

**CAMP KESEM NATIONAL**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)**

# CAMP KESEM NATIONAL

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Camp Kesem National

We have audited the accompanying financial statements of Camp Kesem National (a nonprofit organization) which comprise the statement of financial position as of September 30, 2014, and the related statements of activities and changes in net assets 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.

### ***Auditors' 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 from 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 auditors' 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 Kesem National as of September 30, 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.

### ***Report on Summarized Comparative Information***

The financial statements of Camp Kesem National as of September 30, 2013, were audited by other auditors whose report dated December 19, 2013 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the September 30, 2014 financial statements as a whole. The schedule of functional expenses for the year ended September 30, 2014 on Page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The schedule of functional expenses for the year ended September 30, 2013 on page 13 was audited by other auditors whose report dated December 19, 2013 expressed that the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Marcum LLP*

San Francisco, CA  
May 15, 2015

# CAMP KESEM NATIONAL

## STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	2014	2013
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,002,953	\$ 1,331,619
Accounts receivable	2,434	2,306
Pledges receivable	20,500	--
Event deposits	13,000	25,100
Due from chapters	27,496	--
Prepaid expenses	<u>9,824</u>	<u>3,092</u>
<b>Total Current Assets</b>	<u>2,076,207</u>	<u>1,362,117</u>
<b>Noncurrent Assets</b>		
Property and equipment, net	3,271	581
Other assets	<u>670</u>	<u>670</u>
<b>Total Noncurrent Assets</b>	<u>3,941</u>	<u>1,251</u>
<b>Total Assets</b>	<u>\$ 2,080,148</u>	<u>\$ 1,363,368</u>

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

# CAMP KESEM NATIONAL

## STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

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	2014	2013
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 19,545	\$ --
<b>Total Liabilities</b>	<u>19,545</u>	<u>--</u>
<b>Net Assets</b>		
Unrestricted	2,024,603	1,128,368
Temporarily restricted	<u>36,000</u>	<u>235,000</u>
<b>Total Net Assets</b>	<u>2,060,603</u>	<u>1,363,368</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,080,148</u>	<u>\$ 1,363,368</u>

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

# CAMP KESEM NATIONAL

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

**FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)**

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
<b>Revenues, Gains and Other Support</b>				
Grants	\$ 680,879	\$ --	\$ 680,879	\$ 484,890
Contributions	3,248,953	495,966	3,744,919	2,648,676
Contributions in-kind	913	--	913	--
Interest and other income	3,709	--	3,709	4,926
Net assets released from restrictions	<u>694,966</u>	<u>(694,966)</u>	<u>--</u>	<u>--</u>
<b>Total Revenues, Gains and Other Support</b>	<u>4,629,420</u>	<u>(199,000)</u>	<u>4,430,420</u>	<u>3,138,492</u>
<b>Expenditures</b>				
Program services	2,976,774	--	2,976,774	2,145,528
Fundraising	685,201	--	685,201	376,068
General expenses	<u>71,210</u>	<u>--</u>	<u>71,210</u>	<u>131,842</u>
<b>Total Expenditures</b>	<u>3,733,185</u>	<u>--</u>	<u>3,733,185</u>	<u>2,653,438</u>
<b>Change in Net Assets</b>	896,235	(199,000)	697,235	485,054
<b>Net Assets - Beginning</b>	<u>1,128,368</u>	<u>235,000</u>	<u>1,363,368</u>	<u>878,314</u>
<b>Net Assets - Ending</b>	<u>\$ 2,024,603</u>	<u>\$ 36,000</u>	<u>\$ 2,060,603</u>	<u>\$ 1,363,368</u>

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

# CAMP KESEM NATIONAL

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	2014	2013
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 697,235	\$ 485,054
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	447	232
Changes in operating assets and liabilities:		
Accounts receivable	(128)	(1,935)
Pledges receivable	(20,500)	--
Event deposits	12,100	--
Due from chapters	(27,496)	--
Prepaid expenses	(6,732)	(20,525)
Accounts payable and accrued liabilities	19,545	(21,726)
<b>Net Cash Provided by Operating Activities</b>	<u>674,471</u>	<u>441,100</u>
<b>Net Cash Used in Investing Activities</b>		
Purchase of property and equipment	<u>(3,137)</u>	<u>--</u>
<b>Increase in Cash and Cash Equivalents</b>	671,334	441,100
<b>Cash and Cash Equivalents - Beginning</b>	<u>1,331,619</u>	<u>890,519</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 2,002,953</u>	<u>\$ 1,331,619</u>

