$ 76,120	\$ 146,910	\$ 223,030
Grants	181,418	-	181,418	90,100	-	90,100
Paycheck Protection Program loan forgiveness	336,560	-	336,560	-	-	-
Special events, net of expenses of \$21,726 and \$518, respectively	42,586	-	42,586	45,272	-	45,272
Legacies and bequests	523,920	-	523,920	947,391	-	947,391
<b>Total Public Support</b>	<u>1,144,996</u>	<u>79,707</u>	<u>1,224,703</u>	<u>1,158,883</u>	<u>146,910</u>	<u>1,305,793</u>
Revenue:						
Net investment income	278,183	3,033	281,216	154,750	3,911	158,661
Mortgage interest income	23,262	-	23,262	24,035	-	24,035
Realized and unrealized gain on investments	548,060	38,429	586,489	991,521	55,720	1,047,241
Lease and rental income	10,715	-	10,715	4,740	-	4,740
Outdoor school fees	113,698	-	113,698	37,900	-	37,900
<b>Total Revenue</b>	<u>973,918</u>	<u>41,462</u>	<u>1,015,380</u>	<u>1,212,946</u>	<u>59,631</u>	<u>1,272,577</u>
<b>Total Public Support and Revenue</b>	<u>2,118,914</u>	<u>121,169</u>	<u>2,240,083</u>	<u>2,371,829</u>	<u>206,541</u>	<u>2,578,370</u>
Net Assets Released From Restrictions	<u>153,379</u>	<u>(153,379)</u>	<u>-</u>	<u>24,496</u>	<u>(24,496)</u>	<u>-</u>
<b>Total Public Support, Revenue and Net Assets Released from Restrictions</b>	<u>2,272,293</u>	<u>(32,210)</u>	<u>2,240,083</u>	<u>2,396,325</u>	<u>182,045</u>	<u>2,578,370</u>
<b>Expenses</b>						
Program services:						
Outdoor school	790,306	-	790,306	640,634	-	640,634
Support services:						
Management and general	38,800	-	38,800	36,305	-	36,305
Fundraising	97,082	-	97,082	108,299	-	108,299
<b>Total Expenses</b>	<u>926,188</u>	<u>-</u>	<u>926,188</u>	<u>785,238</u>	<u>-</u>	<u>785,238</u>
<b>Excess of Public Support and Revenue Over Expenses Before Other Revenues and Expenses</b>	<u>1,346,105</u>	<u>(32,210)</u>	<u>1,313,895</u>	<u>1,611,087</u>	<u>182,045</u>	<u>1,793,132</u>
<b>Other Revenues and Expenses</b>						
Gift to Summer Camps at College Settlement	(307,627)	-	(307,627)	(376,391)	-	(376,391)
Gain on disposal of property and equipment	9,500	-	9,500	-	-	-
<b>Total Other Revenues and Expenses</b>	<u>(298,127)</u>	<u>-</u>	<u>(298,127)</u>	<u>(376,391)</u>	<u>-</u>	<u>(376,391)</u>
<b>Change in Net Assets</b>	<u>1,047,978</u>	<u>(32,210)</u>	<u>1,015,768</u>	<u>1,234,696</u>	<u>182,045</u>	<u>1,416,741</u>
<b>Net Assets - Beginning</b>	<u>11,704,016</u>	<u>597,619</u>	<u>12,301,635</u>	<u>10,469,320</u>	<u>415,574</u>	<u>10,884,894</u>
<b>Net Assets - Ending</b>	<u>\$ 12,751,994</u>	<u>\$ 565,409</u>	<u>\$ 13,317,403</u>	<u>\$ 11,704,016</u>	<u>\$ 597,619</u>	<u>\$ 12,301,635</u>

