

Camp Kesem National

Financial Statements and Independent Auditors' Report

September 30, 2015 and 2014

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MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Camp Kesem National
Culver City, California

Report on the Financial Statements

We have audited the accompanying financial statements of Camp Kesem National (the Organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities 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 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.

(Continued)

Auditors' Responsibility (Continued)

We believe 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, 2015, and the changes in net assets and cash flows, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Camp Kesem National, as of and for the year ended September 30, 2014, were audited by other auditors whose report dated May 15, 2015 expressed an unmodified opinion on those statements.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
February 9, 2016

FINANCIAL STATEMENTS

Camp Kesem National
STATEMENTS OF FINANCIAL POSITION
September 30, 2015 and 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,661,875	\$ 2,002,953
Accounts receivable	15,261	2,434
Pledges receivable	65,539	20,500
Event deposits	47,031	13,000
Prepaid expenses	23,347	9,824
Other current assets	65,681	27,496
	<u>2,878,734</u>	<u>2,076,207</u>
NONCURRENT ASSETS		
Equipment, net	17,272	3,271
Other assets	670	670
	<u>17,942</u>	<u>3,941</u>
	<u>\$ 2,896,676</u>	<u>\$ 2,080,148</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 141,202	\$ 9,373
Accrued expenses	172,324	10,172
Unearned revenue	216,816	-
	<u>530,342</u>	<u>19,545</u>
NET ASSETS		
Unrestricted	2,319,334	2,024,603
Temporarily restricted	47,000	36,000
	<u>2,366,334</u>	<u>2,060,603</u>
	<u>\$ 2,896,676</u>	<u>\$ 2,080,148</u>

The accompanying notes are an integral part of these statements.

Camp Kesem National
STATEMENTS OF ACTIVITIES
For the years ended September 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and other support						
Grants	\$ 469,830	\$ -	\$ 469,830	\$ 680,879	\$ -	\$ 680,879
Contributions	4,776,812	85,000	4,861,812	3,248,953	495,966	3,744,919
Contributions in-kind	25,194	-	25,194	913	-	913
Interest and other income	3,774	-	3,774	3,709	-	3,709
Net assets released from restrictions	74,000	(74,000)	-	694,966	(694,966)	-
Total revenues and other support	5,349,610	11,000	5,360,610	4,629,420	(199,000)	4,430,420
Expenses						
Program	4,186,870	-	4,186,870	2,976,774	-	2,976,774
Fundraising	767,867	-	767,867	685,201	-	685,201
General and administrative	100,142	-	100,142	71,210	-	71,210
Total expenses	5,054,879	-	5,054,879	3,733,185	-	3,733,185
CHANGE IN NET ASSETS	294,731	11,000	305,731	896,235	(199,000)	697,235
Net assets, beginning of year	2,024,603	36,000	2,060,603	1,128,368	235,000	1,363,368
Net assets, end of year	\$ 2,319,334	\$ 47,000	\$ 2,366,334	\$ 2,024,603	\$ 36,000	\$ 2,060,603

Miller Cooper & Co., Ltd.

The accompanying notes are an integral part of these statements.

Camp Kesem National
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 305,731	\$ 697,235
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,805	447
Changes in assets		
Accounts receivable	(12,827)	(128)
Pledges receivable	(45,039)	(20,500)
Event deposits	(34,031)	12,100
Prepaid expenses	(13,523)	(6,732)
Other current assets	(38,185)	(27,496)
Changes in liabilities		
Accounts payable	131,829	9,373
Accrued expenses	162,152	10,172
Unearned revenue	216,816	-
Net cash provided by operating activities	<u>675,728</u>	<u>674,471</u>
Cash flows from investing activities		
Purchases of equipment	<u>(16,806)</u>	<u>(3,137)</u>
Net cash used in investing activities	<u>(16,806)</u>	<u>(3,137)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	658,922	671,334
Cash and cash equivalents, beginning of year	<u>2,002,953</u>	<u>1,331,619</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,661,875</u></u>	<u><u>\$ 2,002,953</u></u>

The accompanying notes are an integral part of these statements.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE A - ORGANIZATION AND NATURE OF THE BUSINESS

Camp Kesem National (the "Organization") was incorporated under the laws of the state of California as a Domestic Nonprofit Organization in 2003. Its 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 B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Accounting**

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

2. **Cash and Cash Equivalents**

The Organization considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

3. **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect. Management considers its receivables to be fully collectible; accordingly, no allowance for uncollectible accounts is required. If amounts become uncollectible, the related receivable will be charged to operations when that determination is made.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Pledges Receivable

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management monitors the collection of these receivables on a routine basis. Unconditional contributions (promises to give) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of estimated future cash flows, at the date the contribution or pledge is received, to the extent estimated to be collectible by the Organization. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, are included in contribution revenue. Amounts reflected as pledges receivable at September 30, 2015 are expected to be collected in fiscal year 2016. Accordingly, no discounts are reflected.

