

# Camp Hobe

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## **FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

*For the Year Ended December 31, 2015 with Summarized Information for 2014*



# CAMP HOBE

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

CAMP HOBE

We have audited the accompanying financial statements of Camp Hobe (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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, 2015 and 2014, 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.

### ***Summarized Comparative Information***

We have previously audited the financial statements as of and for the year ended December 31, 2014 and have expressed an unmodified opinion on those statements dated August 14, 2015. In our opinion the summarized comparative information presented herein, as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it was derived.

### ***Prior Period Restatement***

As disclosed in Note 6 of the financial statements, the previously issued 2014 financial statements have been restated. The previously unrecorded donated in-kind services and off-setting expenses have been increased by \$68,310. This change has no impact on the statement of financial position, the change in net assets and cash flows as of December 31, 2014 and for the year then ended.

*Larson & Company PC*

Salt Lake City, Utah  
June 6, 2016

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**CAMP HOBE**  
Statement of Financial Position  
As of December 31, 2015  
With Summarized Comparative Information for 2014

<u><b>ASSETS</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u> <b>Restated</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 151,406	\$ 139,580
Pledges receivable	8,000	8,100
Prepaid expenses	1,614	-
<b>Total current assets</b>	<u>161,020</u>	<u>147,680</u>
<b>Noncurrent assets:</b>		
Investments	<u>370,519</u>	<u>359,838</u>
<b>Total noncurrent assets</b>	<u>370,519</u>	<u>359,838</u>
<b>Total assets</b>	<u><u>\$ 531,539</u></u>	<u><u>\$ 507,518</u></u>
 <u><b>LIABILITIES AND NET ASSETS</b></u>  		
<b>Net assets:</b>		
Unrestricted	518,539	470,741
Temporarily restricted	<u>13,000</u>	<u>36,777</u>
<b>Total net assets</b>	<u>531,539</u>	<u>507,518</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 531,539</u></u>	<u><u>\$ 507,518</u></u>

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

**CAMP HOBE**  
Statement of Activities  
For the Year Ended December 31, 2015  
With Summarized Comparative Information for 2014

	<u>2015</u>			<u>2014</u> <u>Restated</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
<b>Contributions, fees, and other income</b>				
Contributions	\$ 109,819	\$ 13,000	\$ 122,819	\$ 128,547
In-kind contributions	87,689	-	87,689	114,184
Special events (less direct benefits to donors of \$6,826 for 2015 and \$4,167 for 2014)	23,261	-	23,261	26,933
Program fees	5,279	-	5,279	4,740
Investment return	5,479	-	5,479	1,282
<b>Total contributions, fees, and other income</b>	<u>231,527</u>	<u>13,000</u>	<u>244,527</u>	<u>275,686</u>
<b>Satisfaction of restrictions</b>	<u>36,777</u>	<u>(36,777)</u>	<u>-</u>	<u>-</u>
<b>Total contributions, fees, other income and satisfaction of restrictions</b>	<u>268,304</u>	<u>(23,777)</u>	<u>244,527</u>	<u>275,686</u>
<b>Expenses</b>				
Camp program services	205,061	-	205,061	228,187
Supporting services:				
General and administrative	11,169	-	11,169	16,393
Fundraising	4,276	-	4,276	1,402
<b>Total expenses</b>	<u>220,506</u>	<u>-</u>	<u>220,506</u>	<u>245,982</u>
<b>Change in net assets</b>	47,798	(23,777)	24,021	29,704
Net assets at beginning of year	<u>470,741</u>	<u>36,777</u>	<u>507,518</u>	<u>477,814</u>
<b>Net assets at end of year</b>	<u>\$ 518,539</u>	<u>\$ 13,000</u>	<u>\$ 531,539</u>	<u>\$ 507,518</u>

