

CAMP SEWATARO, LLC

FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022
TOGETHER WITH
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
Camp Sewataro, LLC
Sudbury, Massachusetts

We have reviewed the accompanying financial statements of Camp Sewataro, LLC (a sole member limited liability company), which comprise the statement of assets and liabilities—contractual basis as of September 30, 2022, and the related statements of revenues and expenses—contractual basis and cash flows—contractual basis for the twelve months then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Article 3 paragraph 3.2 of the contract between the Town of Sudbury, Massachusetts (a municipal corporation) and Camp Sewataro, LLC dated September 10, 2019 (the contract). Management is also responsible 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the financial reporting provisions of Article 3 paragraph 3.2 of the contract. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in accordance with the financial reporting provisions of Article 3 paragraph 3.2 of the contract.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the financial reporting provisions of Article 3 paragraph 3.2 of the contract, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the contract referred to above. Our conclusion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the managements of Camp Sewataro, LLC and the Article 3 paragraph 3.2 of the contract with the Town of Sudbury, Massachusetts through its Board of Selectmen and is not intended to be, and should not be, used by anyone other than these specified parties.

Korbey Lague, PLLP

November 14, 2022

CAMP SEWATARO, LLC

TABLE OF CONTENTS

SEPTEMBER 30, 2022

INDEPENDENT ACCOUNTANTS' REVIEW REPORT _____	1
FINANCIAL STATEMENTS:	
Statement of Assets and Liabilities _____	3
Statements of Revenues and Expenses _____	5
Statements of Cash Flows _____	6
Notes to Financial Statements _____	7
SUPPLEMENTARY INFORMATION:	
Schedules of Selling, General and Administrative Expense _____	14

CAMP SEWATARO LLC

**STATEMENT OF ASSETS AND LIABILITIES - CONTRACTUAL BASIS
AS OF SEPTEMBER 30, 2022**

ASSETS

	<u>2022</u>
Current Assets	
Cash	\$ 1,228,416
Total Current Assets	<u>1,228,416</u>
Property & Equipment	
Office Furniture	7,697
Equipment	72,489
Vehicles	81,978
Total Property & Equipment	<u>162,164</u>
Less: Accumulated Depreciation	<u>(76,627)</u>
Net Property & Equipment	<u>85,537</u>
Other Assets	
Intangible Assets	<u>7,136</u>
Total Other Assets	<u>7,136</u>
Total Assets	<u><u>\$ 1,321,089</u></u>

See accompanying notes and independent accountants' review report.

CAMP SEWATARO LLC

STATEMENT OF ASSETS AND LIABILITIES - CONTRACTUAL BASIS
AS OF SEPTEMBER 30, 2022

LIABILITIES AND MEMBER EQUITY

	<u>2022</u>
Current Liabilities	
Accounts Payable	7,319
Accrued Expenses	<u>3,052</u>
Total Current Liabilities	<u>10,371</u>
Long Term Liabilities	
PPP Loan	
Total Long Term Liabilities	<u>0</u>
Total Liabilities	<u>10,371</u>
Members' Capital	
Members' Capital and retained equity	1,608,924
Member Draws	(1,118,740)
Net Income	<u>820,534</u>
Total Members Capital and Retained Equity (Deficit)	<u>1,310,718</u>
Total Liabilities and Members' Equity	<u><u>\$ 1,321,089</u></u>

See accompanying notes and independent accountants' review report.

CAMP SEWATARO LLC

STATEMENT OF REVENUE AND EXPENSES - CONTRACTUAL BASIS
FOR THE TWELVE MONTH PERIOD BEGINNING OCTOBER 1, 2021
THROUGH SEPTEMBER 30, 2022

	<u>2022</u>
Revenue	
Tuition Revenue	\$ 3,554,062
Refunds	(5,899)
Net Tuition Revenue	<u>3,548,163</u>
Selling, General and Administrative Expenses	<u>3,263,040</u>
Income (Loss) from Operations	<u>285,123</u>
Other Income (Expense)	
PPP Loan - Round 2	535,410
Interest Income	1
Total Other Income (Expense)	<u>535,411</u>
Net Income (Loss) Before Taxes	820,534
Net Income (Loss)	<u><u>\$ 820,534</u></u>

See accompanying notes and independent accountants' review report.