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



# CAMP KESEM NATIONAL

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

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### NOTE 1 - ORGANIZATION AND OPERATIONS

Camp Kesem National (“Camp Kesem”) was incorporated under the laws of the state of California as a Domestic Nonprofit organization in 2003. Their mission is to provide children affected by a parent’s cancer with a supportive, lifelong camp community that recognizes and understands their unique needs, and to empower college students to make a difference and build invaluable leadership skills by developing and managing every aspect of their Camp Kesem chapter.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF ACCOUNTING AND PRESENTATION*

Camp Kesem’s financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for not-for-profit organizations which utilize unrestricted, temporarily restricted, and permanently restricted classifications for the presentation of Camp Kesem’s net assets.

#### *REVENUE RECOGNITION*

Unconditional contributions are recognized as contribution income in the period in which they are realized. Camp Kesem reports unconditional contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributions of donated non-cash assets are recorded at the asset’s fair value in the period in which they are received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at fair values in the period in which they are received.

Grant revenue is funded primarily by private grants which generally restrict the use of such funds to cover the operating expenses directly related to the camp activities provided by Camp Kesem. These grants are recognized as revenue over the periods specified in the related grant award agreement or as earned.

Additionally, a number of unpaid volunteers have made significant contributions of their time to Camp Kesem. However, the value of these services is not reflected in these financial statements because the criteria for recognition have not been satisfied.

# CAMP KESEM NATIONAL

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *CASH AND CASH EQUIVALENTS*

Camp Kesem considers all instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

#### *ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS*

Camp Kesem does not grant credit during the ordinary course of business. Management has determined that the potential for bad debts is not significant. Therefore, Camp Kesem has not established an allowance for doubtful accounts as of September 30, 2014 and 2013.

#### *PLEDGES RECEIVABLE*

Pledges receivable are unconditional promises to give and primarily consist of annual gifts from donors. Based on historical collection experience, management records the revenue from these gifts at 100% of the total amount pledged. In addition, management periodically reviews the status of outstanding pledges receivable for collectability. Each balance is assessed based on management's knowledge of and relationship with the donor and the age of the pledge. As a result of these reviews, balances deemed to be uncollectible are charged directly to uncollected pledges. Accordingly, there was no such charge to uncollected pledges for the years ended September 30, 2014 and 2013.

#### *DUE FROM CHAPTERS*

Due from chapters represents expenses incurred by various campus chapters which were paid by Camp Kesem National. The chapters settle their accounts through cash transfers to Camp Kesem National on a monthly basis.

#### *PROPERTY AND EQUIPMENT*

Property and equipment are recorded at cost and include additions and improvements that extend the useful lives of the assets. Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in revenue.

Depreciation expense is calculated on the straight line basis over the estimated useful lives of office equipment, which is currently 3-5 years.

# CAMP KESEM NATIONAL

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *PROPERTY AND EQUIPMENT (CONTINUED)*

Property and equipment as of September 30, 2014 and 2013 consist of the following:

	2014	2013
Computer equipment	\$ 8,164	\$ 5,027
Accumulated Depreciation	<u>(4,893)</u>	<u>(4,446)</u>
<b>Property And Equipment, Net</b>	<b><u>\$ 3,271</u></b>	<b><u>\$ 581</u></b>

Depreciation expense for the years ended September 30, 2014 and 2013 was \$447 and \$232, respectively.

#### *DESCRIPTION OF NET ASSETS*

##### *Unrestricted Net Assets*

The portion of net assets that is neither temporarily nor permanently restricted by donor imposed stipulations. Unrestricted net assets designated by the Board of Directors for specific purposes are reported separately on the statement of financial position. There were no designated unrestricted net assets at September 30, 2014 and 2013.

##### *Temporarily Restricted Net Assets*

The portion of net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of Camp Kesem and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. In 2014, funds totaling \$694,966 were released from temporarily restricted to unrestricted net assets.

