

**THE HOLE IN THE WALL GANG FUND, INC.**

**FINANCIAL STATEMENTS**

**NOVEMBER 30, 2023 AND 2022**

# THE HOLE IN THE WALL GANG FUND, INC.

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## INDEPENDENT AUDITORS' REPORT

**Board of Directors  
The Hole in the Wall Gang Fund, Inc.**

### *Opinion*

We have audited the financial statements of The Hole in the Wall Gang Fund, Inc. (“the Fund”), which comprise the statement of financial position as of November 30, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Hole in the Wall Gang Fund, Inc. as of November 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund 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 the Fund’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Fund'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 Fund'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.

## ***Prior Period Financial Statements***

The financial statements of the Fund as of November 30, 2022, and for the year then ended were audited by other auditors whose report dated February 2, 2023, expressed an unmodified opinion on those financial statements.

*Marum LLP*

Hartford, CT  
September 27, 2024

# THE HOLE IN THE WALL GANG FUND, INC.

## STATEMENTS OF FINANCIAL POSITION

NOVEMBER 30, 2023 AND 2022

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 1,490,327	\$ 743,165
Pledges receivable, net	1,167,527	1,368,901
Prepaid expenses and other assets	427,300	437,564
Contributions receivable - split-interest agreement	--	129,258
Investments at fair value	110,417,885	108,465,653
Premises and equipment, net	34,770,971	34,422,906
Right-of-use asset - operating leases	<u>522,573</u>	<u>--</u>
<b>Total Assets</b>	<u><u>\$ 148,796,583</u></u>	<u><u>\$ 145,567,447</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 812,029	\$ 533,932
Grants payable	--	250,000
Construction payable	--	702,652
Loans payable	4,167	29,167
Current portion of operating lease liabilities	<u>247,576</u>	<u>--</u>
<b>Total Current Liabilities</b>	1,063,772	1,515,751
<b>Operating Lease Liabilities</b> , net of current portion	<u>299,902</u>	<u>--</u>
<b>Total Liabilities</b>	<u><u>1,363,674</u></u>	<u><u>1,515,751</u></u>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	134,683,447	130,921,687
Board designated for future operations	8,429,656	8,429,656
With donor restrictions	<u>4,319,806</u>	<u>4,700,353</u>
<b>Total Net Assets</b>	<u><u>147,432,909</u></u>	<u><u>144,051,696</u></u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 148,796,583</u></u>	<u><u>\$ 145,567,447</u></u>

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

# THE HOLE IN THE WALL GANG FUND, INC.

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED NOVEMBER 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Support			
Contributions	\$ 7,818,387	\$ 382,743	\$ 8,201,130
Contributions-in-kind	63,474	--	63,474
Special events			
Gross special events revenue	5,276,659	--	5,276,659
Less fundraising expenses	<u>(1,271,698)</u>	<u>--</u>	<u>(1,271,698)</u>
Total Support	<u>11,886,822</u>	<u>382,743</u>	<u>12,269,565</u>
Revenue			
Dividend and interest income	2,258,678	52,073	2,310,751
Realized and unrealized gains on investments, net	6,782,402	168,387	6,950,789
Other income	15,992	--	15,992
Net assets released from restrictions	<u>983,750</u>	<u>(983,750)</u>	<u>--</u>
Total Revenue	<u>10,040,822</u>	<u>(763,290)</u>	<u>9,277,532</u>
<b>Total Support and Renewal</b>	<u>21,927,644</u>	<u>(380,547)</u>	<u>21,547,097</u>
<b>Expenses</b>			
Program services			
Camp programs	8,862,296	--	8,862,296
Outreach programs	<u>4,581,576</u>	<u>--</u>	<u>4,581,576</u>
Total Program Services	<u>13,443,872</u>	<u>--</u>	<u>13,443,872</u>
Support Services			
General and administrative	1,513,446	--	1,513,446
Development	<u>3,208,566</u>	<u>--</u>	<u>3,208,566</u>
Total Support Services	<u>4,722,012</u>	<u>--</u>	<u>4,722,012</u>
<b>Total Expenses</b>	<u>18,165,884</u>	<u>--</u>	<u>18,165,884</u>
<b>Change in Net Assets</b>	3,761,760	(380,547)	3,381,213
<b>Net Assets - Beginning</b>	<u>139,351,343</u>	<u>4,700,353</u>	<u>144,051,696</u>
<b>Net Assets - End</b>	<u>\$ 143,113,103</u>	<u>\$ 4,319,806</u>	<u>\$ 147,432,909</u>