See accompanying notes.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021				2020			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 242,926	\$ 17,510	\$ 75,397	\$ 335,833	\$ 147,471	\$ 19,546	\$ 79,179	\$ 246,196
Payroll taxes	27,069	1,401	6,032	34,502	20,552	1,564	4,289	26,405
Employee benefits	65,517	2,740	6,267	74,524	27,020	4,289	6,334	37,643
Bank service fees	4,053	715	-	4,768	3,103	548	-	3,651
Computer expenses	13,612	2,402	-	16,014	8,006	1,413	-	9,419
Depreciation	108,865	-	-	108,865	121,526	-	-	121,526
Dues and memberships	1,827	323	-	2,150	2,297	405	-	2,702
Equipment and auto rentals	21,091	-	-	21,091	4,115	726	-	4,841
Food purchases	13,787	-	-	13,787	8,302	-	-	8,302
Insurance	56,924	2,996	-	59,920	28,232	-	1,486	29,718
Licenses and registrations	659	116	-	775	898	159	-	1,057
Postage	1,849	-	792	2,641	3,352	-	1,436	4,788
Professional fees	33,128	1,949	3,898	38,975	54,618	3,213	6,426	64,257
Promotions and public relations	7,127	-	3,054	10,181	6,268	-	2,687	8,955
Rent	45,000	-	-	45,000	45,000	-	-	45,000
Repairs and maintenance	8,290	436	-	8,726	31,206	-	1,642	32,848
Supplies	39,106	2,102	841	42,049	40,131	2,158	863	43,152
Telephone	13,616	1,602	801	16,019	12,941	2,284	-	15,225
Travel	210	-	-	210	417	-	-	417
Utilities	85,650	4,508	-	90,158	75,179	-	3,957	79,136
<b>Total Functional Expenses</b>	<b>\$ 790,306</b>	<b>\$ 38,800</b>	<b>\$ 97,082</b>	<b>\$ 926,188</b>	<b>\$ 640,634</b>	<b>\$ 36,305</b>	<b>\$ 108,299</b>	<b>\$ 785,238</b>

See accompanying notes.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,015,768	\$ 1,416,741
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	108,865	121,526
Realized and unrealized gain on investments	(586,489)	(1,047,241)
Gain on disposal of property and equipment	(9,500)	-
Paycheck Protection Program loan forgiveness	(336,560)	-
Change in assets and liabilities:		
Accounts receivable	481,901	(447,768)
Prepaid expenses	1,419	3,338
Accounts payable	4,645	(22,830)
Accrued expenses	14,886	(27,766)
Payable from restricted assets	(50)	7
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>694,885</u>	<u>(3,993)</u>
<b>Cash Flows from Investing Activities</b>		
Payments received on mortgage receivable	24,545	23,773
Proceeds from sale of investments	1,416,443	1,588,466
Purchase of investments	(1,926,186)	(1,721,321)
Purchase of property and equipment	(274,173)	(56,961)
<b>Net Cash Used in Investing Activities</b>	<u>(759,371)</u>	<u>(166,043)</u>
<b>Cash Flows from Financing Activities</b>		
Advances from (payments to) Summer Camps at College Settlement	(145,862)	7,337
Proceeds from Paycheck Protection Plan loan	168,280	168,280
<b>Net Cash Provided by Financing Activities</b>	<u>22,418</u>	<u>175,617</u>
<b>Net Increase (Decrease) in Cash, Restricted Cash and Cash Equivalents</b>	<b>(42,068)</b>	<b>5,581</b>
<b>Cash, Restricted Cash and Cash Equivalents, Beginning of Year</b>	<u>420,156</u>	<u>414,575</u>
<b>Cash, Restricted Cash and Cash Equivalents, End of Year</b>	<u>\$ 378,088</u>	<u>\$ 420,156</u>
<b>Cash and Cash Equivalents</b>	<b>\$ 353,300</b>	<b>\$ 395,369</b>
<b>Restricted Cash</b>	<u>24,788</u>	<u>24,787</u>
<b>Total Cash, Restricted Cash and Cash Equivalents - End of Year</b>	<u>\$ 378,088</u>	<u>\$ 420,156</u>

**Non-Cash Activities**

The Organization received in-kind contributions of property and equipment of \$1,700 and \$17,325 for the years ended December 31, 2021 and 2020, respectively.

