

**CAMP HOBE**

**FINANCIAL STATEMENTS**

Year Ended December 31, 2012  
with summarized information for 2011



CERTIFIED PUBLIC ACCOUNTANTS  
& BUSINESS ADVISORS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors

### CAMP HOBE

We have audited the accompanying financial statements of Camp Hobe (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *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, 2012, 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.

The prior year summarized comparative information has been derived from Camp Hobe's financial statements as of and for the year ended December 31, 2011, which were audited by other auditors who have merged with Arthur & Jensen LLC. Their opinion, issued on April 23, 2012, was unqualified.

  
Salt Lake City, Utah  
May 15, 2013

**CAMP HOBE**  
**STATEMENT OF FINANCIAL POSITION**

December 31, 2012 with summarized information for 2011

	<b>2012</b>	<b>Summarized 2011 Totals</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 103,337	\$ 58,224
TOTAL CURRENT ASSETS	103,337	58,224
INVESTMENTS	212,143	232,736
PROPERTY AND EQUIPMENT, net	-	463
	212,143	233,199
TOTAL ASSETS	\$ 315,480	\$ 291,423
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ -	\$ -
TOTAL CURRENT LIABILITIES	-	-
<b>NET ASSETS</b>		
Unrestricted	261,727	257,726
Temporarily restricted	53,753	33,697
TOTAL NET ASSETS	315,480	291,423
TOTAL LIABILITIES AND NET ASSETS	\$ 315,480	\$ 291,423

See Notes to Financial Statements

**CAMP HOBE**  
**STATEMENT OF ACTIVITIES**

Year Ended December 31, 2012 with summarized information for 2011

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>	<u>Summarized 2011 Totals</u>
<b>CONTRIBUTIONS, FEES, AND OTHER INCOME</b>				
Contributions	\$ 61,895	\$ 53,753	\$ 115,648	\$ 87,047
Program fees	3,735	-	3,735	3,510
In-kind contributions	22,330	-	22,330	19,450
Investment return	22,943	-	22,943	10,110
<b>TOTAL CONTRIBUTIONS, FEES, AND OTHER INCOME</b>	<u>110,903</u>	<u>53,753</u>	<u>164,656</u>	<u>120,117</u>
<b>SATISFACTION OF RESTRICTIONS</b>	<u>33,697</u>	<u>(33,697)</u>	<u>-</u>	<u>-</u>
<b>TOTAL CONTRIBUTIONS, FEES, OTHER INCOME AND SATISFACTION OF RESTRICTIONS</b>	<u>144,600</u>	<u>20,056</u>	<u>164,656</u>	<u>120,117</u>
<b>EXPENSES</b>				
Program services	128,609	-	128,609	116,771
Supporting services				
General and administrative	10,538	-	10,538	11,170
Fundraising	1,452	-	1,452	1,034
<b>TOTAL EXPENSES</b>	<u>140,599</u>	<u>-</u>	<u>140,599</u>	<u>128,975</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>4,001</u>	<u>20,056</u>	<u>24,057</u>	<u>(8,858)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>257,726</u>	<u>33,697</u>	<u>291,423</u>	<u>300,281</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 261,727</u>	<u>\$ 53,753</u>	<u>\$ 315,480</u>	<u>\$ 291,423</u>

See Notes to Financial Statements

**CAMP HOBE**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2012 with summarized information for 2011

	<u>Supporting services</u>			<u>Totals</u>	<u>Summarized 2011 Totals</u>
	<u>Program</u>	<u>General and administrative</u>	<u>Fundraising</u>		
Camp supplies and food	\$ 46,918	\$ -	\$ -	\$ 46,918	\$ 43,458
Payroll expense	30,495	5,938	594	37,027	32,825
Camp lease	19,000	-	-	19,000	18,290
Contract labor	-	-	-	-	3,500
Training	8,796	-	-	8,796	6,635
Insurance	7,692	-	-	7,692	6,269
Professional fees	600	4,600	-	5,200	5,700
Office	6,907	-	858	7,765	7,564
Volunteer supplies	4,756	-	-	4,756	2,666
Background checks	1,745	-	-	1,745	-
Licenses and dues	1,237	-	-	1,237	1,587
Depreciation	463	-	-	463	481
	<u>\$ 128,609</u>	<u>\$ 10,538</u>	<u>\$ 1,452</u>	<u>\$ 140,599</u>	<u>\$ 128,975</u>

