

CAMP HOBE

FINANCIAL STATEMENTS

Year Ended December 31, 2010
with summarized information for 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, 2010 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. The prior year summarized comparative information has been derived from Camp Hobe's 2009 financial statements, and in our report dated October 30, 2010, we expressed an unqualified opinion on those financial statements.

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, 2010, 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.

Atkins & Associates LC

Salt Lake City, Utah
October 14, 2011

CAMP HOBE
STATEMENT OF FINANCIAL POSITION

December 31, 2010 with summarized information for 2009

	2010	Summarized 2009 Totals
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 82,575	\$ 76,785
Accounts receivable	-	1,075
TOTAL CURRENT ASSETS	82,575	77,860
INVESTMENTS	216,828	204,249
PROPERTY AND EQUIPMENT, net	944	1,416
TOTAL ASSETS	\$ 300,347	\$ 283,525
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 66	\$ 4,148
TOTAL CURRENT LIABILITIES	66	4,148
NET ASSETS		
Unrestricted	262,952	260,877
Temporarily restricted	37,329	18,500
TOTAL NET ASSETS	300,281	279,377
TOTAL LIABILITIES AND NET ASSETS	\$ 300,347	\$ 283,525

See Notes to Financial Statements

CAMP HOBE
STATEMENT OF ACTIVITIES

Year Ended December 31, 2010 with summarized information for 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	<u>Summarized 2009 Totals</u>
CONTRIBUTIONS, FEES, AND OTHER INCOME				
Contributions	\$ 62,814	\$ 37,329	\$ 100,143	\$ 112,447
Program fees	4,862	-	4,862	3,495
In-kind contributions	19,349	-	19,349	17,744
Investment return	20,052	-	20,052	26,721
TOTAL CONTRIBUTIONS, FEES, AND OTHER INCOME	<u>107,077</u>	<u>37,329</u>	<u>144,406</u>	<u>160,407</u>
SATISFACTION OF RESTRICTIONS	<u>18,500</u>	<u>(18,500)</u>	<u>-</u>	<u>-</u>
TOTAL CONTRIBUTIONS, FEES, AND OTHER INCOME AND SATISFACTION OF RESTRICTIONS	<u>125,577</u>	<u>18,829</u>	<u>144,406</u>	<u>160,407</u>
EXPENSES				
Program services	111,174	-	111,174	105,772
Supporting services				
General and administrative	11,288	-	11,288	11,846
Fundraising	1,040	-	1,040	1,441
TOTAL EXPENSES	<u>123,502</u>	<u>-</u>	<u>123,502</u>	<u>119,059</u>
INCREASE IN NET ASSETS	<u>2,075</u>	<u>18,829</u>	<u>20,904</u>	<u>41,348</u>
NET ASSETS, BEGINNING OF YEAR	<u>260,877</u>	<u>18,500</u>	<u>279,377</u>	<u>238,029</u>
NET ASSETS, END OF YEAR	<u>\$ 262,952</u>	<u>\$ 37,329</u>	<u>\$ 300,281</u>	<u>\$ 279,377</u>

See Notes to Financial Statements

CAMP HOBE
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2010 with summarized information for 2009

	<u>Supporting services</u>			Totals	Summarized 2009 Totals
	Program	General and administrative	Fundraising		
Camp supplies and food	\$ 38,690	\$ -	\$ -	\$ 38,690	\$ 35,876
Camp lease	17,270	-	-	17,270	17,625
Contract labor	29,969	5,400	800	36,169	33,050
Training	10,341	-	-	10,341	7,900
Insurance	5,590	-	-	5,590	5,622
Professional fees	-	5,888	-	5,888	5,084
Office	3,709	-	240	3,949	7,004
Volunteer supplies	1,376	-	-	1,376	3,180
Background checks	1,661	-	-	1,661	1,544
Licenses and dues	1,132	-	-	1,132	1,220
Miscellaneous	963	-	-	963	230
Depreciation	473	-	-	473	724
	<u>\$ 111,174</u>	<u>\$ 11,288</u>	<u>\$ 1,040</u>	<u>\$ 123,502</u>	<u>\$ 119,059</u>

