

CAMP HOBE

FINANCIAL STATEMENTS

Year Ended December 31, 2009



INDEPENDENT AUDITORS' REPORT

To the Board of Directors

CAMP HOBE

We have audited the accompanying statement of financial position of Camp Hobe as of December 31, 2009 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Camp Hobe's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Camp Hobe as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

A handwritten signature in cursive script that reads "Arthur & Associates".

Salt Lake City, Utah
October 30, 2010

CAMP HOBE
STATEMENT OF FINANCIAL POSITION

December 31, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 76,785
Accounts receivable	1,075
TOTAL CURRENT ASSETS	<u>77,860</u>

INVESTMENTS	204,249
PROPERTY AND EQUIPMENT	1,416
	<u>205,665</u>

TOTAL ASSETS	<u>\$ 283,525</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 4,148
TOTAL CURRENT LIABILITIES	<u>4,148</u>

NET ASSETS

Unrestricted	260,877
Temporarily restricted	18,500
TOTAL NET ASSETS	<u>279,377</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 283,525</u>
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See Notes to Financial Statements

CAMP HOBE
STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Total
CONTRIBUTIONS, SUPPORT, GAIN, AND LOSS			
Contributions	\$ 93,947	\$ 18,500	\$ 112,447
Program fees	3,495	-	3,495
In-kind contributions	17,744	-	17,744
Investment income	8,211	-	8,211
Gain on investments	18,729	-	18,729
Loss on sale of assets	(219)	-	(219)
TOTAL CONTRIBUTIONS, GAIN, AND LOSS	141,907	18,500	160,407
SATISFACTION OF RESTRICTIONS	18,510	(18,510)	-
TOTAL CONTRIBUTIONS, SUPPORT, GAIN, AND LOSS AND SATISFACTION OF RESTRICTIONS	160,417	(10)	160,407
EXPENSES			
Camp program	105,772	-	105,772
	-	-	-
Supporting services	-	-	-
General and administrative	11,846	-	11,846
Fundraising	1,441	-	1,441
TOTAL EXPENSES	119,059	-	119,059
INCREASE (DECREASE) IN NET ASSETS	41,358	(10)	41,348
NET ASSETS, BEGINNING OF YEAR, restated	219,519	18,510	238,029
NET ASSETS, END OF YEAR	\$ 260,877	\$ 18,500	\$ 279,377

See Notes to Financial Statements

CAMP HOBE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2009

	Camp program	Supporting services		Totals
		General and administrative	Fundraising	
Camp supplies and food	\$ 35,876	\$ -	\$ -	\$ 35,876
Camp lease	17,625	-	-	17,625
Contract labor	26,850	5,400	800	33,050
Training	7,900	-	-	7,900
Insurance	5,622	-	-	5,622
Professional fees	-	5,084	-	5,084
Office	5,725	638	641	7,004
Volunteer supplies	3,180	-	-	3,180
Background checks	1,544	-	-	1,544
Licenses and dues	1,220	-	-	1,220
Miscellaneous	230	-	-	230
Depreciation	-	724	-	724
	<u>\$ 105,772</u>	<u>\$ 11,846</u>	<u>\$ 1,441</u>	<u>\$ 119,059</u>

See Notes to Financial Statements

CAMP HOBE
STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net assets	\$ 41,348
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	724
Realized and unrealized gain on investments	(18,728)
Loss on sale of assets	294
Increase in operating assets:	
Accounts receivable	(1,075)
Increase in operating liabilities:	
Accounts payable	<u>4,148</u>

NET CASH FLOWS FROM OPERATING ACTIVITIES 26,711

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(21,660)
Purchase of property and equipment	<u>(700)</u>

NET CASH FLOWS FROM INVESTING ACTIVITIES (22,360)

NET INCREASE IN CASH AND CASH EQUIVALENTS 4,351

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 72,434

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 76,785

SUPPLEMENTAL INFORMATION

NONE

See Notes to Financial Statements

CAMP HOBE

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies

Nature of activities – Camp Hobe (the “Organization”) is a Utah non-profit corporation established in 2003 for the purpose of providing a summer camp for children undergoing treatment for cancer and their siblings. The Organization receives most of its financial support from private grants and contributions.

Basis of presentation – The Organization prepares its financial statements on the accrual basis of accounting and follows U.S. generally accepted accounting principles for non-profit organizations and reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted based upon the following criteria:

- **Unrestricted net assets** represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- **Temporarily restricted net assets** consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- **Permanently restricted net assets** are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

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

Cash and cash equivalents – The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable – Accounts receivable are recorded at their estimated fair value less an appropriate allowance for uncollectible amounts. Allowances are based on historical experience and management’s analysis of specific balances. An account is written off when it is determined that all collection efforts have been exhausted

CAMP HOBE

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Property and equipment – Acquisitions of property and equipment in excess of \$500 and all expenditures for repairs and maintenance that materially prolong the useful lives of property and equipment are capitalized. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Property and equipment are stated at cost less accumulated depreciation, or if acquired by donation, at estimated fair value at the date of the donation. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the statement of activities for the period.