See Notes to Financial Statements

## CAMP HOBE

### STATEMENT OF CASH FLOWS

Year Ended December 31, 2012 with summarized information for 2011

	<u>2012</u>	<u>Summarized 2011 Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 24,057	\$ (8,858)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	463	481
Realized and unrealized gains on long-term investments	(13,361)	(1,808)
Increase (decrease) in operating liabilities:		
Accounts payable	-	(66)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>11,159</u>	<u>(10,251)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	43,536	-
Purchase of investments	<u>(9,582)</u>	<u>(14,100)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>33,954</u>	<u>(14,100)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	45,113	(24,351)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>58,224</u>	<u>82,575</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 103,337</u>	<u>\$ 58,224</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.

**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.

**Advertising expense** – Advertising is expensed in the period incurred. The Organization did not record any advertising expense for the years ended December 31, 2012 and 2011.

**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. The Organization remains subject to income taxes on net income that is derived from a trade or business, regularly carried on, and not for the exempt purpose of the Organization. In the opinion of management the Organization does not have any unrelated business income.

ASC Topic 740, Income Taxes, provides guidance on how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation by management of tax positions taken or expected to be taken in preparation of the Organization's tax returns to determine if the positions are more-likely-than not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. Tax years that remain subject to examination are 2009 forward.

**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.

**CAMP HOBE**

**NOTES TO FINANCIAL STATEMENTS**

**( 1 ) Summary of significant accounting policies (continued)**

**Summarized information for 2011** – Financial information for the year ended December 31, 2011 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, 2011 from which the information was derived.

**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Organization recognizes the effects of subsequent events that provide additional information about conditions that did not exist at the date of the statement of financial position but arose after the financial position date and before the financial statements were available to be issued. The Organization has evaluated events occurring between the end of its fiscal year, December 31, 2012, and the date the financial statements were available to be issued for matters that would require disclosure or adjustment to the 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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Investment return, unrestricted:		
Interest and dividends	\$ 9,582	\$ 9,806
Net realized and unrealized gain (loss)	13,361	304
Investment return, unrestricted	<u>\$ 22,943</u>	<u>\$ 10,110</u>

**( 3 ) Property and equipment**

	<u>2012</u>	<u>2011</u>
Office furniture and equipment	\$ 3,832	\$ 3,832
Accumulated depreciation	<u>(3,832)</u>	<u>(2,888)</u>
Net property and equipment	<u>\$ -</u>	<u>\$ 944</u>

Depreciation expense for the years ended December 31, 2012 and 2011 was \$463 and \$481, respectively.

**CAMP HOBE**

**NOTES TO FINANCIAL STATEMENTS**

**( 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, 2012 and 2011 was \$19,000 and \$18,290, 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, 2012 and 2011:

**December 31, 2012**

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income	\$ 18,395	\$ 18,395	-	-
Mutual funds	150,304	150,304	-	-
Equity securities	43,444	43,444	-	-
	<u>\$ 212,143</u>	<u>\$ 212,143</u>	<u>\$ -</u>	<u>\$ -</u>

**December 31, 2011**

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income	\$ 39,353	\$ 39,353	-	-
Mutual funds	153,054	153,054	-	-
Equity securities	40,329	40,329	-	-
	<u>\$ 232,736</u>	<u>\$ 232,736</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, 2012 and 2011.

**( 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 \$53,753 and \$33,697 were temporarily restricted for future camps as of December 31, 2012 and 2011, respectively.

**CAMP HOBE**

**NOTES TO FINANCIAL STATEMENTS**

**( 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.