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

# THE HOLE IN THE WALL GANG FUND, INC.

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED NOVEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Support			
Contributions	\$ 7,985,247	\$ 873,605	\$ 8,858,852
Contributions-in-kind	14,811,732	--	14,811,732
Special events			
Gross special events revenue	4,716,275	--	4,716,275
Less fundraising expenses	(992,816)	--	(992,816)
<b>Total Support</b>	<b>26,520,438</b>	<b>873,605</b>	<b>27,394,043</b>
Revenue			
Dividend and interest income	1,507,897	38,985	1,546,882
Realized and unrealized losses on investments, net	(12,130,473)	(452,323)	(12,582,796)
Other income	7,722	--	7,722
Net assets released from restrictions	3,372,366	(3,372,366)	--
<b>Total Revenue</b>	<b>(7,242,488)</b>	<b>(3,785,704)</b>	<b>(11,028,192)</b>
<b>Total Support and Renewal</b>	<b>19,277,950</b>	<b>(2,912,099)</b>	<b>16,365,851</b>
<b>Expenses</b>			
Program services			
Camp programs	7,928,273	--	7,928,273
Outreach programs	4,493,991	--	4,493,991
<b>Total Program Services</b>	<b>12,422,264</b>	<b>--</b>	<b>12,422,264</b>
Support Services			
General and administrative	1,195,055	--	1,195,055
Development	2,674,309	--	2,674,309
<b>Total Support Services</b>	<b>3,869,364</b>	<b>--</b>	<b>3,869,364</b>
<b>Total Expenses</b>	<b>16,291,628</b>	<b>--</b>	<b>16,291,628</b>
<b>Change in Net Assets</b>	<b>2,986,322</b>	<b>(2,912,099)</b>	<b>74,223</b>
<b>Net Assets - Beginning</b>	<b>136,365,021</b>	<b>7,612,452</b>	<b>143,977,473</b>
<b>Net Assets - End</b>	<b>\$ 139,351,343</b>	<b>\$ 4,700,353</b>	<b>\$ 144,051,696</b>

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

# THE HOLE IN THE WALL GANG FUND, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED NOVEMBER 30, 2023**

	Program Services			Support Services			2023 Total
	Camp Programs	Outreach Programs	Total	General and Administrative	Fundraising and Development	Total	
Expenses:							
Salaries	\$ 2,716,378	\$2,548,668	\$ 5,265,046	\$ 727,432	1,724,175	\$ 2,451,607	\$ 7,716,653
Payroll taxes and employee benefits	761,084	865,225	1,626,309	200,603	526,993	727,596	2,353,905
Outside services	152,418	262,688	415,106	102,577	844,395	946,972	1,362,078
Grants and financial support to other entities	250,000	--	250,000	--	--	--	250,000
Facilities expenses	1,115,826	--	1,115,826	2,292	--	2,292	1,118,118
Depreciation	2,038,974	--	2,038,974	58,334	--	58,334	2,097,308
Program supplies and equipment	555,083	261,641	816,724	--	--	--	816,724
Food	215,786	31,757	247,543	--	578,316	578,316	825,859
Transportation and accommodations	126,852	190,473	317,325	18,904	131,556	150,460	467,785
Rent	--	265,408	265,408	104,972	30,795	135,767	401,175
Telephone	20,663	7,200	27,863	5,089	7,965	13,054	40,917
Information technology	323,781	--	323,781	75,533	266,619	342,152	665,933
Office supplies and postage	113,472	85,526	198,998	83,550	104,530	188,080	387,078
Printing and public awareness	32,778	62,990	95,768	--	226,831	226,831	322,599
Insurance and professional fees	419,619	--	419,619	119,632	20,378	140,010	559,629
Other	19,582	--	19,582	14,528	17,711	32,239	51,821
Total expenses by function	<u>8,862,296</u>	<u>4,581,576</u>	<u>13,443,872</u>	<u>1,513,446</u>	<u>4,480,264</u>	<u>5,993,710</u>	<u>19,437,582</u>
Less expenses included in the Statement of Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(1,271,698)</u>	<u>(1,271,698)</u>	<u>(1,271,698)</u>
Total expenses	<u>\$ 8,862,296</u>	<u>\$4,581,576</u>	<u>\$ 13,443,872</u>	<u>\$ 1,513,446</u>	<u>\$ 3,208,566</u>	<u>\$ 4,722,012</u>	<u>\$ 18,165,884</u>