5. Equipment, Net

Equipment is recorded at cost, if purchased, or fair value as of the date of donation. Equipment is depreciated on a straight-line basis over five years.

6. Unearned Revenue

Unearned revenue is comprised of income from donors related to fundraising events received in advance of the period in which the event occurs. The Organization recognizes revenues when the related events occur.

7. Net Assets

Under accounting principles generally accepted in the United States of America, not-for-profit organizations report net assets in each of three classes: permanently restricted, temporarily restricted, or unrestricted based on the existence or absence of donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are released to unrestricted net assets. There were no permanently restricted net assets at September 30, 2015 or 2014.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Income Taxes

The Organization has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from taxation on income related to its exempt purposes, under section 501(a) of the Internal Revenue Code, as an organization described in section 501(c)(3). As an exempt organization, the Organization is subject to federal and state income taxes on income determined to be unrelated business taxable income, if any.

9. Unrelated Business Income Tax Matters

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization and has concluded that as of September 30, 2015 and 2014, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

10. Contributions

The Organization reports gifts of cash and other assets as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. Gifts of cash and other assets that are received without donor stipulations limiting the use of the donated assets are reported as unrestricted support. When a temporary donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

12. Contributed Services and Gifts In-Kind

In-kind contributions are recorded at their estimated fair value as both revenue and expense in the statements of activities. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The Organization records the estimated fair value of contributed services which meet these criteria (Note E).

13. Functional Expense Allocation

The cost of providing the Organization's programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, costs associated with a specific program are charged directly to that program. Costs that benefit more than one program have been allocated among the programs and supporting services benefited based on a systematic and rational method.

14. Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash equivalents, pledges receivable, accounts payable, and accrued expenses, approximate fair value due to the short maturity of these instruments.

It is the Organization's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying notes to these financial statements.

Camp Kesem National
 NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE C - EQUIPMENT, NET

Equipment at September 30, 2015 and 2014 consists of:

	2015	2014
Computers	\$ 21,105	\$ 8,164
Less accumulated depreciation	3,833	4,893
	\$ 17,272	\$ 3,271

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consists of the following at September 30, 2015 and 2014:

	2015	2014
Startup of new Camp Kesem chapters	\$ 47,000	\$ 36,000

The release of temporarily restricted net assets during the year ended September 30, 2015 related to the startup of new Camp Kesem chapters.

NOTE E - CONTRIBUTED SERVICES AND GIFTS IN-KIND

The Organization received donated services during the years ended September 30, 2015 and 2014 related to legal services and other donations. The fair market value of these donations is \$25,194 and \$913, respectively. These amounts were recorded as both revenues and expenses in the accompanying statements of activities.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE F - FUNCTIONAL EXPENSES

Expenses for the year ended September 30, 2015 are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 874,639	\$ 356,279	\$ 38,972	\$ 1,269,890
Conferences and meetings	52,635	7,858	3,710	64,203
Computer software and expenses	6,025	12,576	4,158	22,759
Depreciation	1,736	801	267	2,804
Dues and licenses	5,819	-	-	5,819
Employee benefits	4,529	1,830	500	6,859
Fundraising expenses	342,144	194,196	1,853	538,193
Insurance - general	56,064	-	4,287	60,351
Office expenses	98,713	49,516	11,180	159,409
Professional fees	9,326	81,883	27,191	118,400
Program materials	2,566,600	-	-	2,566,600
Taxes - payroll	63,931	25,491	2,651	92,073
Travel	104,709	37,437	5,373	147,519
	<u>\$ 4,186,870</u>	<u>\$ 767,867</u>	<u>\$ 100,142</u>	<u>\$ 5,054,879</u>

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE F - FUNCTIONAL EXPENSES (Continued)

Expenses for the year ended September 30, 2014 are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 501,269	\$ 171,477	\$ 33,702	\$ 706,448
Conferences and meetings	24,573	7,225	1,597	33,395
Computer software and expenses	7,710	18,824	4,042	30,576
Depreciation	-	-	447	447
Dues and licenses	3,229	-	-	3,229
Employee benefits	17,436	6,966	3,000	27,402
Fundraising expenses	227,143	228,628	255	456,026
Insurance - general	58,567	-	3,712	62,279
Office expenses	70,263	50,288	11,519	132,070
Professional fees	57,871	156,054	8,985	222,910
Program materials	1,871,532	-	500	1,872,032
Taxes - payroll	37,568	12,643	2,344	52,555
Travel	99,613	33,096	1,107	133,816
	<u>\$ 2,976,774</u>	<u>\$ 685,201</u>	<u>\$ 71,210</u>	<u>\$ 3,733,185</u>

NOTE G - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents balances at two financial institutions. These cash balances are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization may, from time to time, have balances in excess of insured deposit limits.

NOTE H - RECLASSIFICATIONS

Certain reclassifications have been made to the 2014 financial statement in order to conform with the 2015 presentation. These reclassifications have no effect on the changes in net assets in the financial statements.

Camp Kesem National
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE I - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 9, 2016, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of financial position date that require additional disclosure in the financial statements.