

CAMDEN SPECIAL SERVICES DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

CAMDEN SPECIAL SERVICES DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Camden Special Services District

Opinion

We have audited the accompanying financial statements of Camden Special Services District (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, 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 Camden Special Services District as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Bowman + Company LLP

Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
June 28, 2023

CAMDEN SPECIAL SERVICES DISTRICT
Statements of Financial Position
As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 1,489,644	\$ 1,803,690
Contributions receivable	830,797	1,113,548
Service contract receivable	223,420	215,376
Prepaid expenses	<u>34,552</u>	<u>2,060</u>
Total current assets	2,578,413	3,134,674
Equipment, net	109,208	5,115
Right-of-use assets - operating leases	119,243	-
Other assets	<u>5,500</u>	<u>5,500</u>
	<u>\$ 2,812,364</u>	<u>\$ 3,145,289</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 198,183	\$ 168,094
Refundable advances	1,345,111	1,984,915
Accrued expenses	19,024	57,544
Current portion of lease liability - operating	<u>28,109</u>	<u>-</u>
Total current liabilities	<u>1,590,427</u>	<u>2,210,553</u>
Lease liability - operating, net of current portion	<u>91,134</u>	<u>-</u>
Total liabilities	<u>1,681,561</u>	<u>2,210,553</u>
Net assets		
Without donor restrictions	<u>1,130,803</u>	<u>934,736</u>
Total net assets	<u>1,130,803</u>	<u>934,736</u>
	<u>\$ 2,812,364</u>	<u>\$ 3,145,289</u>

The accompanying notes are an integral part of these financial statements.

CAMDEN SPECIAL SERVICES DISTRICT
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue and support		
City assessment	\$ 2,339,616	\$ 870,013
Project management fees	502,787	569,611
Grants	11,088	190,257
Contributions	90,096	114,000
Gain on the sale of equipment	14,724	-
Interest income	28	30
Other income	347	-
	<u>2,958,686</u>	<u>1,743,911</u>
Total revenue and support		
Expenses		
Program services	2,620,989	1,512,440
General and administrative	141,630	176,123
	<u>2,762,619</u>	<u>1,688,563</u>
Total expenses		
Change in net assets	<u>196,067</u>	<u>55,348</u>
Net assets, beginning of year as originally reported	934,736	1,996,628
Prior period adjustment	<u>-</u>	<u>(1,117,240)</u>
Net assets, beginning of year as restated	<u>934,736</u>	<u>879,388</u>
Net assets, end of year	<u>\$ 1,130,803</u>	<u>\$ 934,736</u>

The accompanying notes are an integral part of these financial statements.

CAMDEN SPECIAL SERVICES DISTRICT
Statement of Functional Expenses
As of December 31, 2022

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 229,603	\$ 52,106	\$ 281,709
Employee benefits	26,392	5,989	32,381
Payroll taxes	24,916	5,654	30,570
Project costs	2,151,285	-	2,151,285
Professional fees	69,205	12,807	82,012
Occupancy	44,483	10,095	54,578
Insurance	17,575	3,988	21,563
Repairs and maintenance	9,464	23,387	32,851
Utilities	8,378	1,901	10,279
Office expense	13,678	3,103	16,781
Depreciation	1,706	15,884	17,590
Advertising	20,838	5,929	26,767
Dues and subscriptions	1,909	433	2,342
Conferences	1,228	279	1,507
Bank charges	329	75	404
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 2,620,989</u>	<u>\$ 141,630</u>	<u>\$ 2,762,619</u>

The accompanying notes are an integral part of these financial statements.