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



# THE HOLE IN THE WALL GANG FUND, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED NOVEMBER 30, 2022**

	Program Services			Support Services			2022 Total
	Camp Programs	Outreach Programs	Total	General and Administrative	Fundraising and Development	Total	
Expenses:							
Salaries	\$ 2,319,946	\$2,469,264	\$ 4,789,210	\$ 657,852	1,451,862	\$2,109,714	\$ 6,898,924
Payroll taxes and employee benefits	715,082	872,943	1,588,025	146,473	445,647	592,120	2,180,145
Outside services	33,008	308,926	341,934	104,902	705,370	810,272	1,152,206
Grants and financial support to other entities	250,000	--	250,000	--	--	--	250,000
Facilities expenses	1,531,892	--	1,531,892	--	--	--	1,531,892
Depreciation	1,524,274	--	1,524,274	57,615	--	57,615	1,581,889
Program supplies and equipment	500,114	251,802	751,916	--	--	--	751,916
Food	201,508	10,751	212,259	--	446,767	446,767	659,026
Transportation and accommodations	54,326	131,937	186,263	4,885	77,624	82,509	268,772
Rent	--	228,072	228,072	80,067	29,255	109,322	337,394
Telephone	16,646	6,649	23,295	3,035	5,982	9,017	32,312
Information technology	254,230	--	254,230	47,930	214,784	262,714	516,944
Office supplies and postage	100,155	129,808	229,963	37,878	46,740	84,618	314,581
Printing and public awareness	947	64,439	65,386	--	176,921	176,921	242,307
Insurance and professional fees	413,051	19,400	432,451	50,935	44,717	95,652	528,103
Other	13,094	-	13,094	3,483	21,456	24,939	38,033
<b>Total expenses by function</b>	<b>7,928,273</b>	<b>4,493,991</b>	<b>12,422,264</b>	<b>1,195,055</b>	<b>3,667,125</b>	<b>4,862,180</b>	<b>17,284,444</b>
Less expenses included in the Statement of Activities	--	--	--	--	(992,816)	(992,816)	(992,816)
<b>Total expenses</b>	<b>\$ 7,928,273</b>	<b>\$4,493,991</b>	<b>\$ 12,422,264</b>	<b>\$ 1,195,055</b>	<b>\$ 2,674,309</b>	<b>\$3,869,364</b>	<b>\$ 16,291,628</b>

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

# THE HOLE IN THE WALL GANG FUND, INC.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 3,381,213	\$ 74,223
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized (gains) losses on investments, net	(6,950,789)	12,582,796
Decrease in contributions receivable - split-interest agreement	(25,142)	22,851
Amortization of right-of-use assets-operating leases	271,133	--
Depreciation	2,097,308	1,581,889
In-kind contribution of premises and equipment	--	(14,811,732)
Contributions restricted for long-term investment	(29,625)	(22,250)
Changes in operating assets and liabilities:		
Pledges receivable	201,374	(372,373)
Contribution receivable	154,400	--
Prepaid expenses and other assets	10,264	119,753
Accounts payable and accrued expenses	278,097	(124,000)
Grant payable	(250,000)	250,000
Construction payable	(702,652)	623,924
Cash paid for amounts included in the measurement of operating lease liabilities	(246,228)	--
<b>Net Cash Used in Operating Activities</b>	<b>(1,810,647)</b>	<b>(74,919)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments and change in money market accounts in investment portfolio	(32,178,078)	(2,713,066)
Proceeds from sales of investments	37,176,635	5,290,399
Purchase of premises and equipment	(2,445,373)	(5,660,283)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>2,553,184</b>	<b>(3,082,950)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from contributions restricted for long-term investment	29,625	22,250
Payments on loans payable	(25,000)	(25,000)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>4,625</b>	<b>(2,750)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>747,162</b>	<b>(3,160,619)</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>743,165</b>	<b>3,903,784</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 1,490,327</b>	<b>\$ 743,165</b>

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

**THE HOLE IN THE WALL GANG FUND, INC.**

**STATEMENTS OF CASH FLOWS (CONTINUED)**

**FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022**

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	2023	2022
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities</b>		
Right-of-use assets obtained in exchange for new lease liabilities	<u>\$ 793,706</u>	<u>\$ --</u>
Contribution-in-kind of buildings and property	<u>\$ --</u>	<u>\$ 14,811,732</u>

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

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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#### NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

##### *NATURE OF ACTIVITIES*

The Hole in the Wall Gang Fund, Inc. (the Fund) was founded by Paul Newman in 1985, to serve children and families coping with cancer and other serious illnesses and conditions. The Fund's primary activity is the operation of camps for such children. The original camp facility is located on approximately 300 acres in Ashford-Eastford, Connecticut. During 2022, the Fund acquired property in Maryland to establish a second location. The Fund also has a hospital outreach program whereby the Fund works collaboratively with hospitals to improve the quality of life for children during medical treatment. At times, the Fund also provides assistance in the form of grants, financial and other support to other camps and Funds in the United States, and in other countries whose mission, objectives and operations are consistent with those of the Fund.

##### *BASIS OF PRESENTATION*

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented in accordance with guidance as issued by the Financial Accounting Standards Board (FASB) relating to financial statements of not-for-profit Funds.

##### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions include net assets that are not restricted by donor-imposed stipulations. These net assets also include those funds that are designated by the Fund's Board of Directors in achieving any of its corporate purposes. The Fund includes certain investments as part of its net assets without donor restrictions on operating amount.

##### *Net Assets With Donor Restrictions*

Net assets with donor-imposed restrictions include gifts of cash and other assets received with donor stipulations that limit the use of the donated assets or are time-restricted. When a time restriction expires, or when a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions received are reflected as without donor restriction if the restriction is met in the same period. Net assets with donor restrictions also include gifts of cash and other assets received designated by the donor to be held and invested in perpetuity.

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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### NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *BASIS OF PRESENTATION (CONTINUED)*

##### *USE OF ESTIMATES*

The preparation of financial statements in conformity with U.S. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### *CASH AND CASH EQUIVALENTS*

The Fund considers all highly liquid investments with original maturities of three months or less to be cash equivalents, with the exception of cash and cash equivalents maintained in investment portfolios, which are reported within the respective investment portfolios.