See Notes to Financial Statements

CAMP HOBE
STATEMENT OF CASH FLOWS

Year Ended December 31, 2010 with summarized information for 2009

	2010	Summarized 2009 Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 20,904	\$ 41,348
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	472	724
Realized and unrealized gains on long-term investments	(16,432)	(18,728)
Gain on disposal of assets	-	294
Increase (decrease) in operating assets:		
Accounts receivable	1,075	(1,075)
Increase (decrease) in operating liabilities:		
Accounts payable	(4,082)	4,148
	<u>1,937</u>	<u>26,711</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of long-term investments	(3,620)	(21,660)
Proceeds from sale of investments	7,473	-
Purchase of property and equipment	-	(700)
	<u>3,853</u>	<u>(22,360)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,790	4,351
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>76,785</u>	<u>72,434</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 82,575</u>	<u>\$ 76,785</u>

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 501(c) (3) 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, 2010 and 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)

Individuals volunteer their time and effort in support of the Organization's programs. The value of these donated services is not recorded in the financial statements as the services do not meet the criteria for recognitions as in-kind contributions under U.S. generally accepted accounting principles.

If the Organization is the recipient of donated services that create or enhance non-financial assets; or that require specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by volunteers, the services are recorded at their fair value in the year they are performed.

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 and state income taxes. Management has reviewed the Organization's tax positions and believes there are no uncertain tax positions taken by the entity that would require the recording of a related liability.

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:

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 from December 31, 2010 through October 14, 2011, which is the date the financial statements were available to be issued. No events have occurred during that period that would require disclosure or adjustment to the financial statements.

CAMP HOBE

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

New accounting pronouncements adopted – In January 2010, the FASB issued ASC 2010-06, *Improving Disclosures about Fair Value Measurements and Disclosures*, which expanded the required disclosures about fair value measurements. In particular, ASC 2010-06 requires (i) separate disclosure of the amount of significant transfers in and out of Level 1 and Level 2 fair value measurements along with reasons for such transfers, (ii) information about purchases, sales, issuances and settlements to be presented separately in the reconciliation of Level 3 fair value measurements, (iii) fair value disclosures for each class of assets and liabilities, and (iv) disclosures about valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for fair value measurements that fall in either Level 2 or Level 3. The update is effective for periods beginning after December 15, 2009 except for (ii) which is effective for fiscal years beginning after December 15, 2010. The adoption of this update did not have a material impact on the financial statements of the Organization.

(2) Investments

Information regarding the composition of the organizations investment balances is disclosed in Note 6. The following table summarizes the investment return for the years ended December 31, 2010 and 2009:

	2010	2009
Investment return, unrestricted:		
Interest and dividends	\$ 3,620	\$ 8,211
Net realized and unrealized gain (loss)	16,432	18,510
Investment return, unrestricted	\$ 20,052	\$ 26,721

(3) Property and equipment

	2010	2009
Office furniture and equipment	\$ 4,432	\$ 4,432
Accumulated depreciation	(3,488)	(3,016)
Net property and equipment	\$ 944	\$ 1,416

Depreciation expense for the years ended December 31, 2010 and 2009 was \$472 and \$724, respectively.

(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 years ended December 31, 2010 and 2009 was \$17,270 and \$17,625, respectively.

CAMP HOBE

NOTES TO FINANCIAL STATEMENTS

(5) Temporarily restricted net assets

The Organization receives pledges and contributions in support of future camp events that are restricted for use in subsequent years. Temporarily restricted net assets of \$37,329 and \$18,500 were temporarily restricted for future camps as of December 31, 2010 and 2009, respectively.

(6) Fair value measurement of financial instruments

The following tables summarize the Organization's financial instruments measured at fair value on a recurring basis as of December 31, 2010 and 2009:

December 31, 2010

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income	\$ 92,768	\$ 92,768	-	-
Mutual funds	99,753	99,753	-	-
Equity securities	11,727	11,727	-	-
	<u>\$ 204,248</u>	<u>\$ 204,248</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2009

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income	\$ 82,055	\$ 82,055	-	-
Mutual funds	127,097	127,097	-	-
Equity securities	14,017	14,017	-	-
	<u>\$ 223,169</u>	<u>\$ 223,169</u>	<u>\$ -</u>	<u>\$ -</u>

The fair value of balances included in Level 1 is based on quoted market prices in active markets as of December 31, 2010 and 2009.

(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.

CAMP HOBE

NOTES TO FINANCIAL STATEMENTS

(8) Prior period adjustment

During the year ended December 31, 2009, the Organization recorded an adjustment to the December 31, 2008 net assets to record property additions made in the prior period, as follows:

	Net Assets		
	Unrestricted	Temporarily Restricted	Totals
December 31, 2008	\$ 218,277	\$ 18,510	\$ 236,787
Record property additions	1,242	-	1,242
December 31, 2008-restated	\$ 219,519	\$ 18,510	\$ 238,029