CAMP SEWATARO LLC

**STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTH PERIOD BEGINNING OCTOBER 1, 2021
THROUGH SEPTEMBER 30, 2022**

	2022
Cash Flows from Operating Activities	
Net Income (Loss)	\$ 820,534
<i>Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:</i>	
Depreciation	51,399
(Increase) Decrease in:	
Prepaid Expenses	-
Increase (Decrease) in:	
Accounts Payable	(4,491)
Accrued Expenses	(68,611)
Cares Act Payroll Protection Program Forgiveness	(535,410)
	-
Net Cash Provided by (Used in) Operating Activities	263,421
Cash Flows from Investing Activities	
Purchases of Property and Equipment	(56,456)
Increase in Intangible Assets	3,937
Net Cash Provided by (Used in) Investing Activities	(52,519)
Cash Flows from Financing Activities	
Owners Draws	(448,480)
Net Cash Provided by (Used in) Financing Activities	(448,480)
Net Increase (Decrease) in Cash	(237,578)
Cash, at Beginning of Year	1,465,994
Cash, at End of Year	\$ 1,228,416

See accompanying notes and independent accountants' review report.

CAMP SEWATARO, L.L.C.
NOTES TO FINANCIAL STATEMENTS
For the 12 Month Period October 1, 2021 through September 30, 2022
(See Accountants' Review Report)

Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of Camp Sewataro, LLC (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business Activity

The Company is a Massachusetts, seasonal day camp for children in preschool through 8th grade. The camp provides diverse, structured outdoor-focused programming to foster social, and emotional learning, develop authentic friendships and exposure to nature.

Cash and Cash Equivalents

On September 30, 2022, cash consists of deposits in bank checking accounts; there are no cash equivalents.

Basis of Accounting

The Company has prepared the accompanying financial statements to present the assets, liabilities, revenues, expenses, and cash flows of Camp Sewataro, LLC pursuant to the provisions of Article 3 paragraph 3.2 of the contract dated September 10, 2019, between Camp Sewataro, LLC and the Town of Sudbury Massachusetts. The contract specifies that Camp Sewataro, LLC prepare financial statements in which all assets are presented in accordance with accounting principles generally accepted in the United States of America and defines certain limitations expenditures to be used in the determination of Net Revenue to be used in the calculation of the management fee, and revenue share payments due to the Town of Sudbury.

Inventories

The company has no inventory.

Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment is computed using straight-line and accelerated methods for financial reporting purposes at rates based on the following estimated useful lives:

	<u>Years</u>
Motor Vehicles	5
Machinery and Equipment	3 - 10
Furniture and Fixtures	3 - 10
Engineering Equipment	3 - 10
Buildings and Improvements	20 - 39

CAMP SEWATARO, L.L.C.
NOTES TO FINANCIAL STATEMENTS
For the 12 Month Period October 1, 2021 through September 30, 2022
(See Accountants' Review Report)

Note A - Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

For federal income tax purposes, depreciation is computed using the accelerated cost recovery system and the modified accelerated cost recovery system. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Use of Estimates

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

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred.

Limited Liability Company / Income Taxes

The financial statements include only those assets, liabilities, and results of operations which relate to the business of the Company. The financial statements do not include any assets, liabilities, revenue, or expenses attributable to the members' individual activities. The Company files its income tax returns on the accrual basis as a schedule -C for federal and state income tax purposes. As such, the Company will not pay any federal income taxes, as any income or loss will be included in the federal tax returns of the individual member. Accordingly, no provision is made for federal income taxes in the financial statements.