##### *INVESTMENTS*

Investments are reported at fair value. Gains and losses arising from the sale or disposition of investments are reported in the statement of activities as increases or decreases in net assets without donor restriction unless their use is restricted by donor stipulation. Certain of the Fund's investments are subject to volatility in market conditions. Accordingly, it is at least reasonably possible that the value of such investments could substantially change in the near term.

The Fund determines the fair values of its investments based on a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs within the hierarchy that may be used to measure fair value are as follows:

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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#### NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *INVESTMENTS (CONTINUED)*

- Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 investments include equity securities and mutual funds that are traded in an active exchange market.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets. Level 2 assets include investment funds that are not actively traded, whose value is determined by the fund managers based on the values of the underlying assets of the funds. The underlying assets of the funds are determined based on quoted prices in active markets for identical assets or other inputs that are observable.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include assets for which the determination of fair value requires significant management judgment or estimation.

At November 30, 2023 and 2022, approximately \$8,800,000 and \$20,367,000 of investments, or approximately 8% and 19% of the total fair value of investments, are invested in private equity and hedge funds (the Hedge Funds), respectively. Substantially, all of the assets of the Hedge Funds are invested in limited partnerships and investment funds (Investee Funds), whose fair values have been estimated by the Hedge Funds' Investment Manager in the absence of readily ascertainable fair values. These fair values are based on: (1) the Hedge Funds' net contribution to the Investee Funds, and (2) their allocated share of the undistributed profits and losses, including realized and unrealized gains and losses based on the financial information provided by the Investee Funds' management, which may include the audited financial statements of the Investee Funds. If the Investment Manager determines, based on its own due diligence and investment monitoring procedures, that the valuation for any Investee Fund based on information provided by the Investee Funds' management does not represent fair value, the Investment Manager shall estimate the fair value of the Investee Funds. In addition, the fair values relating to underlying investments held by the Investee Funds may have been estimated by the respective Investee Funds' management in the absence of readily ascertainable fair values. For certain Hedge Fund investments that are not limited partnerships, the Fund has elected to present fair value at the net asset value (NAV) per share.

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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### NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *INVESTMENTS (CONTINUED)*

Due to the inherent uncertainty of these estimates, these values may differ from the values that would have been used had a ready market for these investments existed and the differences could be material. The Fund has the ability to liquidate these investments on a periodic basis in accordance with the provisions of the investment fund agreements.

#### *RISKS AND UNCERTAINTIES*

The Fund's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk and uncertainty associated with certain investment securities, it is possible that the amounts reported in the statement of financial position and statement of activities could be materially affected in the near term.

#### *PREMISES AND EQUIPMENT*

Premises and equipment are recorded at cost at the date of acquisition or, if received by gift, at fair value at the date of donation. The Fund capitalizes such costs provided their cost is \$5,000 or more and they have useful lives greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives ranging from five years, for furniture and equipment, to 20 years for buildings and improvements, using the half-year convention in the year the asset is placed in service.

#### *CONTRIBUTIONS*

Unconditional promises to give are recorded as contributions at net present value when the promise is received.

The Fund records multi-year pledges at their discounted present value using a risk-free rate of return. Such pledges are considered as donor-restricted until the passage of time as prescribed by the donor. The unamortized discount to present value is amortized and recognized as a component of contribution income using an effective yield over the duration of the underlying pledges.

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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#### NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *CONTRIBUTIONS-IN-KIND*

Donated services, material, equipment, and property are reported as contributions-in-kind revenue and expense (or capitalized, as necessary) in the accompanying financial statements at their estimated fair values at the date of receipt. No amounts have been reflected for certain donated services since such services generally do not meet the criteria for recognition under U.S. GAAP. However, a substantial number of volunteers have donated significant amounts of their time toward the Fund's program services and its fund-raising campaigns.

##### *GRANTS PAYABLE*

Grants payable represent all unconditional grants that have been authorized by the Board of Directors prior to year-end but remain unpaid as of the statement of financial position date. Conditional grants are recorded as expenses and considered payable in the period the conditions are substantially satisfied. There were no conditional grants at November 30, 2023 and 2022.

##### *ALLOCATION OF FUNCTIONAL EXPENSES*

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that has been consistently applied. Expenses that are allocated include depreciation, utilities and maintenance, liability insurance, which are allocated on a square footage basis, as well as salaries and wages, benefits, and payroll taxes, which are allocated on the basis of time and effort estimates.

##### *INCOME TAXES*

The Fund is a not-for-profit Fund under the Nonstock Corporation Act of the state of Connecticut and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). Contributions to the Fund are tax-deductible within the limitations prescribed by the Code.

The Fund has been classified as a fund that is not a private foundation and has been designated as a publicly supported fund under the applicable sections of the Code. Income, that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Fund had no unrelated business income for the years ended November 30, 2023 and 2022.



# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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#### NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *INCOME TAXES (CONTINUED)*

The Fund performed an evaluation of uncertainty in income taxes for the year ended November 30, 2023, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status.