Temporarily restricted net assets at September 30, 2014 and 2013 consist of the following:

	2014	2013
Livestrong Foundation	\$30,000	\$160,000
Edwards Life Sciences	3,000	15,000
Tyler's Kids Outreach	3,000	--
Highmark	--	30,000
Genentech	<u>--</u>	<u>30,000</u>
<b>Total</b>	<b><u>\$36,000</u></b>	<b><u>\$235,000</u></b>

# CAMP KESEM NATIONAL

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *PROPERTY AND EQUIPMENT (CONTINUED)*

##### *Permanently Restricted Net Assets*

The portion of net assets whose use by Camp Kesem is limited by donor-imposed stipulations that neither expire by passage of time, nor can be fulfilled or removed by actions of Camp Kesem. There were no permanently restricted net assets as of September 30, 2014 and 2013.

#### *ADVERTISING EXPENSES*

Costs of advertising are charged to expense as incurred. Advertising expense for the years ended September 30, 2014 and 2013 were not significant.

#### *USE OF ESTIMATES*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates include assumptions used in calculating the allowance for uncollectible accounts, the allocation of operating expenses among various programs, the useful lives of fixed assets, our tax provision and related valuation allowance, and determining the potential impairment of long-lived assets; accordingly, actual results could differ from those estimates.

#### *INCOME TAXES*

Camp Kesem is a tax-exempt organization (under Section 501(c)(3) of the Internal Revenue Code). Camp Kesem did not incur any income tax liability from unrelated business income for the year ended September 30, 2014 and 2013.

Camp Kesem follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, Income Taxes, to account for uncertain tax positions. Management evaluated Camp Kesem's tax positions and concluded that Camp Kesem had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, Camp Kesem is no longer subject to income tax examination by the U.S. federal authorities for tax years prior to 2011 and state tax authorities for tax years prior to 2010.

# CAMP KESEM NATIONAL

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *CONCENTRATION OF CREDIT RISK*

Camp Kesem maintains cash in bank deposit accounts which, at times may exceed federally insured limits. Camp Kesem has not experienced, nor expects, any losses in such accounts.

#### *RECLASSIFICATIONS*

Certain prior year items have been reclassified to conform to current year presentation.

### NOTE 3 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 15, 2015, the date the financial statements were available to be issued

# CAMP KESEM NATIONAL

## SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2014

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	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 501,269	\$ 33,702	\$ --	\$ 534,971
Conferences and meetings	24,573	1,597	--	26,170
Computer software and expenses	7,710	4,042	--	11,752
Depreciation and amortization	--	447	--	447
Dues and licenses	3,229	--	--	3,229
Employee benefits	17,436	3,000	--	20,436
Fundraising expenses	227,143	255	685,201	912,599
Insurance - general	58,567	3,712	--	62,279
Office expenses	70,263	11,519	--	81,782
Professional fees and consultants	57,871	8,985	--	66,856
Program materials	1,871,532	500	--	1,872,032
Taxes - payroll	37,568	2,344	--	39,912
Travel	99,613	1,107	--	100,720
<b>Total</b>	<u>\$ 2,976,774</u>	<u>\$ 71,210</u>	<u>\$ 685,201</u>	<u>\$ 3,733,185</u>

*See independent auditors' report on financial statements.*

# CAMP KESEM NATIONAL

## SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

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	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 258,600	\$ 18,440	\$ --	\$ 277,040
Conferences and meetings	35,773	1,173	--	36,946
Computer software and expenses	33,142	2,687	--	35,829
Depreciation and amortization	--	232	--	232
Dues and licenses	4,987	--	--	4,987
Employee benefits	12,331	2,850	--	15,181
Fundraising expenses	--	--	376,068	376,068
Insurance - general	31,488	2,835	--	34,323
Office expenses	178,306	10,595	--	188,901
Professional fees and consultants	148,000	72,888	--	220,888
Program materials	1,341,717	2,020	--	1,343,737
Taxes - payroll	21,345	13,122	--	34,467
Travel	79,839	5,000	--	84,839
<b>Total</b>	<u>\$ 2,145,528</u>	<u>\$ 131,842</u>	<u>\$ 376,068</u>	<u>\$ 2,653,438</u>

*See independent auditors' report on financial statements.*