

Camp Hobe

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2019 and 2018



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, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Larson & Company P.C.

Salt Lake City, Utah
May 24, 2020

CAMP HOBE
 Statements of Financial Position
 As of December 31, 2019 and 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 258,748	\$ 185,877
Pledges receivable	10,081	5,467
Prepaid expenses	7,075	5,010
Total current assets	275,904	196,354
Investments	473,221	420,460
Total assets	\$ 749,125	\$ 616,814
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,021	\$ 2,760
Total current liabilities	3,021	2,760
Total liabilities	3,021	2,760
Net assets		
Without donor restrictions	733,104	603,054
With donor restrictions	13,000	11,000
Total net assets	746,104	614,054
Total liabilities and net assets	\$ 749,125	\$ 616,814

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

CAMP HOBE
Statement of Activities
For the Year Ended December 31, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>
Contributions, fees and other income:			
Contributions	\$ 210,678	\$ 13,000	\$ 223,678
In-kind contributions	105,255	-	105,255
Program service fees	5,808	-	5,808
Investment return	69,687	-	69,687
Total contributions, fees and other income	<u>391,428</u>	<u>13,000</u>	<u>404,428</u>
Satisfaction of restrictions	<u>11,000</u>	<u>(11,000)</u>	<u>-</u>
Total contributions, fees, other income and satisfaction of restrictions	<u>402,428</u>	<u>2,000</u>	<u>404,428</u>
Expenses:			
Camp program services	238,209	-	238,209
Supporting services			
General and administrative	19,036	-	19,036
Fundraising	15,133	-	15,133
Total expenses	<u>272,378</u>	<u>-</u>	<u>272,378</u>
Change in net assets	130,050	2,000	132,050
Net assets at beginning of year	<u>603,054</u>	<u>11,000</u>	<u>614,054</u>
Net assets at end of year	<u>\$ 733,104</u>	<u>\$ 13,000</u>	<u>\$ 746,104</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, 2018

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>
Contributions, fees and other income:			
Contributions	\$ 162,825	\$ 11,000	\$ 173,825
In-kind contributions	98,633	-	98,633
Program service fees	6,190	-	6,190
Investment return	<u>(11,801)</u>	<u>-</u>	<u>(11,801)</u>
Total contributions, fees and other income	<u>255,847</u>	<u>11,000</u>	<u>266,847</u>
Satisfaction of restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total contributions, fees, other income and satisfaction of restrictions	<u>265,847</u>	<u>1,000</u>	<u>266,847</u>
Expenses:			
Camp program services	226,106	-	226,106
Supporting services			
General and administrative	17,121	-	17,121
Fundraising	<u>11,795</u>	<u>-</u>	<u>11,795</u>
Total expenses	<u>255,022</u>	<u>-</u>	<u>255,022</u>
Change in net assets	10,825	1,000	11,825
Net assets at beginning of year	<u>592,229</u>	<u>10,000</u>	<u>602,229</u>
Net assets at end of year	<u><u>\$ 603,054</u></u>	<u><u>\$ 11,000</u></u>	<u><u>\$ 614,054</u></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, 2019

	Supporting services			Totals
	Camp program services	General and administrative	Fundraising	
Payroll expense	\$ 40,099	\$ 5,919	\$ 1,018	\$ 47,036
Camp supplies and food	34,516	-	404	34,920
Contributed goods	14,249	-	7,797	22,046
Contributed services	80,629	-	2,580	83,209
Camp lease	22,740	-	-	22,740
Training	12,602	-	-	12,602
Insurance	8,576	-	-	8,576
Professional fees	-	12,243	-	12,243
Office	9,000	839	3,027	12,866
Volunteer supplies	8,618	-	70	8,688
Background checks	1,577	-	-	1,577
Licenses and dues	1,969	10	75	2,054
Equipment rental	1,779	-	-	1,779
Marketing	1,855	25	162	2,042
Total expenses statement of activities	\$ 238,209	\$ 19,036	\$ 15,133	\$ 272,378

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, 2018

	<u>Supporting services</u>			<u>Totals</u>
	<u>Camp program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	
Payroll expense	\$ 33,768	\$ 5,953	\$ 1,000	\$ 40,721
Camp supplies and food	30,242	-	370	30,612
Contributed goods	32,849	-	5,351	38,200
Contributed services	58,438	-	1,996	60,434
Camp lease	23,290	-	-	23,290
Training	10,620	-	-	10,620
Insurance	11,742	-	-	11,742
Professional fees	-	10,263	-	10,263
Office	9,336	823	2,703	12,862
Volunteer supplies	9,562	-	-	9,562
Background checks	1,743	-	-	1,743
Licenses and dues	1,973	10	75	2,058
Equipment rental	1,978	-	-	1,978
Marketing	565	72	300	937
Total expenses statement of activities	<u>\$ 226,106</u>	<u>\$ 17,121</u>	<u>\$ 11,795</u>	<u>\$ 255,022</u>

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

CAMP HOBE
 Statements of Cash Flows
 For the Year Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 132,050	\$ 11,825
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Stock donations	-	(2,843)
Unrealized (gains) losses on investments	(49,836)	28,872
(Increase) decrease in assets		
Pledges receivable	(4,614)	(1,299)
Prepaid expenses	(2,065)	(5,010)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	261	1,688
Net cash flows from operating activities	75,796	33,233
Cash flows from investing activities:		
Proceeds from sale of investments	64,019	36,000
Purchase of investments	(66,944)	(52,798)
Net cash flows from investing activities	(2,925)	(16,798)
Net change in cash and cash equivalents	72,871	16,435
Cash and cash equivalents at beginning of year	185,877	169,442
Cash and cash equivalents at end of year	\$ 258,748	\$ 185,877

Supplemental Disclosures:

No interest or taxes were paid for the years ending December 31, 2019 and 2018.