Fair Values of Financial Instruments

The Company is required to disclose estimated fair values for its financial instruments. The carrying amounts of financial instruments including cash, and accounts payable and deferred revenue approximated fair value as of September 30, 2022.

Compensated Absences

The company does not accrue for compensated absences due to the seasonal nature of its employment and operations.

CAMP SEWATARO, L.L.C.
NOTES TO FINANCIAL STATEMENTS
For the 12 Month Period October 1, 2021 through September 30, 2022
(See Accountants' Review Report)

Note A - Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Company maintains cash balances at local financial institutions. The balances at times may exceed federally insured limits. Accounts that are held at local financial institutions are insured by the Federal Deposit Insurance Corporations (FDIC) up to \$250,000. As of September 30, 2022, Cash exceeded the FDIC insured limit by \$978,416.

Revenue Recognition

The Company adopted Accounting Standards Update (ASU) No 2014-09, Revenue from Contracts with Customers (Topic 606) as of September 30, 2021. The ASU provides a single principles-based revenue recognition model with a five-step analysis of transactions to determine when and how revenue is recognized. The adoption of the ASU did not have an impact on the Company's results of operations.

Accounts Receivable

The Company's registration policy requires that all tuition be paid in full prior to the camper's attendance at the camp.

Subsequent Events

The Company's management has evaluated the subsequent through November 14, 2022 the date on which the financial statements were available to be issued and found no significant events requiring disclosure.

Note B- Intangible Assets

As of September 30, 2022, intangible assets comprised of legal fees associated with securing a trademark.

Note C – Accounts Payable

Accounts payable consist of trade accounts payable due under normal payment terms.

Note D – Accrued Expenses

The Company has the following accrued expenses on September 30, 2022:

Credit Card	<u>\$ 3,052</u>
Total Accrued Expenses	<u><u>\$ 3,052</u></u>

CAMP SEWATARO, L.L.C.
NOTES TO FINANCIAL STATEMENTS
For the 12 Month Period October 1, 2021 through September 30, 2022
(See Accountants' Review Report)

Note E – Long Term Debt
Payroll Protection Loan

The Company received a second loan with proceeds in the amount of \$535,410 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period measurement period.

Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot be assured that actions that could cause the Company to be ineligible for forgiveness of the loan, in whole or in part. As of the date of these financial statements the PPP loan has been forgiven.

Note G – Long Term Contracts

On September 10, 2019, the company entered a long-term contract with the Town of Sudbury, a Massachusetts municipal corporation for a day camp operator and management of real property. Under the terms of this agreement Camp Sewataro, LLC will manage the property located at 1 Liberty Ledge, Sudbury Massachusetts. The property consists of approximately 44.3 acres, various structures used for day camp purposes, together with tennis courts, basketball courts, swimming pool, a swimming pond, playing fields, horse riding stables and various other facilities used for day camp purposes.

Control of the property will remain under the custody and control of the Town, acting by and through the Board of Selectmen. The term of the agreement is for three years beginning on September 10, 2019. The initial term may be extended for up to two (2) additional terms of five (5) years each by mutual written agreement of the Parties provided the Manger has substantially complied with all material terms and conditions of the agreement.

Under the terms of the agreement a management fee will be paid to the Town of Sudbury comprised on an annual fee and a variable revenue share payment as follows:

Annual Fee

An annual fee of \$120,000 per each year of the initial term paid in equal installments of \$60,000 on each due on or before May 1st and December 1st of each year of the initial term.