As of November 30, 2023, the statute of limitations for certain tax years, remained open with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which the Fund files tax returns, however, no examinations were pending or in progress. It is the Fund's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in interest and/or income tax expense. As of November 30, 2024, the Fund had no accruals for interest and/or penalties.

##### *RECENT ACCOUNTING PRONOUNCEMENTS*

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Fund adopted the guidance for the fiscal year ended November 30, 2023.

The Fund elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. The Corporation generally does not have access to the rate implicit in the lease, and therefore the Corporation utilizes its incremental borrowing rate as the discount rate. The adoption of ASC 842 resulted in the recognition of operating right-to-use assets and operating lease liabilities of \$793,706 as of December 1, 2022. The adoption of ASC 842 did not have a material impact on the Fund's net assets. See Note 14.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The Fund adopted the guidance for the fiscal year ended November 30, 2022. The adoption of ASU 2020-07 did not have an impact on the Fund's net assets.

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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### NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The primary sources of funding for the general expenses of the Fund are contributions and investment income. As part of liquidity management, the Fund maintains both cash and short-term investments. The Fund maintains sufficient levels of financial assets available for meeting current operating and capital expenses not otherwise funded by operating revenue during any temporary or permanent funding transitions, and to fund any unforeseen contingencies. The Fund regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations.

The following table reflects financial assets as of November 30, reduced by amounts not available to meet operating expenses within one year of the statement of financial position due to contractual restrictions, donor-imposed restrictions, or board designations for future operations, and development of a Mid-Atlantic camp location:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,490,327	\$ 743,165
Pledges receivable due in one year	377,968	549,166
Investments	<u>110,417,885</u>	<u>108,465,653</u>
	112,286,180	109,757,984
Less amounts not available to be used within one year:		
Board designated for future operations	8,429,656	8,429,656
Net assets with donor restrictions	4,319,806	4,700,353
Private equity investments	<u>4,907,427</u>	<u>5,167,775</u>
Financial assets available to meet cash needs for general expenditures over the next year	<u>\$ 94,629,291</u>	<u>\$ 91,460,200</u>

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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#### NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of November 30:

	2023	2022
Subject to expenditure for specified purpose:		
Wish List	13,626	13,626
Porsche - Moir Restricted	10,816	10,816
Boundless Playground	--	300,000
	<u>          </u>	<u>          </u>
Total purpose-restricted net assets	<u>\$ 24,442</u>	<u>\$ 324,442</u>
Time restrictions - temporary	\$ 1,910,890	\$ 2,051,735
Amounts held in perpetuity	<u>2,384,474</u>	<u>2,324,176</u>
Total net assets with donor restrictions	<u>\$ 4,319,806</u>	<u>\$ 4,700,353</u>

The purpose restrictions relate primarily to amounts to be expended for camp programs.

Released from net assets with donor restrictions to net assets without donor restrictions is as follows:

	2023	2022
Released from net assets with donor restrictions to net assets without donor restrictions - passage of time	\$ 658,380	\$ 601,833
Released from net assets with donor restrictions to net assets without donor restrictions - purpose fulfilled	<u>300,000</u>	<u>2,770,533</u>
	<u>\$ 958,380</u>	<u>\$ 3,372,366</u>

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

#### NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of November 30:

	2023	2022
Gross amount due in:		
One year	\$ 377,968	\$ 549,166
Between one and five years	743,500	680,834
More than five years	<u>200,000</u>	<u>300,000</u>
	1,321,468	1,530,000
Less unamortized discount to present value (0.19% - 4.85%)	<u>(153,941)</u>	<u>(161,099)</u>
Net present value	<u>\$ 1,167,527</u>	<u>\$ 1,368,901</u>

#### NOTE 5 – CONTRIBUTIONS RECEIVABLE – SPLIT-INTEREST AGREEMENT

The Fund has been named as the beneficiary of a remainder trust. The contribution receivable related to the trust was recorded based on the present value of the expected assets to be received in the future. The following information was utilized by the Fund to calculate the present value of the assets:

	2023	2022
Discount rate	0.00%	3.74%
Estimated years until receipt	--	5

Changes in the value of the Fund's split-interest agreement for the years ended November 30 are as follows:

	2023	2022
Balance, beginning of year	\$ 129,258	\$ 152,109
Changes in present value	25,142	(22,851)
Payment received	<u>(154,400)</u>	<u>--</u>
Balance, end of year	<u>\$ --</u>	<u>\$ 129,258</u>

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

#### NOTE 6 - ENDOWMENT

The Fund's endowment consists of six individual donor-restricted endowment funds established for several purposes. As required by U.S. GAAP, net assets of endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### *INTERPRETATION OF RELEVANT LAW*

The Fund has interpreted the State of Connecticut Prudent Management of Institutional Funds Act (SPMIFA) as not requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent specific donor stipulations to the contrary. All endowment holdings of the Fund carry explicit donor stipulations to provide a permanent source of funding and use only income generated from the endowments. As a result, the Fund classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund. Annually, amounts are appropriated for expenditure by the Fund in a manner consistent with donor stipulations and absent such stipulations, the standard prescribed by SPMIFA.