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

**CAMP HOBE**  
Statement of Functional Expenses  
For the Year Ended December 31, 2015

	<u>Supporting services</u>			<u>Totals</u>
	<u>Camp program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	
Camp supplies and food	\$ 65,448	\$ -	\$ -	\$ 65,448
Donated services	50,445	-	-	50,445
Payroll expense	35,967	5,219	1,000	42,186
Camp lease	18,921	-	-	18,921
Training	11,361	-	-	11,361
Insurance	8,465	-	-	8,465
Professional fees	-	5,950	-	5,950
Office	5,515	-	10,102	15,617
Volunteer supplies	5,248	-	-	5,248
Background checks	2,170	-	-	2,170
Licenses and dues	1,521	-	-	1,521
Totals	<u>205,061</u>	<u>11,169</u>	<u>11,102</u>	<u>227,332</u>
Less expenses included with revenue	<u>-</u>	<u>-</u>	<u>(6,826)</u>	<u>(6,826)</u>
Total expenses statement of activities	<u>\$ 205,061</u>	<u>\$ 11,169</u>	<u>\$ 4,276</u>	<u>\$ 220,506</u>

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

**CAMP HOBE**  
Statement of Functional Expenses  
For the Year Ended December 31, 2014

	<u>Supporting services</u>			<u>Totals Restated</u>
	<u>Camp program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	
Camp supplies and food	\$ 70,404	\$ -	\$ -	\$ 70,404
Donated services	68,310			68,310
Payroll expense	29,834	10,593	1,032	41,459
Camp lease	20,310	-	-	20,310
Training	12,698	-	-	12,698
Insurance	9,411	-	-	9,411
Professional fees	300	5,800	-	6,100
Office	7,362	-	4,537	11,899
Volunteer supplies	6,193	-	-	6,193
Background checks	1,751	-	-	1,751
Licenses and dues	1,614	-	-	1,614
Totals	<u>228,187</u>	<u>16,393</u>	<u>5,569</u>	<u>250,149</u>
Less expenses included with revenue	<u>-</u>	<u>-</u>	<u>(4,167)</u>	<u>(4,167)</u>
Total expenses statement of activities	<u>\$ 228,187</u>	<u>\$ 16,393</u>	<u>\$ 1,402</u>	<u>\$ 245,982</u>

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

**CAMP HOBE**  
Statement of Cash Flows  
For the Year Ended December 31, 2015  
With Summarized Comparative Information for 2014

	2015	2014 Restated
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 24,021	\$ 29,704
<b>Adjustments to reconcile change in net assets to net cash from operating activities:</b>		
Stock donations	-	(5,430)
Realized and unrealized (gains) losses on investments	10,696	7,920
Change in pledges receivable	100	(5,500)
Change in prepaid expenses	(1,614)	-
Change in accounts payable and accrued liabilities	-	(1,074)
<b>Net cash from operating activities</b>	<b>33,203</b>	25,620
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	29,981	272,413
Purchase of investments	(51,358)	(259,863)
<b>Net cash from investing activities</b>	<b>(21,377)</b>	12,550
<b>Net change in cash and cash equivalents</b>	<b>11,826</b>	38,170
Cash and cash equivalents at beginning of year	139,580	101,410
<b>Cash and cash equivalents at end of year</b>	<b>\$ 151,406</b>	\$ 139,580

**Supplemental Disclosures:**

No interest or taxes were paid for the years ending December 31, 2014 and 2013.

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

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its *FASB ASC Topic 958 Subtopic 205, Not-for-Profit Entities – Presentation of Financial Statements*. *FASB ASC Topic 958 Subtopic 205* requires the Association to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No permanently restricted net assets were held during the years ended August 31, 2015 or 2014, and accordingly, these financials do not reflect any activity related to this class of net assets.

**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.

**Reclassifications**

Certain expense line items in the 2014 financials have been reclassified to conform to the 2015 presentation.

**CAMP HOBE  
NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Pledges receivable**

Pledges 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. An allowance has not been recorded as of December 31, 2015 and 2014 as all balances are considered collectible.

**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:

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

**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.

**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.

**CAMP HOBE**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions and in-kind donations (continued)**

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.

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. For the years ended December 31, 2015 and 2014, the Organization received **\$50,445** and \$68,310, respectively, of donated medical services for the camp program.