Revenue Share

The revenue share payment is due on December 15th of each year and is calculated for the contract year ending September 30,2022 follows:

- 20.00% of the first \$500,000 of Net Revenue
- 25.00% of the next \$500,000 of Net Revenue
- 33.33% of all net revenue more than \$1,000,000

CAMP SEWATARO, L.L.C.
NOTES TO FINANCIAL STATEMENTS
For the 12 Month Period October 1, 2021 through September 30, 2022
(See Accountants' Review Report)

Note F – Long Term Contracts (continued)

Revenue Share (continued)

On April 12, 2022, The Town of Sudbury and Camp Sewataro, LLC entered into the third amendment to the original contract dated October 10, 2019. The significant modifications to the agreement follow:

- Extending the contract period commencing on September 10, 2022, and terminating on September 9, 2027 an additional 5 year term.
- The annual fee increased to \$200,000 per year to be paid in two equal installments of \$100,000 each, due on May 1, 2023 and December 1, 2023 and on the same due dates for the subsequent extension period years.
- The annual fee will increase annually by 3% for each year after the first extension contract year ends September 30, 2023.
- The Revenue Share formula has changed to the following schedule commencing for the 2023 Camp Season as follows:
 - 25% of the first \$1,000,000 of Manager's Net Revenue; plus
 - 33% of all Managers Net Revenue in excess of \$1,000,000

Other operational amendments were made to increase the number of campers allowed, expansion of the public access areas, expanded camp season, public events, water quality enhancements, public swimming and limitations on the deductible amount of fees paid to professional consultants to advise on camp operations.

Net revenue for purposes of calculating the revenue share calculation is defined as all revenues and receipts received during the fiscal year minus reasonable, usual, and customary operating expenses associated with day camp operations, programmatic activities on the property or other events on the property. There are specific restrictive provisions on compensation to the sole member and other expenditures. As of September 30, 2022, the restrictive covenants of the contract have been met.

The revenue share calculation

Net Income (Loss) From Operations	\$ 285,123
Adjustments	
Paycheck protection program forgiven loan	535,410
Revenue Share Fiscal Year End 9/30/2021	338,940
Less:	
Manager Compensation Limitation	<u>(159,135)</u>
Net Income Available to Revenue Sharing	<u>\$1,000,338</u>

Revenue Share Factor

20% of First \$500,000	\$100,000
25% of Next \$500,000	125,000
33% of excess over \$1,000,000	<u>112</u>
Total Revenue Share Payment	<u>\$ 225,112</u>

CAMP SEWATARO, L.L.C.
NOTES TO FINANCIAL STATEMENTS
For the 12 Month Period October 1, 2021 through September 30, 2022
(See Accountants' Review Report)

Note G – Retirement Plan

The Company, by a Joinder Agreement with K & E Camp Corporation has elected to provide 401(k) safe harbor plan benefits that allow employees to defer up to elective deferral limits established each year by the Internal Revenue Service. The Company's matching contribution shall be allocated to eligible participants except for the manager. The matching formula is one of two rates as follows:

Rate One:

100% of the Participant's matched employee contributions that are not more than 3% of the Participant's compensation; plus

Rate Two:

50% of the amount of the Participant's Matched employee contributions that exceed 3% of the participant's contributions but that do not exceed 5% of the participant's compensation.

As of September 30, 2022, the company's profit-sharing contributions related to the plan was \$17,847.

SUPPLEMENTARY INFORMATION

CAMP SEWATARO LLC

SCHEDULES OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE TWELVE MONTH PERIOD BEGINNING OCTOBER 1, 2021
THROUGH SEPTEMBER 30, 2022

	<u>2022</u>
Selling, General and Administrative Expenses	
Advertising	\$ 28,193
Auto Expense	15,248
Bank Charges	35
Camp Activities	119,876
Contract Services	11,851
Credit Card Processing	103,988
Depreciation	51,399
Dues & Subscriptions	75,069
Employee Benefits	25,041
Insurance Expense	110,922
Rent & Revenue Share Paid to Sudbury	398,940
Office Expense	25,944
Pension Expense	17,847
Ponds and Pools	41,306
Professional Fees	56,723
Repairs & Maintenance	187,595
Salaries & Wages - Staff	1,507,901
Taxes - Other	116
Taxes - Payroll	148,650
Town Events	13,312
Transportation	235,703
Utilities	87,381
Total Selling, General and Administrative Expenses	<u><u>\$ 3,263,040</u></u>

See accompanying notes and independent accountants' review report.