See accompanying notes.



**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1: DESCRIPTION OF OPERATIONS**

**Nature of Operations**

The College Settlement of Philadelphia d/b/a College Settlement (“Organization”), a non-profit organization, delivers a unique outdoor experience during the school year to young people concentrated in the greater Philadelphia area, without regard to economic circumstances. The Organization’s programs foster personal growth and provide a safe, affordable, and nurturing place for young people to enjoy the outdoors while learning about themselves, others and the environment.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities and Change in Net Assets.

**Use of Estimates**

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Concentrations of Credit Risk**

The Organization's principal financial instruments subject to credit risk are its cash and cash equivalents, and investments. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is a least reasonably possible that changes in the value of investments in the near term would materially affect the amounts reported in the Statements of Financial Position and the Statements of Activities and Change in Net Assets.

The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalents are placed with high credit quality institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

**Investments**

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the Statements of Financial Position, and changes in fair value are reported as realized and unrealized gain on investments in the Statements of Activities and Change in Net Assets.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the Statements of Activities and Change in Net Assets in the period in which the securities are sold. Interest and dividends are recorded when earned and added to the investment accounts.

**Fair Value of Financial Instruments**

The carrying values of cash and cash equivalents, investments, beneficial interests in irrevocable trust, loans, accrued expenses and accounts payable approximate fair value because of the terms on relative short maturity of the financial instruments. The carrying values, which are the fair values of investments, are based on quoted market values.

**Restricted Cash/Amounts Payable from Restricted Assets**

The Organization holds cash in a custodial capacity for the Alumni Association and Pennypack Farms. The Organization does not retain title to these funds and performs solely as a fiscal agent. The Pennypack Farms account is held based on a lease contract. If at the end of the contract term repairs to leased property are required, the escrow will be used to pay those repairs. If no repairs are required, the escrow will be returned to the lessee. The other escrow is available for general operations at the discretion of the Alumni Association.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accounts Receivable**

Accounts receivable are estimated to be fully collectible and no allowance for bad debts has been provided. If a receivable is determined to be uncollectible, it will be charged directly to operations in the year that determination is made.

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is received. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Change in Net Assets as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization did not have any conditional promises to give as of December 31, 2021 and 2020. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances.

**Exchange revenue**

The Organization rents certain property under separate short-term lease agreements. Rental income is recognized over the terms of the related leases. These revenues are not subject to ASC 606.

In accordance with ASC 606, revenue is recognized upon the transfer of control of promised products and/or services to customers in an amount that reflects the consideration the Organization expects to receive in exchange for those products and services. Revenue is recognized net of any taxes collected from customers and subsequently remitted to government authorities. The Organization determined that outdoor school fees are subject to ASC 606.

The Organization may execute more than one contract or agreement with a single customer. The separate contracts or agreements may be viewed as one combined arrangement or separate arrangements for revenue recognition purposes. To reach appropriate conclusions regarding whether such arrangements should be combined, the Organization evaluates whether the agreements were negotiated as a package with a single commercial objective, whether the amount of consideration to be paid in one agreement depends on the price and/or performance of another agreement, or whether the goods or services promised in the agreements represent a single performance obligation. The conclusions reached can impact the allocation of the transaction price to each performance obligation and the timing of revenue recognition related to those arrangements.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Organization's outdoor school fees are reported at the amount that reflects the consideration that the Organization expects to be entitled to in exchange for providing the outdoor program experience. These amounts are due from customers and includes variable consideration for discounts. Generally, the Organization bills customers in advance of the services being provided. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. The Organization utilizes the portfolio approach for contract with customers. Based on this approach, the Organization believes all contracts fall within one general category. Within these contract categories, the length of the session and associated curriculum may vary. Revenue for the performance obligation is satisfied over time on the straight-line basis for the associated session length in accordance with the input method. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The performance obligations for outdoor camp includes program activities as well as meals and lodging (when elected as part of package). These items are considered one combined performance obligation. The Organization measures the performance obligation from the start of the outdoor school session to the point when it is no longer required to provide services to the group, which is the time at which the session is complete.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(A) and, therefore, is not required to disclose the aggregate amount of the transaction prices allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by any discounts provided to groups. The Organization estimates the transaction price for outdoor groups based on historical experience, the number of students and chaperones and program selected. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to outdoor school fees revenue in the period of the change.

