

CAMP HOBE

FINANCIAL STATEMENTS

Year Ended December 31, 2011
with summarized information for 2010

Arthur
& Associates
Certified Public Accountants



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, 2011 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 2010 audited financial statements, and in our report dated October 14, 2011, 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, 2011, 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.

Arthur & Associates LC

Salt Lake City, Utah
April 23, 2012

CAMP HOBE

FINANCIAL STATEMENTS

Year Ended December 31, 2011
with summarized information for 2010

Arthur

CAMP HOBE
STATEMENT OF FINANCIAL POSITION

December 31, 2011 with summarized information for 2010

	2011	Summarized 2010 Totals
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 58,224	\$ 82,575
Accounts receivable	-	-
TOTAL CURRENT ASSETS	58,224	82,575
INVESTMENTS	232,736	216,828
PROPERTY AND EQUIPMENT, net	463	944
	233,199	217,772
TOTAL ASSETS	\$ 291,423	\$ 300,347
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 66
TOTAL CURRENT LIABILITIES	-	66
NET ASSETS		
Unrestricted	257,726	262,952
Temporarily restricted	33,697	37,329
TOTAL NET ASSETS	291,423	300,281
TOTAL LIABILITIES AND NET ASSETS	\$ 291,423	\$ 300,347

See Notes to Financial Statements

CAMP HOBE
STATEMENT OF ACTIVITIES

Year Ended December 31, 2011 with summarized information for 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>	<u>Summarized 2010 Totals</u>
CONTRIBUTIONS, FEES, AND OTHER INCOME				
Contributions	\$ 53,350	\$ 33,697	\$ 87,047	\$ 100,143
Program fees	3,510	-	3,510	4,862
In-kind contributions	19,450	-	19,450	19,349
Investment return	10,110	-	10,110	20,052
TOTAL CONTRIBUTIONS, FEES, AND OTHER INCOME	<u>86,420</u>	<u>33,697</u>	<u>120,117</u>	<u>144,406</u>
SATISFACTION OF RESTRICTIONS	<u>37,329</u>	<u>(37,329)</u>	<u>-</u>	<u>-</u>
TOTAL CONTRIBUTIONS, FEES, OTHER INCOME AND SATISFACTION OF RESTRICTIONS	<u>123,749</u>	<u>(3,632)</u>	<u>120,117</u>	<u>144,406</u>
EXPENSES				
Program services	116,771	-	116,771	111,174
Supporting services				
General and administrative	11,170	-	11,170	11,288
Fundraising	1,034	-	1,034	1,040
TOTAL EXPENSES	<u>128,975</u>	<u>-</u>	<u>128,975</u>	<u>123,502</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(5,226)</u>	<u>(3,632)</u>	<u>(8,858)</u>	<u>20,904</u>
NET ASSETS, BEGINNING OF YEAR	<u>262,952</u>	<u>37,329</u>	<u>300,281</u>	<u>279,377</u>
NET ASSETS, END OF YEAR	<u>\$ 257,726</u>	<u>\$ 33,697</u>	<u>\$ 291,423</u>	<u>\$ 300,281</u>

See Notes to Financial Statements

CAMP HOBE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2011 with summarized information for 2010

	<u>Supporting services</u>			<u>Totals</u>	<u>Summarized 2010 Totals</u>
	<u>Program</u>	<u>General and administrative</u>	<u>Fundraising</u>		
Camp supplies and food	\$ 42,410	\$ -	\$ -	\$ 42,410	\$ 38,690
Payroll expense	26,108	5,850	867	32,825	-
Camp lease	18,290	-	-	18,290	17,270
Contract labor	3,500	-	-	3,500	36,169
Training	6,635	-	-	6,635	10,341
Insurance	6,269	-	-	6,269	5,590
Professional fees	600	5,100	-	5,700	5,888
Office	7,397	-	167	7,564	3,949
Volunteer supplies	2,666	-	-	2,666	1,376
Background checks	-	-	-	-	1,661
Licenses and dues	1,587	-	-	1,587	1,132
Miscellaneous	828	220	-	1,048	963
Depreciation	481	-	-	481	473
	<u>\$ 116,771</u>	<u>\$ 11,170</u>	<u>\$ 1,034</u>	<u>\$ 128,975</u>	<u>\$ 123,502</u>

See Notes to Financial Statements

CAMP HOBE

STATEMENT OF CASH FLOWS

Year Ended December 31, 2011 with summarized information for 2010

	<u>2011</u>	<u>Summarized 2010 Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (8,858)	\$ 20,904
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	481	472
Realized and unrealized gains on long-term investments	(1,808)	(10,091)
Gain on disposal of assets	-	-
Increase (decrease) in operating assets:		
Accounts receivable	-	1,075
Increase (decrease) in operating liabilities:		
Accounts payable	(66)	(4,082)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(10,251)</u>	<u>8,278</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(14,100)</u>	<u>(2,488)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(14,100)</u>	<u>(2,488)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,351)	5,790
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>82,575</u>	<u>76,785</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 58,224</u>	<u>\$ 82,575</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 nonprofit 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 (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 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 \$2,000 and all expenditures for repairs and maintenance that materially prolong the useful lives of property and equipment are capitalized. If assets are donated and donors stipulate how long the assets must be used or when placed in service, 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, 2011 and 2010.

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)

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.

Many 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 recognition as in-kind contributions under U.S. generally accepted accounting principles.

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. U.S. generally accepted accounting principles 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.

Summarized information for 2010 – Financial information for the year ended December 31, 2010 has been included in these financials in a summarized form. The information presented does not include information by unrestricted, temporarily restricted and permanently restricted net asset classes as required by U.S. generally accepted accounting principles. The information should be read in conjunction with the Organization's audited financial statements as of December 31, 2010 from which the information was derived.

Subsequent events - Management has evaluated subsequent events from December 31, 2011 through April 23, 2012, 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

(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, 2011 and 2010:

	2011	2010
Investment return, unrestricted:		
Interest and dividends	\$ 9,806	\$ 3,620
Net realized and unrealized gain (loss)	304	16,432
Investment return, unrestricted	\$ 10,110	\$ 20,052

(3) Property and equipment

	2011	2010
Office furniture and equipment	\$ 3,832	\$ 3,832
Accumulated depreciation	(3,369)	(2,888)
Net property and equipment	\$ 463	\$ 944

Depreciation expense for the years ended December 31, 2011 and 2010 was \$481 and \$472, 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, 2011 and 2010 was \$18,290 and \$17,270, respectively.

(5) 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, 2011 and 2010:

December 31, 2011

Description	Total	Level 1	Level 2	Level 3
Fixed income	\$ 39,353	\$ 39,353	-	-
Mutual funds	153,054	153,054	-	-
Equity securities	40,329	40,329		
	\$ 232,736	\$ 232,736	\$ -	\$ -

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NOTES TO FINANCIAL STATEMENTS

(5) Fair value measurement of financial instruments (continued)

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>

The fair value of balances included in Level 1 is based on quoted market prices in active markets as of December 31, 2011 and 2010

(6) 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 \$33,697 and \$37,329 were temporarily restricted for future camps as of December 31, 2011 and 2010, respectively.

(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.