In accordance with SPMIFA, the Fund would consider 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 purposes of the Fund and the donor-restricted endowment funds, (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 Fund, and (7) the investment policies of the Fund.

Donor-restricted endowment net assets consisted of the following funds, whose earnings are used in camp programs as of November 30:

	2023	2022
Campership Funds	\$ 1,458,021	\$ 1,354,044
Dr. Fun Fund	697,208	647,653
Brewster Fund	457,771	425,234
Milmoe Fund	449,142	417,215
Glazer Fund	19,370	17,994
Druten Fund	16,700	15,513
	<u>\$ 3,098,212</u>	<u>\$ 2,877,653</u>

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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### NOTE 6 – ENDOWMENT (CONTINUED)

#### *INTERPRETATION OF RELEVANT LAW (CONTINUED)*

Changes in endowment net assets for the fiscal years ended November 30:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 2,877,653	\$ 3,463,391
Investment return		
Investment income	52,073	38,985
Net realized and unrealized (depreciation) appreciation	<u>258,130</u>	<u>(452,323)</u>
	<u>310,203</u>	<u>(413,338)</u>
Contributions	29,625	22,250
Distributions	<u>(119,269)</u>	<u>(194,650)</u>
Endowment net assets, end of year	<u>\$ 3,098,212</u>	<u>\$ 2,877,653</u>

Description of endowment fund amounts classified as net assets with donor restrictions:

	<u>2023</u>	<u>2022</u>
The portion of perpetual endowment funds required to be retained permanently either		
by donor stipulation or by UPMIFA	<u>\$ 2,354,850</u>	<u>\$ 2,324,177</u>
The portion of earnings on endowment funds subject to board appropriation	<u>\$ 743,362</u>	<u>\$ 553,476</u>

#### *FUNDS WITH DEFICIENCIES*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Fund to retain as a fund of perpetual duration. No deficiencies of this nature are reported in net assets without donor restrictions as of November 30, 2023, and 2022.

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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#### NOTE 6 – ENDOWMENT (CONTINUED)

##### *RETURN OBJECTIVES AND RISK PARAMETERS*

The Fund has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the Fund must hold in perpetuity or for a donor-specified period of time. Endowment assets under this policy, approved by the Board of Directors, are invested in a manner that is intended to produce results that exceed the rate of inflation while assuming a moderated level of investment risk.

##### *STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES*

The Fund relies on a total return strategy to satisfy its long-term rate of return objectives. Investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Fund targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

##### *SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO THE SPENDING POLICY*

The Fund has a policy to appropriate for distribution each year 4% of its endowment funds' average fair market value from the prior 12 quarters through the end of the calendar year preceding the fiscal year in which the distribution is planned. The Fund considered the long-term expected return on its endowment when it established this policy. Accordingly, the Fund expects the current spending policy to allow its endowment assets to increase at a rate approximating the rate of inflation. This policy is consistent with the Fund's objective to maintain the purchasing power of the endowment assets held in perpetuity and to provide additional growth through new gifts and investment returns.

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

#### NOTE 7 – INVESTMENTS

Investment consisted of the following as of November 30:

	2023		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual funds			
Domestic stock funds	\$ 16,679,518	\$ 49,977,457	\$ 33,297,939
International stock funds	3,028,152	5,070,016	2,041,864
International emerging markets	8,445,989	16,228,177	7,782,188
Fixed income portfolio	1,527,776	10,783,897	9,256,121
Private equity	3,363,327	4,907,427	1,544,100
Hedge fund	1,400,000	3,913,653	2,513,653
Cash held by investment managers	19,417,626	19,537,258	119,632
	\$ 53,862,388	\$ 110,417,885	\$ 56,555,497

The following table summarizes investments measured at fair value on a recurring basis as of the year ended November 30, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	2022		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual funds			
Domestic stock funds	\$ 18,143,858	\$ 50,363,128	\$ 32,219,270
International stock funds	4,963,062	13,321,594	8,358,532
International emerging markets	6,260,588	5,578,182	(682,406)
Fixed income portfolio	11,249,526	10,344,594	(904,932)
Common stock	96,666	--	(96,666)
Private equity	3,053,918	5,167,775	2,113,857
Hedge fund	5,600,000	15,199,510	9,599,510
Cash held by investment managers	8,490,870	8,490,870	--
	\$ 57,858,488	\$ 108,465,653	\$ 50,607,165



# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

#### NOTE 7 – INVESTMENTS (CONTINUED)

	2023			
	Balance as of November 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Domestic stock funds	\$ 49,977,457	\$ 49,977,457	\$ --	\$ --
International stock funds	5,070,016	5,070,016	--	--
International emerging markets	6,049,324	6,049,324	--	--
Fixed income portfolio	10,783,897	10,783,897	--	--
Private equity	4,907,427	--	--	4,907,427
Cash held by investment managers	19,537,258	19,537,258	--	--
	96,325,379	<u>\$ 91,417,952</u>	<u>\$ (18,999,933)</u>	<u>\$ (110,417,885)</u>
Investments measured at NAV (a)	14,092,506			
	<u>\$ 110,417,885</u>			
	2022			
	Balance as of November 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Domestic stock funds	\$ 45,400,703	\$ 45,400,703	\$ --	\$ --
International stock funds	4,576,863	4,576,863	--	--
International emerging markets	5,578,182	5,576,182	--	--
Fixed income portfolio	10,344,594	10,344,594	--	--
Private equity	5,167,775	--	--	5,167,775
Cash held by investment managers	8,490,870	8,490,870	--	--
	79,558,987	<u>\$ 74,389,212</u>	<u>\$ (34,076,441)</u>	<u>\$ (108,465,653)</u>
Investments measured at NAV (a)	28,906,666			
	<u>\$ 108,465,653</u>			

(a) In accordance with Subtopic 820-10, certain investments that were measured at NAV, or its equivalent, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position.

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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#### NOTE 7 – INVESTMENTS (CONTINUED)

The following table presents changes in assets classified in Level 3 of the fair value hierarchy during the year ended November 30, 2023:

Transfers into Level 3	\$	--
Transfers out of Level 3	\$	--
Purchases	\$	457,000
Issues	\$	--

On December 1, 2015, the Fund entered into a 12-year, \$2,000,000 capital contribution agreement with Warburg Pincus Private Equity XII Fund. The Fund has committed to a six-year period for completion of the funding obligation. At November 30, 2023, the Fund had advanced the full \$2,000,000 of its commitment.

On February 1, 2019, the Fund entered into a 12-year, \$2,000,000 capital contribution agreement with Warburg Pincus Global Growth Fund. The Fund has committed to a six-year period for completion of the funding obligation. At November 30, 2023, Fund had advanced \$1,884,000 of this commitment and has an unfunded commitment of \$116,000 as of November 30, 2023.

On June 1, 2022, the Fund entered into a 12-year, \$2,000,000 capital contribution agreement with Warburg Pinus Global Growth 14 Fund. The Fund has committed to a six-year period for completion of the funding obligation. At November 30, 2023, Fund had advanced \$580,000 of this commitment and has an unfunded commitment of \$1,420,000 as of November 30, 2023.

On October 1, 2023, the Fund entered into a 10-year, \$2,000,000 capital contribution agreement with Warburg Pinus Capital Solutions Founders Fund. The Fund has committed to a six-year period for completion of the funding obligation. At November 30, 2023, Fund had advanced \$125,000 of this commitment and has an unfunded commitment of \$1,875,000 as of November 30, 2023.

The following table sets forth additional disclosures of the Fund's investments whose fair value is estimated using NAV per share as a practical expedient as of November 30, 2023:

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

#### NOTE 7 – INVESTMENTS (CONTINUED)

Investment	Fair Value		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
	2023	2022			
Long/short Hedge Fund (a)	\$ 3,913,653	\$ 15,199,510	\$ --	Quarterly	95 days
Small Cap Fund (b)	--	4,962,425	--	Monthly	5 days
International Equity Fund (c)	10,178,853	8,744,731	--	Monthly	6 days
	<u>\$ 14,092,506</u>	<u>\$ 28,906,666</u>	<u>\$ --</u>		

- (a) This investment is a fund of funds that included equity-focused funds that do not actively trade exposure, with trading strategies focusing on shorter-term dynamics and appreciation for market technical, top-down thematic/macro views, and technically-driven statistical arbitrage with fundamental quantitative long/short strategies.
- (b) This investment is a fund whose investment objective seeks to achieve long-term capital appreciation by investing in a portfolio of small-capitalization U.S. companies whose market capitalizations fall within the range of the Russell 2000® index at the time of purchase.
- (c) This investment is a fund whose investment objective seeks to obtain long-term capital gains and income from a diversified portfolio of equity securities of companies incorporated in any country other than the United States.

#### NOTE 8 – PREMISES AND EQUIPMENT

As of November 30, premises and equipment consisted of the following:

	2023	2022
Land and improvements	\$ 5,223,475	\$ 5,223,475
Building and improvements	51,366,426	45,386,057
Furniture, equipment and vehicles	4,179,293	3,218,384
Leasehold improvements	530,819	530,819
Construction in progress	862,449	5,409,784
	<u>62,162,462</u>	<u>59,768,519</u>
Less accumulated depreciation	<u>(27,391,491)</u>	<u>(25,345,613)</u>
	<u>\$ 34,770,971</u>	<u>\$ 34,422,906</u>

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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#### NOTE 8 – PREMISES AND EQUIPMENT (CONTINUED)

Depreciation expense was \$2,097,308 and \$1,581,889 for the years ended November 30, 2023 and 2022, respectively. On February 12, 2021, a fire destroyed multiple buildings at the camp in Ashford, Connecticut. All property destroyed was fully depreciated. A related gain on insurance proceeds of \$944,360 was recognized. As of November 30, 2022, Contributions of approximately \$4,613,000, were received from donors with use restricted to efforts associated with rebuilding the destroyed property.