All contracts with customers began and ended during the same calendar year. As a result, the Organization does not have any contract assets or liabilities as of December 31, 2021 and 2020.

**Donated Services**

Volunteers periodically donate their time to the Organization's program services and fundraising activities. These amounts have not been recognized in the accompanying Statements of Activities and Change in Net Assets because they did not meet the requirements for recognition. The Organization recognized \$1,700 and \$17,325 during the years ended December 31, 2021 and December 31, 2020, respectively, for donated construction work.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Taxes**

The Organization is exempt from income tax under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**Property and Equipment**

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at the estimated fair value at date of receipt. Expenditures for maintenance and repairs are expensed as incurred. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

**Long-Lived Assets**

Long-lived assets held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed. No impairments were noted during the years ended December 31, 2021 or 2020.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Allocation of Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among certain functions. The expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation</u>
Salaries and wages	Time and effort
Payroll taxes	Time and effort
Employee benefits	Time and effort
Bank service fees	Time and costs
Computer expenses	Time and costs
Dues and memberships	Time and costs
Equipment and auto rentals	Time and costs
Insurance	Time and costs
Licenses and registrations	Time and costs
Postage	Time and costs
Professional fees	Time and effort
Promotions and public relations	Time and effort
Repairs and maintenance	Time and costs
Supplies	Time and costs
Telephone	Time and costs
Utilities	Time and costs

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact that the pronouncement may have on the financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments- Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, which affects all entities that hold financial assets and net investment in leases that are not accounted for at fair value through net income. The ASU is effective for fiscal years beginning after December 15, 2022, with early adopted permitted. The Organization is evaluating the impact the pronouncement may have on the financial statements.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 3: AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 353,300	\$ 395,369
Investments	10,211,792	9,115,560
Accounts receivable	5,596	487,497
Mortgage receivable	25,342	24,545
Total Financial Assets	<u>10,596,030</u>	<u>10,022,971</u>
Less amounts not available to be used within one year:		
Board designated capital reserve	(265,914)	(43,942)
Endowment funds	(413,693)	(455,627)
Restricted by donor with time or purpose restrictions	(151,716)	(141,992)
	<u>(831,323)</u>	<u>(641,561)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 9,764,707</u>	<u>\$ 9,381,410</u>

As part of the Organization's management, it has a policy to structure its' financial assets to be available as its general expenditures, liabilities and other general obligations become due. The amounts of the assets listed above are adequate to meet the Organization's operational liquidity requirements for the next fiscal year.

**NOTE 4: FAIR VALUE MEASUREMENTS AND INVESTMENTS**

The Organization's investments are reported at fair value. Fair value is defined as the price that would be received for an asset or paid to transfer a liability in the Organization's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

The fair value measurement accounting literature established a fair value hierarchy which requires the Organization to maximize the use of observable inputs when measuring fair value. The accounting standard describes three levels of inputs that may be used to measure fair value:

Level 1: Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 4: FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)**

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted market prices for identical or similar assets and liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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 an input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2021 and 2020:

