

CAMDEN SPECIAL SERVICES DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022, 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 26, 2024

CAMDEN SPECIAL SERVICES DISTRICT
Statements of Financial Position
As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 2,390,391	\$ 1,489,644
Contributions receivable	153,888	830,797
Service contract receivable	134,475	223,420
Prepaid expenses	<u>12,582</u>	<u>34,552</u>
Total current assets	2,691,336	2,578,413
Equipment, net	132,733	109,208
Right-of-use assets - operating leases	354,694	119,243
Other assets	<u>2,650</u>	<u>5,500</u>
	<u>\$ 3,181,413</u>	<u>\$ 2,812,364</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 624,435	\$ 198,183
Refundable advances	785,754	1,345,111
Accrued expenses	32,770	19,024
Current portion of lease liability - operating	<u>73,320</u>	<u>28,109</u>
Total current liabilities	<u>1,516,279</u>	<u>1,590,427</u>
Lease liability - operating, net of current portion	<u>283,568</u>	<u>91,134</u>
Total liabilities	<u>1,799,847</u>	<u>1,681,561</u>
Net assets		
Without donor restrictions	<u>1,381,566</u>	<u>1,130,803</u>
Total net assets	<u>1,381,566</u>	<u>1,130,803</u>
	<u>\$ 3,181,413</u>	<u>\$ 2,812,364</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue and support		
City assessment	\$ 2,357,945	\$ 2,339,616
Project management fees	653,659	502,787
Grants	112,366	11,088
Contributions	96,541	90,096
Gain on the sale of equipment	-	14,724
Interest income	13	28
Other income	11,636	347
	3,232,160	2,958,686
 Expenses		
Program services	2,792,041	2,620,989
General and administrative	189,356	141,630
	2,981,397	2,762,619
 Change in net assets	250,763	196,067
 Net assets, beginning of year	1,130,803	934,736
 Net assets, end of year	\$ 1,381,566	\$ 1,130,803

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

CAMDEN SPECIAL SERVICES DISTRICT
Statement of Functional Expenses
As of December 31, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 265,101	\$ 75,775	\$ 340,876
Employee benefits	38,634	11,043	49,677
Payroll taxes	24,525	7,010	31,535
Project costs	2,219,333	-	2,219,333
Professional fees	91,372	26,117	117,489
Occupancy	67,284	19,776	87,060
Insurance	18,703	5,346	24,049
Repairs and maintenance	6,786	1,940	8,726
Utilities	8,649	2,472	11,121
Office expense	17,140	4,898	22,038
Depreciation	-	27,562	27,562
Advertising	23,992	4,409	28,401
Dues and subscriptions	1,669	695	2,364
Conferences	8,063	2,305	10,368
Bank charges	790	8	798
	<u>790</u>	<u>8</u>	<u>798</u>
 Total expenses	<u>\$ 2,792,041</u>	<u>\$ 189,356</u>	<u>\$ 2,981,397</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
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 250,763	\$ 196,067
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	27,562	17,590
Amortization of operating right-of-use assets	60,036	43,381
Gain on sale of equipment	-	(14,724)
(Increase) decrease in		
Contributions receivable	676,909	282,751
Service contract receivable	88,945	(8,044)
Prepaid expenses	21,970	(32,492)
Other assets	2,850	-
Increase (decrease) in		
Accounts payable	426,252	30,089
Refundable advances	(559,357)	(639,804)
Accrued expenses	13,746	(38,520)
Lease liability	(57,842)	(43,381)
	951,834	(207,087)
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(51,087)	(124,705)
Proceeds from the sale of equipment	-	17,746
	(51,087)	(106,959)
Net cash used in investing activities		
Net change in cash and cash equivalents	900,747	(314,046)
Cash and cash equivalents, beginning of year	1,489,644	1,803,690
Cash and cash equivalents, end of year	\$ 2,390,391	\$ 1,489,644

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 \$741,862 and \$1,307,611 as of December 31, 2023 and 2022, 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

Allowance for Credit Losses - In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were service contracts receivable.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and did not result in any new/enhanced disclosures.

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,390,391	\$ 1,489,644
Contributions receivable	153,888	830,797
Service contract receivable	<u>134,475</u>	<u>223,420</u>
 Financial assets available within one year to meet cash needs for general expenditures	 <u>\$ 2,678,754</u>	 <u>\$ 2,543,861</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, 2023 and 2022 in the amount of \$785,754 and \$1,345,111, respectively.

Note 4: EQUIPMENT

Equipment consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 244,270	\$ 193,182
Less: accumulated depreciation	<u>111,537</u>	<u>83,974</u>
Equipment, net	<u>\$ 132,733</u>	<u>\$ 109,208</u>

Note 5: LINE OF CREDIT

The Organization has a revolving line of credit from Truist Bank expiring February 3, 2025 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 8.75% and 7.75% as of December 31, 2023 and 2022, respectively.

During 2023, there were no draws made on the line of credit. The balance due on the line of credit was \$-0- at December 31, 2023 and 2022. Total interest expense was \$-0- for the years ended December 31, 2023 and 2022.

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:

	<u>2023</u>	<u>2022</u>
Operating Leases		
Operating lease right-of-use assets	\$ 354,694	\$ 119,243
Operating lease liabilities – current portion	\$ 73,320	\$ 28,109
Operating lease liabilities – long-term portion	283,568	91,134
	<u>\$ 356,888</u>	<u>\$ 119,243</u>

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

	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term		
Operating lease	5.74 years	4.70 years
Weighted Average Discount Rate		
Operating lease	3.50%	1.13%

The maturities of lease liabilities as of December 31, 2023 are as follows:

Year Ending December 31:

2024	\$ 73,320
2025	74,115
2026	75,093
2027	57,980
2028	35,617
Thereafter	80,801
Total lease payments	396,926
Less: imputed interest	40,038
Present value of lease liabilities	\$ 356,888

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

	<u>2023</u>	<u>2022</u>
Operating cash flows from operating leases	\$ 68,609	\$ 45,055
Right-of-use assets obtained on operating lease commencements	\$ 295,487	\$ -

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 \$12,081 and \$7,066 for the years ended December 31, 2023 and 2022, 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 Organization has not experienced any losses in such accounts. Uninsured bank balances totaled \$1,896,501 and \$1,006,020 as of December 31, 2023 and 2022.

In May 2024, the FDIC coverage was increased to \$2,465,000 for bank accounts held with Truist Bank through their sweep program.

Note 9: CONCENTRATIONS OF INCOME SOURCES

The Organization received approximately 73% and 79% of its total revenue from the city assessment from the City of Camden for the year ended December 31, 2023 and 2022, 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: SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through June 26, 2024, the date the financial statements were available to be issued.