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, 2015 and 2014.

**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 2011 forward.

**CAMP HOBE  
NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recent accounting pronouncements**

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (“ASU No. 2014-09”), an update to FASB ASC 606, Revenue from Contracts with Customers. This update revises previous revenue recognition standards to improve guidance on recognition requirements. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard will be effective for the Organization beginning September 1, 2018. The adoption of this standard is not expected to have a material impact on the financial statements of the Organization.

In March of 2016, the FASB issued Accounting Standards Update 2016-02, Leases, which requires all leases that have a term of more than 12 months will be required to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2019. The Company does not anticipate a significant impact on the Company’s results of operations, financial position, or cash flows as a result of this new standard.

**2. INVESTMENTS AND FAIR VALUE DISCLOSURES**

The Organization holds investments in marketable securities and debt securities with readily determinable fair values.

Total investment return for the years ended December 31, 2015 and 2014 was as follows:

	<b>2015</b>	<b>2014</b>
<b>Investment return, unrestricted:</b>		
Interest and dividends	\$ 16,175	\$ 9,202
Net realized and unrealized loss	<u>(10,696)</u>	<u>(7,920)</u>
<b>Investment return, unrestricted</b>	<b><u>\$ 5,479</u></b>	<b><u>\$ 1,282</u></b>

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether the price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable.

**CAMP HOBE  
NOTES TO FINANCIAL STATEMENTS**

**2. INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)**

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

The three-tier hierarchy categorized the inputs as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that are available at the measurement date.

Level 2 inputs are prices for a similar asset, other than quoted market prices included within Level 1 that are observable for the asset, either directly or indirectly. If the asset has a specified term, a Level 2 input must be observable for substantially the full term of the asset.

Level 3 inputs are unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement dates.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgement, taking into account factors specific to the asset or liability. The categorization of assets within the hierarchy is based upon the pricing transparency of the asset and does not necessarily corresponds to an assessment of the quality, risk or liquidity profile of the asset or liability. Investments measured at fair value on a recurring basis as of December 31, 2015 and 2014 are as follows:

	<b>Fair Value Measurements at Reporting Date</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>December 31, 2015</b>				
Fixed income	\$ 66,089	\$ 41,785	\$ -	\$ -
Mutual funds	258,141	269,994	-	-
Equity securities	46,289	48,059	-	-
	<u>\$ 370,519</u>	<u>\$ 359,838</u>	<u>\$ -</u>	<u>\$ -</u>
<b>December 31, 2014</b>				
Fixed income	\$ 41,785	\$ 41,785	\$ -	\$ -
Mutual funds	269,994	269,994	-	-
Equity securities	48,059	48,059	-	-
	<u>\$ 359,838</u>	<u>\$ 359,838</u>	<u>\$ -</u>	<u>\$ -</u>

**CAMP HOBE**  
**NOTES TO FINANCIAL STATEMENTS**

**3. 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, 2015 and 2014 was **\$18,450** and \$20,310, respectively.

**4. 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 **\$13,000** and \$36,777 were temporarily restricted for future camps as of December 31, 2015 and 2014, respectively.

**5. 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.

The Organization maintains investments in brokerage accounts that are insured by the Security Investors Protection Corporation (SIPIC) up to \$500,000 including \$250,000 on cash balances. 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.

**6. PRIOR PERIOD RESTATEMENT**

In 2015 the Organization determined that donated medical services with a fair market value of approximately \$68,310 were contributed by individuals during the 2014 camp and were not recorded as in-kind revenue and expense in the statement of activities.

The December 31, 2014 financials have been restated to increase in-kind contributions by \$68,310 and increase off-setting professional expenses in the same amount. This adjustment had no net impact on the change in net assets, the financial position and cash flows as of December 31, 2014 and for the year then ended.

**7. 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 existed at the date of the statement of financial positions. Management has evaluated events occurring between the end of its fiscal year, December 31, 2015 and June 6, 2016, the date the financial statements were available to be issued for matters that would require disclosure or adjustment to the financial statements.