

Camp Hobe

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2014 with Summarized Information for 2013



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, 2014, 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, 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 Information

The 2013 financial statements have been previously audited by Arthur & Jensen LLC who joined with Larson & Company PC effective January 1, 2015. Their audit report dated May 21, 2014 expressed an unmodified opinion on those audited financial statements. In their opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it was derived.

Larson & Company PC

Salt Lake City, Utah
June 3, 2015

CAMP HOBE
Statement of Financial Position
As of December 31, 2014 with Summarized Information for 2013

<u>ASSETS</u>	<u>2014</u>	<u>Summarized Totals 2013</u>
Current assets:		
Cash and cash equivalents	\$ 139,580	\$ 101,410
Pledges receivable	8,100	2,600
Total current assets	<u>147,680</u>	<u>104,010</u>
Noncurrent assets:		
Investments	359,838	374,878
Total noncurrent assets	<u>359,838</u>	<u>374,878</u>
Total assets	<u>\$ 507,518</u>	<u>\$ 478,888</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 1,074
Total current liabilities	<u>-</u>	<u>1,074</u>
Net assets:		
Unrestricted	470,741	430,270
Temporarily restricted	36,777	47,544
Total net assets	<u>507,518</u>	<u>477,814</u>
Total liabilities and net assets	<u>\$ 507,518</u>	<u>\$ 478,888</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, 2014 with Summarized Information for 2013

	<u>2014</u>			<u>Summarized Totals 2013</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
Contributions, fees, and other income				
Contributions	\$ 91,770	\$ 36,777	\$ 128,547	\$ 253,324
In-kind contributions	45,874	-	45,874	27,357
Special events (less direct benefits to donors of \$4,167 for 2014 and \$1,448 for 2013)	26,933	-	26,933	23,888
Program fees	4,740	-	4,740	4,465
	<u>1,282</u>	<u>-</u>	<u>1,282</u>	<u>6,847</u>
Total contributions, fees, and other income	<u>170,599</u>	<u>36,777</u>	<u>207,376</u>	<u>315,881</u>
Satisfaction of restrictions	<u>47,544</u>	<u>(47,544)</u>	<u>-</u>	<u>-</u>
Total contributions, fees, other income and satisfaction of restrictions	<u>218,143</u>	<u>(10,767)</u>	<u>207,376</u>	<u>315,881</u>
Expenses				
Camp program services	159,877	-	159,877	140,110
Supporting services:				
General and administrative	16,393	-	16,393	11,255
Fundraising	1,402	-	1,402	2,182
Total expenses	<u>177,672</u>	<u>-</u>	<u>177,672</u>	<u>153,547</u>
Change in net assets	<u>40,471</u>	<u>(10,767)</u>	<u>29,704</u>	<u>162,334</u>
Net assets at beginning of year	<u>430,270</u>	<u>47,544</u>	<u>477,814</u>	<u>315,480</u>
Net assets at end of year	<u>\$ 470,741</u>	<u>\$ 36,777</u>	<u>\$ 507,518</u>	<u>\$ 477,814</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 with Summarized Information for 2013

	<u>Supporting services</u>			<u>Totals</u>	<u>Summarized Totals 2013</u>
	<u>Camp program services</u>	<u>General and administrative</u>	<u>Fundraising</u>		
Camp supplies and food	\$ 70,404	\$ -	\$ -	\$ 70,404	\$ 47,371
Payroll expense	29,834	10,593	1,032	41,459	38,206
Camp lease	20,310	-	-	20,310	19,390
Training	12,698	-	-	12,698	9,859
Insurance	9,411	-	-	9,411	10,026
Professional fees	300	5,800	-	6,100	7,715
Office	7,362	-	4,537	11,899	9,214
Volunteer supplies	6,193	-	-	6,193	7,018
Background checks	1,751	-	-	1,751	1,815
Licenses and dues	1,614	-	-	1,614	1,537
Miscellaneous	-	-	-	-	2,844
Totals	<u>159,877</u>	<u>16,393</u>	<u>5,569</u>	<u>181,839</u>	<u>154,995</u>
Less expenses included with revenue	<u>-</u>	<u>-</u>	<u>(4,167)</u>	<u>(4,167)</u>	<u>(1,448)</u>
Total expenses statement of activities	<u>\$ 159,877</u>	<u>\$ 16,393</u>	<u>\$ 1,402</u>	<u>\$ 177,672</u>	<u>\$ 153,547</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, 2014 with Summarized Information for 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ 29,704	\$ 162,334
Adjustments to reconcile change in net assets to net cash from operating activities:		
Stock donations	(5,430)	(146,601)
Realized and unrealized gains on investments	7,920	2,225
Change in pledges receivable	(5,500)	(2,600)
Change in accounts payable and accrued liabilities	(1,074)	1,074
Net cash from operating activities	25,620	16,432
Cash flows from investing activities:		
Proceeds from sale of investments	272,413	-
Purchase of investments	(259,863)	(18,359)
Net cash from investing activities	12,550	(18,359)
Net change in cash and cash equivalents	38,170	(1,927)
Cash and cash equivalents at beginning of year	101,410	103,337
Cash and cash equivalents at end of year	\$ 139,580	\$ 101,410

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, 2014 or 2013, 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 2013 financials have been reclassified to conform to the 2014 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.

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. An allowance has not been recorded as of December 31, 2014 and 2013 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:

<u>Assets</u>	<u>Useful Lives</u>
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.

CAMP HOBE
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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, 2014 and 2013.

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)

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.

Declines in the fair value of individual available-for-sale securities below their cost that are other than temporary would result in the unrealized loss being recognized in the statement of activities. As of December 31, 2014 and 2013, the Organization had no investments which it considers to have other than temporary impairment.

Fair value of financial instruments

The Organization has adopted the provision of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible to value marketable securities and other investments. The Organization determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. The following fair value hierarchy distinguishes between observable and unobservable inputs categorized in the following levels:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

**CAMP HOBE
NOTES TO FINANCIAL STATEMENTS**

2. INVESTMENTS

Assets measured at fair value on a recurring basis as of December 31, 2014 and 2013 are as follows:

	Fair Value Measurements at Reporting Date Using:			
	Total	Level 1	Level 2	Level 3
December 31, 2014				
Fixed income	\$ 41,785	\$ 41,785	\$ -	\$ -
Mutual funds	269,994	269,994	-	-
Equity securities	48,059	48,059	-	-
	\$ 359,838	\$ 359,838	\$ -	\$ -
 December 31, 2013				
Fixed income	\$ 18,526	\$ 18,526	\$ -	\$ -
Mutual funds	205,880	205,880	-	-
Equity securities	150,472	150,472	-	-
	\$ 374,878	\$ 374,878	\$ -	\$ -

The Organization has no investments valued using Level 2 and Level 3 measurements as of December 31, 2014 and 2013. The Organization's policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of Level 1, 2 or 3 for the years ended December 31, 2014 and 2013.

Total investment return for the years ended December 31, 2014 and 2013 was as follows:

	2014	2013
Investment return, unrestricted:		
Interest and dividends	\$ 9,202	\$ 9,072
Net realized and unrealized gain (loss)	(7,920)	(2,225)
Investment return, unrestricted	\$ 1,282	\$ 6,847

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, 2014 and 2013 was **\$20,310** and \$19,390, respectively.

**CAMP HOBE
NOTES TO FINANCIAL STATEMENTS**

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 **\$36,777** and \$47,544 were temporarily restricted for future camps as of December 31, 2014 and 2013, 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. 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, 2014 and June 3, 2015, the date the financial statements were available to be issued for matters that would require disclosure or adjustment to the financial statements.