

Skylark Camps, Inc.

Financial Statements

Nine Months Ended September 30, 2023

Skylark Camps, Inc.
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MeredithCPAs

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To the Board of Directors of
Skylark Camps, Inc.

Management is responsible for the accompanying financial statements of Skylark Camps, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the nine months then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

MeredithCPAs

Irving, Texas
December 15, 2023

Skylark Camps, Inc.
Statement of Financial Position
September 30, 2023

Assets

Current Assets

Cash and cash equivalents	\$ 609,462
Accounts receivable	2,475
Prepaid expenses	91,948
Total Current Assets	<u>703,885</u>

Equipment, Net

86,861
<u>\$ 790,746</u>

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 221
Due to related party	4,702
Accrued expenses	220,154
Interest payable	6,520
Total Current Liabilities	<u>231,597</u>

Economic Injury Disaster Loan

150,000

Notes Payable

165,000

546,597

Net Assets

Net assets without donor restrictions	244,149
Net assets with donor restrictions	-
244,149	<u>244,149</u>

\$ 790,746

See accountant's compilation report.

Skylark Camps, Inc.
Statement of Activities
Nine Months Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 1,003,122	\$ 191,599	\$ 1,194,721
Camp fees and related fees, net	781,212	-	781,212
Net assets released from restrictions	240,030	(240,030)	-
	2,024,364	(48,431)	1,975,933
Expenses			
Program services	1,907,122	-	1,907,122
General and administrative	134,170	-	134,170
Fundraising	2,499	-	2,499
	2,043,790	-	2,043,790
Change in net assets			
Increase (Decrease) in Net Assets	(19,426)	(48,431)	(67,857)
Net Assets (Deficit) at Beginning of Year	263,575	48,431	312,006
Net Assets (Deficit) at End of Year	\$ 244,149	\$ -	\$ 244,149

See accountant's compilation report.

Skylark Camps, Inc.
Statement of Functional Expenses
Nine Months Ended September 30, 2023

	Program Services	Management and General	Fund - raising	Total
Salaries and wages	\$ 1,167,914	\$ 126,371	\$ -	\$ 1,294,285
Camp/Camper supplies	52,837	-	-	52,837
Camp grub	8,653	-	-	8,653
Camp licensing	-	-	-	-
Travel expenses	23,182	1,515	-	24,696
Staff care and development	107,953	5,404	-	113,356
Telecommunication	25,962	2,379	-	28,341
Marketing	102,806	4,984	-	107,789
Consulting	24,460	2,718	-	27,178
Occupancy	16,083	1,787	-	17,870
Office supplies	726	81	-	807
Other expenses	366,770	(12,154)	-	354,616
Camp start-up expenses	-	-	-	-
Interest expense	9,776	1,086	-	10,863
Loss on securities	-	-	-	-
Fundraising expense	-	-	2,499	2,499
	<u>\$ 1,907,122</u>	<u>\$ 134,170</u>	<u>\$ 2,499</u>	<u>\$ 2,043,790</u>

See accountant's compilation report.

Skylark Camps, Inc.
Statement of Cash Flows
Nine Months Ended September 30, 2023

Cash Flows from Operating Activities	
Change in net assets	\$ (67,857)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	56,629
(Increase) decrease in assets:	
Accounts receivable	6,082
Prepaid expenses	(21,346)
Increase (decrease) in liabilities:	
Accounts payable	(6,236)
Due to related party	5,010
Accrued expenses	69,484
Interest payable	(2,808)
Deferred revenue	(15,265)
Net Cash Provided By (used in) Operating Activities	<u>23,693</u>
Cash and Cash Equivalents, Beginning of Year	585,769
Cash and Cash Equivalents, End of Year	<u><u>\$ 609,462</u></u>
Supplemental Information	
Cash paid during the year for interest	\$ 13,671

See accountant's compilation report.

Skylark Camps, Inc.
Notes to Financial Statements
September 30, 2023

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of the Organization

Skylark Camps, Inc. ("Skylark," "the Organization"), is a Texas non-profit organization and was incorporated on October 30 2019. Skylark partners with local churches to provide world-class full day summer camps in church facilities that are accessible, affordable, fun, and spiritually intentional. In 2023, Skylark operated four camps in Texas.

Basis of Presentation

Based on the existence or absence of donor-imposed restrictions, resources are classified into two categories: without donor restrictions and with donor restrictions. Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by the donor are included in this classification. All expenses are reported as decreases in net assets without donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions that will be met either by actions of Skylark or the passage of time. When a restriction expires (that is when a stipulated time restriction ends or purpose of restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes all checking and saving accounts, and highly liquid money market mutual funds. These funds are available for general operating purposes and not otherwise restricted.

Equipment

Equipment consists of camp recreational equipment including inflatables, ninja course, and climbing wall. Equipment is carried at acquisition cost or the estimated fair value of donated assets. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. For office furniture, fixtures, computer equipment, office equipment and camp equipment, estimated useful lives range between 3-5 years. Major additions and betterments are capitalized, while replacements and maintenance and repairs which do not improve or extend the life of the related assets are expensed.

Revenue and Support

Under Accounting Standards Codification (ASC) Topic 606, revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services (i.e., the transaction price).

Skylark camp fees represent fees paid for the Skylark camp services. Skylark camp fees are recognized over the contract period as performance obligations are met and are due each week. Skylark recognizes camp fee and related camp fee revenues as the camp services are provided. Tuition and fees are stated net of concession and discounts totaling \$0 for the nine months ended September 30, 2023. Advance billing is recorded as deferred revenue until the performance obligations are met. Deferred revenue was \$0 as of September 30, 2023 compared to \$15,265 as of December 31, 2022.