	<b>December 31, 2021</b>			
	Level 1	Level 2	Level 3	Total
<b>Mutual Funds:</b>				
Debt/Fixed Income	\$ 3,181,694	\$ -	\$ -	\$ 3,181,694
Equity	7,030,098	-	-	7,030,098
Total	\$ 10,211,792	\$ -	\$ -	\$ 10,211,792
	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Debt/Fixed Income	\$ 2,596,325	\$ -	\$ -	\$ 2,596,325
Equity	6,519,235	-	-	6,519,235
Total	\$ 9,115,560	\$ -	\$ -	\$ 9,115,560



**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 4: FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)**

The following is a breakout of net investment income recorded in the Statements of Activities and Change in Net Assets for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 342,854	\$ 212,830
Investment management fees	(61,638)	(54,169)
Net Investment Income	<u>\$ 281,216</u>	<u>\$ 158,661</u>

**NOTE 5: PROPERTY AND EQUIPMENT**

A summary of property and equipment as of December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 546,117	\$ 546,117
Building and improvements	4,063,416	3,886,226
Automotive equipment	214,662	190,031
Furniture and fixtures	144,019	144,019
Program equipment	174,786	174,786
	<u>5,143,000</u>	<u>4,941,179</u>
Less: Accumulated depreciation	<u>(3,202,970)</u>	<u>(3,175,957)</u>
	<u>\$ 1,940,030</u>	<u>\$ 1,765,222</u>

Depreciation expense was \$108,865 and \$121,526 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 6: RELATED PARTY TRANSACTIONS**

The Organization has amounts due to Summer Camps at College Settlement, an organization in which they share common facilities and personnel. No interest is charged on the outstanding balances. The balances are payable on demand. The amount due to Summer Camps at College Settlement at December 31, 2020 was \$9,934. In addition, the Organization has an amount due from Summer Camps at College Settlement in the amount of \$135,928 at December 31, 2021.

The Board of Trustees of the Organization authorizes an annual gift to Summer Camps at College Settlement. The Organization gifted \$307,627 and \$376,391 to Summer Camps at College Settlement for the years ended December 31, 2021 and 2020, respectively.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 6: RELATED PARTY TRANSACTIONS (continued)**

In May 2016, the Organization and Summer Camps at College Settlement entered into a Collaborative Services Agreement (Agreement). The Agreement was renewed January 1, 2021 and defines the shared services to be provided by the Organization and the related fee to be paid by Summer Camps at College Settlement. Management has presented the \$362,625 in 2021 and \$427,316 in 2020 as a reduction of the respective operating expenses in the financial statements. The two related organizations calculated the allocation based upon resources consumed. Salaries, wages, payroll taxes and employee benefits were allocated based upon the time spent; other support costs such as office supplies, facilities maintenance, advertising, postage, and other similar shared expenses were allocated based upon management estimates. The Agreement is renewable annually.

In addition, the two related organizations are parties to a lease agreement whereby the Organization leases its facilities to the Summer Camps at College Settlement from June through August during the summer camp season. During the remainder of the year, the Organization leases its facilities, exclusive of a multi-purpose building, to the Organization for \$1 per month. Each organization is responsible for water, sewer, trash removal, electricity, propane and heating oil during the months that they are the lessees.

Summer Camps at College Settlement also leases a multi-purpose building to the Organization from January through May and September through December for \$5,000 per month inclusive of all operating expenses. Rent expense for the multi-purpose building was \$45,000 for each of the years ended December 31, 2021 and 2020. The lease is renewable annually.