CAMDEN SPECIAL SERVICES DISTRICT
Statement of Functional Expenses
As of December 31, 2021

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 85,037	\$ 75,921	\$ 160,958
Employee benefits	164	146	310
Payroll taxes	6,455	5,764	12,219
Project costs	1,298,553		1,298,553
Professional fees	41,058	36,661	77,719
Occupancy	28,595	10,501	39,096
Administrative expense	19,169	17,114	36,283
Insurance	9,244	8,253	17,497
Repairs and maintenance	11,920		11,920
Utilities	6,040	4,941	10,981
Office expense	62	9,995	10,057
Depreciation	2,405	2,148	4,553
Advertising	2,078	1,855	3,933
Dues and subscriptions	1,302	2,068	3,370
Conferences	75	504	579
Bank charges	283	252	535
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 1,512,440</u>	<u>\$ 176,123</u>	<u>\$ 1,688,563</u>

The accompanying notes are an integral part of these financial statements.

CAMDEN SPECIAL SERVICES DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 196,067	\$ 55,348
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,590	4,553
Amortization of operating right-of-use assets	43,381	-
Gain on sale of equipment	(14,724)	-
(Increase) decrease in		
Contributions receivable	282,751	731,797
Service contract receivable	(8,044)	(90,424)
Prepaid expenses	(32,492)	1,951
Increase (decrease) in		
Accounts payable	30,089	47,861
Refundable advances	(639,804)	805,175
Accrued expenses	(38,520)	(103,245)
Lease liability	(43,381)	-
	(207,087)	1,453,016
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(124,705)	-
Proceeds from the sale of equipment	17,746	-
	(106,959)	-
Net cash used in investing activities		
Net change in cash	(314,046)	1,453,016
Cash and cash equivalents, beginning of year	1,803,690	350,674
Cash and cash equivalents, end of year	\$ 1,489,644	\$ 1,803,690

Cash paid for interest totaled \$0 during 2022 and 2021.

The accompanying notes are an integral part of these financial statements.

CAMDEN SPECIAL SERVICES DISTRICT
Notes to Financial Statements

Note 1: ORGANIZATION AND ACTIVITY

Camden Special Services District, Inc. (formally the Greater Camden Partnership) (“the Organization”) was incorporated as a private nonprofit organization on October 6, 2000, under the laws of the state of New Jersey. The Organization works to improve the physical appearance of Downtown Camden, and its adjacent business corridors, making the City more welcoming to businesses, residents, and visitors.

On February 22, 2011, the Organization merged with Camden Community Partnership, Inc. (formally Cooper’s Ferry Partnership, Inc.), another non-profit organization in Camden which is dedicated to a holistic and inclusive prosperity approach to community and economic revival of Camden City in New Jersey. Certain assets from the Organization were transferred to Camden Community Partnership, while others remained with the Organization. Camden Special Services District, Inc. was a wholly-owned subsidiary of Camden Community Partnership, Inc. from February 22, 2011, to December 31, 2020. Effective January 1, 2021, the Camden Special Services District’s board voted to no longer be a wholly-owned subsidiary of Camden Community Partnership, Inc. In December 2019, Camden City Council approved the creation of a Business Improvement District (BID) in certain areas of the city and named Camden Special Services District the District Management Corporation, fundamentally changing the nature and structure of the organization. The Business Improvement District is a public/private partnership providing services to specific properties in the City, through a public assessment. State laws provide authority for municipalities to create publicly financed BIDs in partnership with their municipality and to designate a District Management Corporation. BIDs are not government programs.

The Organization continues to be 100% funded through the voluntary contributions of downtown businesses, city tax assessment, grants, and fee-for-service contracts.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The accompanying financial statements of the Organization have been prepared using the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountant in its audit guide for nonprofit organizations. Financial statement presentation also follows the recommendations of relevant accounting standards which require the Organization to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amount of assets and liabilities and disclosure 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.

Cash and cash equivalents - For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash includes amounts held in checking and money market accounts.

Contributions receivable - Contributions receivable are funds for which conditions have been met, but monies have not yet been received. This includes city assessments, grants, and other contributions.

Service contract receivable – Service contract receivable are funds for which services have been performed, but monies have not yet been received.