Other remaining revenue streams not related to camp fees, including contributions and grants, are not within the scope of Topic 606 Revenue Recognition. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

Skylark Camps, Inc.
Notes to Financial Statements
September 30, 2023

Note 1 - Organization and Summary of Significant Accounting Policies, Continued

Contributions are recognized as revenues when received. Contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Functional Allocation of Expenses

Expenses have been summarized on a functional basis and allocated in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on analysis of personnel time and resources utilized for the related activities.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense totaled \$107,789 for the nine months ended September 30, 2023.

Income Taxes

Skylark is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation and is exempt for state income tax purposes. Currently, Skylark engages in no activities that would be taxed as unrelated business income.

With respect to uncertain tax positions, the management of Skylark believes its positions comply with applicable laws and they periodically evaluate exposures associated with tax filing positions. Consequently, no liability is recognized in the statement of financial position for uncertain tax positions. If incurred, penalties and interest assessed by income taxing authorities are included in penalties or interest expense. With few exceptions, Skylark is no longer subject to U.S. federal and state examinations by taxing authorities for years before 2019.

Use of Estimates

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

Liquidity and Availability of Financial Assets

Skylark has \$611,937 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$609,462 and accounts receivable of \$2,475, less restricted by donor with purpose restrictions of \$0. See Note 5.

Change in Reporting Period

The Organization changed to a fiscal year ending September 30, 2023. The reporting period was changed to align with the new fiscal year, and represents a period of nine months ending September 30, 2023.

Skylark Camps, Inc.
Notes to Financial Statements
September 30, 2023

Note 2 - Accounts Receivable

Accounts receivable consists primarily of camp and related fees due to Skylark. Accounts receivable is reported net of an allowance for doubtful accounts. Skylark establishes an allowance for doubtful accounts based on management's assessment of the collectability of past due accounts. Past due accounts are defined by invoice due date. Trade receivable balances are charged off after being deemed uncollectable by management. Skylark generally requires that the invoices are paid prior to services being rendered. As such, Skylark generally does not require collateral from its customers. Accounts receivable was \$2,475 as of September 30, 2023 compared to \$8,557 as of December 31, 2022. The allowance for doubtful accounts was \$0 at September 30, 2023.

Note 3 - Equipment

Equipment consists of the following at September 30, 2023:

Camp recreational equipment	\$	226,516
Less: accumulated depreciation		(139,655)
		\$ 86,861

Depreciation expense totaled \$56,629 for the nine months ended September 30, 2023.

Note 4 - Debt

Long-term debt consists of the following at September 30:

Economic Injury Disaster Loan ("EIDL"), payable in monthly installments of \$688.63, interest-only installments beginning December 25, 2022 and then principal and interest beginning April 25, 2025, interest at 2.75%, final payment due June 25, 2050, secured via tangible and intangible personal property.	\$	150,000
Promissory note with related party, payable on March 24, 2025 in four equal quarterly installments, interest at 6.00%, unsecured.		140,000
Promissory note, payable on June 4, 2025 in four equal quarterly installments, interest at 6.00%, unsecured.		25,000
		\$ 315,000

Scheduled long-term debt maturities are as follows for years ended September 30, 2023:

2024	\$	-
2025		119,265
2026		51,740
2027		4,358
2028		4,480
Thereafter		138,527
		\$ 315,000

Skylark incurred interest expense of \$10,863 for the nine months ended September 30, 2023.

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions consists of \$0 for camp scholarships as of September 30, 2023.

Skylark Camps, Inc.
Notes to Financial Statements
September 30, 2023

Note 6 - Commitments and Contingencies

The Organization is subject to various claims and liabilities in the ordinary course of business. The Organization maintains various forms of insurance that the Organization's management believes are adequate to reduce the exposure to such risks to an acceptable level.

Note 7 - Concentration

The Organization maintains cash balances with national banks, which, at times, exceed federally insured limits. Uninsured balances totaled \$359,462 at September 30, 2023.

Note 8 - Related Parties

Skylark has a shared services agreement with Lionheart Children's Academy ("Lionheart"), a related party under common management. In accordance with the terms, Skylark pays Lionheart a shared service allocation fee for certain personnel services and use of equipment provided by Lionheart. The agreement is effective through December 31, 2023 with annual automatic renewal. The shared service allocation was \$273,186 for the nine months ended September 30, 2023. Lionheart and Skylark also transfer funds as needed throughout the period. These transactions resulted in a payable due to Lionheart of \$4,702 as of September 30, 2023.

Skylark has a promissory note with an officer of the Organization in the amount of \$140,000 as of September 30, 2023. See Note 4.

Note 9 - Retirement Plan

Skylark has a 403(b)(9) retirement plan. The effective date of the plan is January 1, 2022. Employees are eligible upon completion of one (1) hour of service, attainment of 18 years of age, and who normally work less than twenty (20) hours per week. Skylark makes matching contributions equal to 50% on the first 6% of the active participant's compensation. Participants vest in the matching contribution from start date. The plan permits in-service and hardship withdrawals and loans. Skylark's expense for the 403(b)(9) retirement plan totaled \$11,399 for the nine months ended September 30, 2023.

Note 10 - Management's Review

Management has evaluated subsequent events through December 15, 2023, the date on which the financial statements were available to be issued.