Summer Camps at College Settlement built a new multi-purpose building for camp programming. The Organization funded the project by executing a promissory note and mortgage to Summer Camps at College Settlement for \$821,980. The mortgage commenced September 1, 2017 and is payable in monthly payments of principal and interest of \$3,984 through July 1, 2042. The mortgage bears interest at an annual rate equal to the five-year Treasury Note rate plus one- and one-half percent. The rate was locked in on September 1, 2017 and then resets on the fifth anniversary of the date the Note was made and every five-year anniversary thereafter until the Note is satisfied. The interest rate in effect for 2021 through the anniversary date is 3.20%. The mortgage receivable from Summer Camps at College Settlement consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Mortgage receivable	\$ 713,593	\$ 738,138
Less: current portion	(25,342)	(24,545)
	<u>\$ 688,251</u>	<u>\$ 713,593</u>

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 6: RELATED PARTY TRANSACTIONS (continued)**

Schedule of future minimum receipts as of December 31, 2021 are as follows:

<u>For the Year Ending December 31</u>	
2022	\$ 25,342
2023	26,165
2024	27,015
2025	27,892
2026	28,798
Thereafter	578,381
	<u>\$ 713,593</u>

**NOTE 7: ENDOWMENTS**

The Organization received donor restricted assets from Richard L. Elliot for the purpose of maintaining the swimming pool at College Settlement. The funds are with donor restrictions and the income may be used for both ordinary maintenance and for any major repairs or replacements to the pool. Any income from the fund exceeding these requirements may be used, through Board of Trustees approval, for Summer Camps at College Settlement camper scholarships for the neediest inner-city children in the most beneficial age bracket. At December 31, 2021 and 2020, the amount held was \$380,824 and \$422,299, including undistributed income of \$304,766 and \$346,242, respectively. To date, no income has been used for scholarships.

The Organization received donor restricted assets from various donors in memory of Mary K. Mariotti. The funds are with donor restrictions and can be used to support the biking program at the Organization and Summer Camps at College Settlement. At December 31, 2021 and 2020, the amount held in the Mary K. Mariotti Biking Endowment was \$32,869 and \$33,328, including undistributed income of \$4,744 and \$5,203, respectively.

Interpretation of Relevant Law: The Board of Trustees of the Organization have interpreted the law as requiring any donor-restricted contributions as being classified as without donor restrictions or with donor restrictions depending on the nature of the restriction.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 7: ENDOWMENTS (continued)**

Return Objectives and Risk Parameters: The Organization's investment and spending policies for endowment assets attempt to provide growth of the fund through the ownership of securities that have growth potential. The Organization expects its endowment funds, over time, to provide an acceptable long-term return at a level of risk which the Organization has determined to be suitable; however, actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Organization can use the income from the Endowments for the specific purposes disclosed above. The Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

The following table reports Endowment net asset composition and changes in net assets by type of funds for the years ended December 31, 2021 and 2020:

	2021	2020
Endowment Funds, Beginning of Year, With Donor Restrictions	\$ 455,627	\$ 392,310
Investment income	41,462	59,631
Bike fund contribution	-	5,000
Amounts appropriated for expenditure	(83,396)	(1,314)
Endowment Funds, End of Year, With Donor Restrictions	\$ 413,693	\$ 455,627

**NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were as follows at December 31, 2021 and 2020:

	2021	2020
Specific Purpose		
EITC Program	\$ 151,716	\$ 115,992
Infrastructure grant	-	26,000
Richard L. Elliot Pool Fund	380,824	422,299
Mariotti Bike Fund	32,869	33,328
	\$ 565,409	\$ 597,619

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS (continued)**

Net assets were released from restrictions during the year by incurring expenses or satisfying the restricted purpose as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions		
EITC program	\$ 42,669	\$ 23,182
Endowment funds	84,710	1,314
Infrastructure grant	26,000	-
	<u>\$ 153,379</u>	<u>\$ 24,496</u>

Net assets without donor restrictions were as follows at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 12,486,080	\$ 11,660,074
Board designated capital reserve	265,914	43,942
	<u>\$ 12,751,994</u>	<u>\$ 11,704,016</u>

**NOTE 9: EMPLOYEE RETIREMENT PLANS**

The Organization has a noncontributory nonqualified deferred compensation program which covers all regular full-time employees who are required to live on the premises and who have completed ten years of service. The plan, which is administered by an insurance company, provides for the purchase of additional annuity contracts that commence payment upon retirement. Contributions to this plan begin at 3% of eligible employees' compensation after ten years of service and increase each year by 1/2% to a maximum of 10% of compensation after 25 years of service. Plan expenses incurred by the Organization for the years ended December 31, 2021 and 2020 were \$12,191 and \$11,266 prior to the allocation of \$4,661 and \$5,539 included in the Collaborative Services Agreement, respectively.