CAMDEN SPECIAL SERVICES DISTRICT, INC.
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment - Equipment is carried at cost if purchased, and at fair market value if donated. When retired or otherwise disposed of, the carrying value of the assets and related accumulated depreciation are removed from the respective accounts, and the net difference, less any amount realized from disposition, is charged or credited to income.

Major additions and betterments in excess of \$2,500 are charged to the equipment account, while replacements, maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently.

Depreciation is computed on a straight-line basis for substantially all assets based on the useful lives of the assets.

Refundable advances – Refundable advances consists of funds received in advance for city assessments and grants for which expenses have not yet been incurred by the Organization. The amount of refundable advances related to the city assessment was \$1,307,611 and \$1,947,418 as of December 31, 2022 and 2021, respectively.

Net assets – Net assets, revenues, gains, and losses are classified based on the existence of absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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

Income taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly, do not record a provision for income taxes on their earnings.

The Organization regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in their financial statements, with regard to issues affecting their tax exempt status, unrelated business income, and related matters. The Organization believes that in the event of an examination by taxing authorities, the Organization's positions would prevail based upon the technical merits of such positions. Therefore, the Organization has concluded that no tax benefits or liabilities are required to be recognized.

Functional expense allocation – The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and general and administrative. Such allocations are determined by management on an equitable basis. Salaries, payroll taxes, employee benefits, professional fees, occupancy, administrative expenses, insurance, utilities, office expense, depreciation, advertising, dues and subscriptions, conferences, service charges, and printing and postage are allocated based on the percentage of direct costs for the Camden Business Improvement District and other direct costs compared to the total costs.

CAMDEN SPECIAL SERVICES DISTRICT, INC.
Notes to Financial Statements (continued)

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

Revenue recognition

- City assessment – City assessment revenue is derived from a special assessment imposed and collected by the City of Camden with the regular property tax payment, or payment in lieu of taxes, for designated properties deemed to be within the district. Amounts are recorded as revenue when the conditions on which they depend have been substantially met.
- Grants – Grant revenue is derived from cost-reimbursable contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. Grant revenue is classified as income without donor restrictions unless the use of the income is limited by donor restrictions. If a restriction is fulfilled in the same time period in which the grant is received, the grant revenue is reported as a component of net assets without donor restriction.
- Project management fees – Project management fees are recognized as revenue when the performance obligations of providing the services are met over time.
- Contributions – Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions with donor restrictions that are met in the same period as received are recorded as contributions without donor restrictions.

Newly Adopted Accounting Pronouncements

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting applies to both types of leases—capital (or finance) leases and operating leases. Previously, GAAP has required only capital leases to be recognized on lessee balance sheets. The Organization adopted the standard using the modified retrospective approach with January 1, 2022, as the date of initial adoption. The results for reporting periods after January 1, 2022 are presented under Topic 842, while prior periods have not been adjusted.

The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification.

As a result of adopting the new standard, the Organization recorded a right-of-use asset and a lease liability in the amount of \$162,624 on its statement of financial position as of January 1, 2022.

CAMDEN SPECIAL SERVICES DISTRICT, INC.
Notes to Financial Statements (continued)

Note 3: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following for the year ending December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,489,644	\$ 1,803,690
Contributions receivable	830,797	1,113,548
Service contract receivable	<u>223,420</u>	<u>215,376</u>
 Financial assets available within one year to meet cash needs for general expenditures	 <u>\$ 2,543,861</u>	 <u>\$ 3,132,614</u>

The organization invests cash in excess of daily requirements in money market accounts held at various banks. As disclosed in note 5, the organization also has a \$500,000 line of credit available for cash flow needs. The above financial assets available within one year to meet cash needs for general expenditures have not been reduced by refundable advances at December 31, 2022 and 2021 in the amount of \$1,345,111 and \$1,984,915, respectively.