Depreciation is computed over the following estimated useful lives using the straight-line method:

<u>Assets</u>	<u>Useful Lives</u>
Office furniture and equipment	3 - 7 years

Long-lived assets – The Organization accounts for long-lived assets and requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present for the years ended December 31, 2009.

Investments – Investments in marketable securities with readily determinable fair values and investments in debt securities are recorded at their fair values. Realized and unrealized gains and losses are included in the statement of activities.

Contributions and in-kind donations – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donations of property and equipment are recorded as support at their estimated fair market value at the date of gift. These donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as temporarily restricted support and reclassified to unrestricted net assets when placed in service.

CAMP HOBE

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Functional allocation of expenses – The costs of the programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to the program and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income taxes – The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for federal income tax.

The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740 *Income Taxes* (formerly referred to as FIN 48) effective for fiscal years that begin after December 15, 2008. The Organization is required to evaluate its tax positions for uncertainties. In the event a tax position is determined to result in a probable obligation the Organization will be required to record a provision for income taxes. The adoption of this interpretation did not have a material impact on its financial statements and disclosures.

Fair value of financial instruments – The Organization utilizes various methods to measure fair value of its financial instruments on a recurring basis. Accounting principles generally accepted in the United States of America establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of input are as follows and disclosed in Note 6:

Level 1: inputs are quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

Level 2: inputs are other than quoted prices included within Level 1 that are observable for that asset, either directly or indirectly.

Level 3: inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset or liability.

Subsequent events - Management has evaluated subsequent events through October 30, 2010 which is the date the financial statements were available to be issued. No events had occurred that would require disclosure or adjustment to the financial statements.

New Accounting Pronouncements Adopted – FASB ASC 825, *Financial Instruments*, (ASC 825), ASC 825-10-65, *Transition and Open Effective Date Information*, (formerly referred to as FSP FAS No. 107-1 and APB Opinion No. 28) requires disclosures about fair value of financial instruments in the financial statements. This pronouncement is effective for periods ending after June 15, 2009. The adoption did not have a material impact on the financial statements.

(1) Summary of significant accounting policies (continued)

CAMP HOBE

NOTES TO FINANCIAL STATEMENTS

Effective January 1, 2009 the Organization adopted ASC 740, *Income taxes* (formerly referred to as FIN No. 48). This guidance clarifies the accounting for uncertainty in income taxes recognized in the financial statements. The adoption did not have a material impact on the financial statements.

FASB ASC 855, *Subsequent Events*, (formerly referred to as SFAS No. 165), modified the subsequent event disclosure guidance and was adopted by the Organization for the year ended December 31, 2009.

In August 2009, the FASB issued Accounting Standards Update No. 2009-05 (ASC Update 2009-05), an update to FASB 820, *Fair Value Measurements and Disclosures*. This update provides amendments to reduce potential ambiguity in the financial reporting when measuring the fair value of liabilities. This pronouncement was effective for the Organization's year ended December 31, 2009. The adoption did not have a material impact on the financial statements.

(2) **Investments**

The following summarizes the investment return for the year ended December 31, 2009:

Investment return, unrestricted:	
Interest and dividends	\$ 8,211
Net realized and unrealized gain	18,729
Investment return, unrestricted	<u>\$ 26,940</u>

(3) **Property and equipment**

Office furniture and equipment	\$ 4,432
Accumulated depreciation	<u>(3,016)</u>
Net property and equipment	<u>\$ 1,416</u>

Depreciation expense for the year ended December 31, 2009 was \$724.

(4) **Operating leases**

The Organization has an operating lease for the rental of the camp facilities used in its program. The lease is a year to year arrangement and future lease costs are not determinable. Camp rental expense for the year ended December 31, 2009 was \$17,625.

(5) **Temporarily restricted net assets**

Temporarily restricted net assets totaling \$18,500 are available for the 2010 camp program period.

(6) **Fair value measurement of financial instruments**

CAMP HOBE

NOTES TO FINANCIAL STATEMENTS

The following table summarizes the Organization's financial instruments measured at fair value on a recurring basis as of December 31, 2009:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market and cash equivalents	\$ 76,785	\$ 76,785	\$	\$ -
Fixed income	92,768	92,768		-
Mutual funds	99,753	99,753		-
Equity securities	11,727	11,727		-
	<u>\$ 281,034</u>	<u>\$ 281,034</u>	<u>\$</u>	<u>\$ -</u>

(7) Concentration of credit and market risk

The organization maintains its cash and cash equivalent balances at two financial institutions located in Salt Lake City, Utah. The deposits may at times exceed the federally insured limits of \$250,000 established by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk on these balances.

(8) Prior period adjustment

The Organization recorded an adjustment to record property additions made in the prior period.

	Net Assets	
	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted</u>
Net Assets December 31, 2008	\$ 218,277	\$ 18,510
Record property additions	1,242	
Net Assets December 31, 2008, restated	<u>\$ 219,519</u>	<u>\$ 18,510</u>