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

CAMP HOBE
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

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 support programs for children undergoing treatment for cancer (and similarly treated disorders) and their families, including camp programs and family outings. The Organization receives most of its financial support from private grants and contributions.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis in accordance with ASU-2016-14, Not-for-Profit Entities (Topic 958); Presentation of Financial Statement for Not-for-Profit Entities which was adopted for the year ended December 31, 2018. All amounts in the comparative financial statements have been stated retrospectively. The standard requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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.

CAMP HOBE
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019 and 2018 as all balances are considered collectible. Pledges due later than one year are recorded at the present value of estimated cash flows using imputed discount rates applicable to the year the pledge is received. The discount is amortized over the years pledge is paid.

Prepaid Expenses and Deferred Costs

The Organization defers expenses and costs at year end which are related to the subsequent program year. The deferred amounts include prepaid training costs, business accreditation and supply orders.

Investments

Investments in marketable securities with readily determinable fair values and investments in debt securities are recorded at their fair values. Interest, dividends and unrealized gains and losses are included in the statement of activities as investment return which is net of fees.

Contributions and In-kind Donations

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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, 2019 and 2018, the Organization received **\$83,209** and \$60,434, respectively, of donated medical services for the camp program.

The Organization also receives a variety of donated goods and services provided by businesses and individuals which are recorded at their estimated fair value of **\$22,046** and \$38,200 for the years ended December 31, 2019 and 2018, respectively. These contributions were used in camp program services.

CAMP HOBE
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and In-kind Donations (Continued)

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.

Revenue from Contracts with Customers

A small portion of the Organization's budget comes from program service fees. The only performance obligation associated with this income is holding camp each summer. Any payments received from customers in advance are recognized when camp runs each summer. Income from program fees is shown on the statement of activities. No losses associated with program fees have been recognized during 2019 or 2018. As of December 31, 2019 and 2018, no program service fees were receivable. Although ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* has been applied retrospectively, this adoption created no changes in the Organization's changes in net assets or cash flows for the years ending December 31, 2019 and 2018.

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, 2019 and 2018.

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 2016 forward.

CAMP HOBE
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In March of 2016, the FASB issued ASU 2016-02, *Leases*, which requires all leases that have a term of more than 12 months 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, 2021. Management is evaluating the impact this guidance will have on the Organization's financial reporting and determining the appropriate time to implement this pronouncement.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 258,748	\$ 185,877
Pledges receivable	10,081	5,467
Investments	<u>473,221</u>	<u>420,460</u>
Total financial assets	742,050	611,804
Less amounts restricted by donors	<u>(13,000)</u>	<u>(11,000)</u>
Total financial assets available for general expenditure within one year	<u>\$ 729,050</u>	<u>\$ 600,804</u>

In general, the Organization keeps at least \$20,000 in its checking account for short-term expenses. It aims to keep \$100,000 to \$120,000 in the money market account at the credit union – approximately enough to cover a full-year of cash expenses. The remainder of funds are kept in the investment account, with approximately \$5,000 in cash and the rest in more long-term investments. Once the cash amount in the investment account exceeds \$5,000, cash is used to purchase long-term investments.

CAMP HOBE
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

3. INVESTMENTS AND FAIR VALUE DISCLOSURES

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

Total investment return is without restrictions and net of fees and for the years ended December 31, 2019 and 2018 was as follows:

	<u>2019</u>	<u>2018</u>
Investment return		
Interest and dividends	\$ 20,218	\$ 17,853
Net realized and unrealized loss	50,298	(28,872)
Brokerage fees	(829)	(782)
Investment return	<u>\$ 69,687</u>	<u>\$ (11,801)</u>

Investments 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.

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 categorizes 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.

CAMP HOBE
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

3. INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)

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 judgment, 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, 2019 and 2018 are as follows:

	Fair Value Measurements at Reporting Date			
	Total	Level 1	Level 2	Level 3
December 31, 2019				
Fixed income	\$ 68,636	\$ 68,636	\$ -	\$ -
Mutual funds	324,455	324,455	-	-
Equity securities	80,130	80,130	-	-
	<u>\$ 473,221</u>	<u>\$ 473,221</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2018				
Fixed income	\$ 121,068	\$ 121,068	\$ -	\$ -
Mutual funds	236,283	236,283	-	-
Equity securities	63,109	63,109	-	-
	<u>\$ 420,460</u>	<u>\$ 420,460</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2019 and 2018 was **\$22,740** and \$23,290, respectively.

CAMP HOBE
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are all time restricted and were as follows as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Dee Foundation grant - time restriction	\$ 5,000	\$ 6,000
Masonic Foundation of Utah grant - time restriction	-	1,000
B Attitudes Foundation grant - time restriction	-	1,000
Eskuche Foundation grant - time restriction	3,000	3,000
Michael Foundation grant - time restriction	4,000	-
Kennecott Foundation grant - time restriction	1,000	-
Total net assets with donor restrictions	<u>\$ 13,000</u>	<u>\$ 11,000</u>

6. 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.

The Organization has concentrations in pledges receivable. The balance due from one entity was **40%** and 56% for the years ended December 31, 2019 and 2018, respectively.

7. SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries, including non-profits. Camp Hobe has considered the affects that the outbreak have and will have on the Organization. The Organization has decided to run a virtual camp program in 2020, in order to keep the campers safe. This will be done using a mixture of Facebook live and Zoom platforms. The Organization has ample reserve and are well positioned to weather this outbreak.

Management has evaluated events occurring between December 31, 2019 and May 24, 2020, the date the financial statements were available to be issued, for matters that would require disclosure or adjustment to the financial statements.