In May of 2022, the Fund acquired land and buildings in Maryland valued at \$15,443,370 on the date of acquisition, with \$3,991,241 of the value allocated to land. The Fund paid \$750,000 in consideration. The remaining \$14,693,370 was recorded as a component of Contribution-In-Kind in the November 30, 2022, Statement of Activities. A real estate appraiser with extensive experience in the region was engaged to estimate the fair value. The sale prices of similar properties sold within the region were considered by the appraiser in formulating the estimate.

#### NOTE 9 - LOANS PAYABLE

During 2014, in connection with its main office related party lease (see Note 10), the Fund entered into a \$250,000 loan with the lessor to fund the cost of leasehold improvements. The loan carries a 0% interest rate, requires 120 monthly payments of \$2,083, and matures on January 31, 2024.

The balance of the loan was \$4,167 and \$29,167 as of November 30, 2023 and 2022, respectively.

#### NOTE 10 - RELATED PARTY TRANSACTIONS

During the years ended November 30, 2023, and 2022, the Fund received contributions of approximately \$989,704 and \$1,494,000, respectively, from members of the Fund's Board of Directors and their affiliates.

The Fund paid rent for office space of \$123,180 during each of the years ended November 30, 2023, and 2022, to a company, an officer of which is a member of the Fund's Board of Directors. In connection with this lease, the lessor also provided a loan of \$250,000 to the Fund for leasehold improvements (see Note 14).

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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#### NOTE 11 - SPECIAL EVENTS

Special events consist of activities designed to raise support for the Fund. Such activities may occur on an annual basis or be a unique event designated for a specific year. Support from special events, net of related expenses, consisted of the following for the years ended November 30:

	<u>2023</u>	<u>2022</u>
Contribution support	\$ 5,276,659	\$ 4,716,275
Less expenses	<u>(1,271,698)</u>	<u>(992,816)</u>
	<u>\$ 4,004,961</u>	<u>\$ 3,723,459</u>

#### NOTE 12 - GRANTS AND FINANCIAL SUPPORT TO OTHER ENTITIES

During the years ended November 30, 2023 and 2022, the Fund provided grants and other financial support to a number of unaffiliated camps, operating in the United States and abroad, and to the SeriousFun Children's Network, an Fund of which the Fund is a member. The grants and support to other camps relate principally to the development and operation of the camps, training personnel and other assistance during the year. All grants and support to other entities are included in camp program services in the accompanying financial statements. The total grants and support authorized to other camps were \$250,000 as of November 30, 2023 and 2022.

#### NOTE 13 - RETIREMENT PLANS

The Fund sponsors a qualified defined contribution retirement plan (the Plan) for all eligible employees. Employees are eligible to participate in the Plan after completing one year of service. The Fund contributes 7% of eligible salaries to the Plan annually, and employees become fully vested in Fund contributions after one year of service. Retirement expense amounted to approximately \$396,000 and \$390,800 for the years ended November 30, 2023, and 2022, respectively.

# THE HOLE IN THE WALL GANG FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

#### NOTE 14 - LEASES

As described in Note 10, the Fund leases office space from a related company. An officer of this company is a Board member of the Fund. In January 2014, the Fund entered into a 10-year office space lease with this company. Additionally, the Fund leases office space as part of its Hospital Outreach Program in several locations.

The following summarizes the line items in the balance sheet which include amounts for operating leases as of November 30, 2023:

Operating lease right-of-use assets	<u>\$ 522,573</u>
Current portion of operating lease liabilities	\$ 247,576
Long-term portion of operating lease liabilities	<u>299,902</u>
Total operating lease liabilities	<u>\$ 547,478</u>

Weighted average lease term and discount rate as of November 30, 2023, were as follows:

Weighted average remaining lease term	2.75 years
Weighted average discount rate	4.59%

The maturities of operating lease liabilities as of November 30, 2023, were as follows:

<u>For the Years Ending November 30,</u>	
2024	\$ 270,072
2025	140,568
2026	94,725
2027	67,179
2028	<u>19,446</u>
Total lease payments	591,990
Less: Imputed interest	<u>(44,512)</u>
Operating lease liability	<u>\$ 547,478</u>

Rent expense under ASC 842 recognized in the statement of activities was \$401,175 for the year ended November 30, 2023. Rent expense, as previously defined under ASC 840, was \$337,394 for the year ended November 30, 2022.

# **THE HOLE IN THE WALL GANG FUND, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022**

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#### **NOTE 15 – COMMITMENTS**

The Fund is a guarantor of a portion of a bond issuance made by The Painted Turtle Camp (Painted Turtle) through the California Statewide Communities Development Authority. The guarantee amount is \$2,500,000. The bonds are secured by real property owned by Painted Turtle, as well as other guarantees by Painted Turtle. The bonds are variable rate demand reserve bonds and mature on April 1, 2033. As of November 30, 2023, the outstanding balance of the bonds was approximately \$4,585,000.

#### **NOTE 16 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 27, 2024, the date the financial statements were available to be issued.