Note 4: EQUIPMENT

Equipment consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 193,182	\$ 102,382
Less: accumulated depreciation	<u>83,974</u>	<u>97,267</u>
Equipment, net	<u>\$ 109,208</u>	<u>\$ 5,115</u>

Note 5: LINE OF CREDIT

The Organization has a revolving line of credit from Truist Bank expiring February 3, 2024 totaling \$500,000. The interest rate is equal to 0.25 percentage points above the prime rate with a minimum of 3.5%. The stated interest rate was 7.75% and 3.5% as of December 31, 2022 and 2021, respectively.

During 2022, there were no draws made on the line of credit. The balance due on the line of credit was \$-0- at December 31, 2022 and 2021. Total interest expense was \$-0- for the years ended December 31, 2022 and 2021.

CAMDEN SPECIAL SERVICES DISTRICT, INC.
Notes to Financial Statements (continued)

Note 6: **LEASES**

The Organization has several real estate leases under non-cancelable lease agreements. The following summarizes the line items in the statements of the Organization which include amounts for operating leases as of December 31, 2022

Operating Leases	
Operating lease right-of-use assets	<u>\$ 119,243</u>
Operating lease liabilities – current portion	\$ 26,782
Operating lease liabilities – long-term portion	<u>92,461</u>
	<u>\$ 119,243</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022.

Weighted Average Remaining Lease Term	
Operating lease	4.7 years
Weighted Average Discount Rate	
Operating lease	1.13%

The maturities of lease liabilities as of December 31, 2022 are as follows:

Year Ending December 31:	
2023	\$ 28,109
2024	24,720
2025	24,720
2026	24,720
2027	<u>20,600</u>
Total lease payments	122,869
Less: imputed interest	<u>3,626</u>
Present value of lease liabilities	<u>\$ 119,243</u>

Supplemental cash flow information related to leases was as follows for the year ended December 31, 2022:

Operating cash flows from operating leases	\$ 45,055
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CAMDEN SPECIAL SERVICES DISTRICT, INC.
Notes to Financial Statements (continued)

Note 7: RETIREMENT PLAN

Effective January 1, 2022, the Organization established a defined contribution retirement plan that is a 401(k) plan covering all employees. The employer matches 100% of the participants contributions up to 3% of the employee's plan compensation. In addition, the Organization will contribute 50% of the participant's contribution in excess of 3% but not to exceed 5% of the employee's plan compensation. The Organization's contribution was \$7,066 and \$-0- for the years ended December 31, 2022 and 2021, respectively, which is included in employee benefits.

Note 8: CONCENTRATIONS OF CREDIT RISK

The Organization maintains their cash in bank accounts which, at times may exceed federally insured limits. The Organizations have not experienced any losses in such accounts. Uninsured bank balances totaled \$1,006,020 and \$1,303,653 as of December 31, 2022 and 2021.

Note 9: CONCENTRATIONS OF INCOME SOURCES

The Organization received approximately 79% and 50% of its total revenue from the city assessment from the City of Camden for the year ended December 31, 2022 and 2021, respectively. A significant reduction in this level of support, if this were to occur, may have an effect on the Organization's programs and activities.

Note 10: CONTINGENCIES

The Organization is occasionally involved in certain legal claims arising in the ordinary course of operations. In the opinion of management, all matters are adequately covered by insurance or are without merit.

Note 11: PRIOR PERIOD ADJUSTMENT

During 2021, it was determined that the Organization should have deferred more of the prior year's city assessment revenue in the prior period. Accordingly, an adjustment was identified and recorded during the year ended December 31, 2021 to increase refundable advances and decrease net assets in the amount of \$1,117,240 as of January 1, 2021.

Note 12: COVID-19

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could continue to have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.

CAMDEN SPECIAL SERVICES DISTRICT, INC.
Notes to Financial Statements (continued)

Note 13: **SUBSEQUENT EVENTS**

Management of the Organization has evaluated subsequent events through June 28, 2023, the date the financial statements were available to be issued.