The Organization has a defined contribution pension plan (the "Plan") covering substantially all regular full-time employees. To enter the Plan, an employee must be a regular full-time employee and 21 years of age. The Company contributes 8% of the eligible employees' salary to the Plan. Plan expenses incurred by the Organization for the years ended December 31, 2021 and 2020 were \$44,720 and \$21,807 prior to the allocation of \$17,096 and \$14,278 included in the Collaborative Services Agreement, respectively.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 10: FUNDS IN TRUST**

The Organization is a beneficiary of the income from a trust administered by an outside third party. The principal of the fund is under the control of unrelated trustees as stipulated by terms of the Will and codicil to the Will of Elizabeth R. England. Since the Organization does not have control over the funds in the trust and the trustees have variance power to redirect the benefits to another entity, the trust fund is not reflected in the accompanying Statements of Financial Position. The market value of the fund as of December 31, 2021 and 2020 were:

	<u>Market Value</u>
England Fund Trust 12/31/2021	\$26,191,851
England Fund Trust 12/31/2020	\$20,768,420

Distributions from the trust are received quarterly and recorded as contributions in the accompanying Statements of Activities and Change in Net Assets. The distributions are determined by the trust administrator based on the investment earnings of the fund. For the year ended December 31, 2020, the England Trust granted \$472,391 of distributions based on the investment earnings of the fund as well as an additional \$475,000 will be paid due to offset the effects of COVID-19. The total received for the years ended December 31, 2021 and 2020 were \$523,920 and \$947,391, respectively.

**NOTE 11: BOARD DESIGNATED CAPITAL RESERVE**

The Board of Trustees established a capital reserve, included in net assets without donor restrictions, for future repairs to buildings and equipment. The capital reserve balance was \$265,914 and \$43,942 at December 31, 2021 and 2020, respectively.

**NOTE 12: PAYCHECK PROTECTION PROGRAM LOAN**

As a result of COVID-19, on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the "Act") was signed into law. The Act amended the Small Business Act to include a new guaranteed, unsecured loan program (the "Paycheck Protection Program"). During the year ended December 31, 2021, the Company received full forgiveness on the first draw of the Paycheck Protection Program loan program in the amount of \$168,280, which has been included in other revenues and expenses on the Statements of Activities and Change in Net Assets.

The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, which was included in the Consolidated Appropriation Act, 2021, allowed for a second draw on the Paycheck Protection Program loan. The Company applied for a second-round loan under the Paycheck Protection Program. In March 2021, the loan was approved in the amount of \$168,280. On October 4, 2021, the Company received notice from its Paycheck Protection Program second-round lender that the entire principal of \$168,280 has been forgiven. Therefore, the entire amount has been included in other revenues and expenses on the Statements of Activities and Change in Net Assets.

**THE COLLEGE SETTLEMENT OF PHILADELPHIA  
D/B/A COLLEGE SETTLEMENT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 13: RISKS AND UNCERTAINTIES**

The 2019 novel coronavirus (or “COVID-19”) has adversely affected, and may continue to adversely affect, economic activity globally, nationally and locally. These economic and market conditions and other effects of the COVID-19 outbreak may continue to cause volatility. The full extent of any adverse impact of the COVID-19 outbreak on the Organization’s financial statements cannot be predicted at this time.

**NOTE 14: SUBSEQUENT EVENTS**

The Organization has evaluated events through **Date**, the date on which the financial statements were available to be issued.