

# **Camp Kesem National**

## **Financial Statements and Independent Auditors' Report**

**September 30, 2016 and 2015**

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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 statements of financial position as of September 30, 2016 and 2015, and the related statements of activities 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.

### **Auditors' 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 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 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.

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**Auditors' Responsibility** (Continued)

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, 2016 and 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.

MILLER, COOPER & CO., LTD.

*Miller, Cooper & Co., Ltd.*

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Certified Public Accountants

Deerfield, Illinois  
February 1, 2017

## **FINANCIAL STATEMENTS**

**Camp Kesem National**  
**STATEMENTS OF FINANCIAL POSITION**  
September 30, 2016 and 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,141,054	\$ 2,661,875
Accounts receivable	19,900	15,261
Pledges receivable	66,667	65,539
Event deposits	72,951	47,031
Prepaid expenses	32,024	23,347
Other current assets	34,908	65,681
	<hr/>	<hr/>
Total current assets	4,367,504	2,878,734
	<hr/>	<hr/>
<b>NONCURRENT ASSETS</b>		
Equipment, net	23,338	17,272
Other assets	670	670
	<hr/>	<hr/>
Total noncurrent assets	24,008	17,942
	<hr/>	<hr/>
	\$ 4,391,512	\$ 2,896,676
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND NET ASSETS</u>		
<b>LIABILITIES</b>		
Accounts payable	\$ 141,527	\$ 141,202
Accrued expenses	166,042	172,324
Unearned revenue	171,613	216,816
	<hr/>	<hr/>
Total current liabilities	479,182	530,342
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Unrestricted	3,724,830	2,319,334
Temporarily restricted	187,500	47,000
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Total net assets	3,912,330	2,366,334
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	\$ 4,391,512	\$ 2,896,676
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The accompanying notes are an integral part of these statements.

**Camp Kesem National**  
**STATEMENTS OF ACTIVITIES**  
For the years ended September 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and other support						
Grants	\$ 592,573	\$ -	\$ 592,573	\$ 469,830	\$ -	\$ 469,830
Contributions	6,913,736	197,500	7,111,236	4,776,812	85,000	4,861,812
Contributions in-kind	7,089	-	7,089	25,194	-	25,194
Interest and other income	3,826	-	3,826	3,774	-	3,774
Net assets released from restrictions	57,000	(57,000)	-	74,000	(74,000)	-
Total revenues and other support	7,574,224	140,500	7,714,724	5,349,610	11,000	5,360,610
Expenses						
Program	4,914,313	-	4,914,313	4,186,870	-	4,186,870
Fundraising	1,112,396	-	1,112,396	767,867	-	767,867
General and administrative	142,019	-	142,019	100,142	-	100,142
Total expenses	6,168,728	-	6,168,728	5,054,879	-	5,054,879
CHANGE IN NET ASSETS	1,405,496	140,500	1,545,996	294,731	11,000	305,731
Net assets, beginning of year	2,319,334	47,000	2,366,334	2,024,603	36,000	2,060,603
Net assets, end of year	\$ 3,724,830	\$ 187,500	\$ 3,912,330	\$ 2,319,334	\$ 47,000	\$ 2,366,334

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, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 1,545,996	\$ 305,731
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	5,238	2,805
Changes in assets		
Accounts receivable	(4,639)	(12,827)
Pledges receivable	(1,128)	(45,039)
Event deposits	(25,920)	(34,031)
Prepaid expenses	(8,677)	(13,523)
Other current assets	30,773	(38,185)
Changes in liabilities		
Accounts payable	325	131,829
Accrued expenses	(6,282)	162,152
Unearned revenue	(45,203)	216,816
	1,490,483	675,728
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of equipment	(11,304)	(16,806)
	(11,304)	(16,806)
Net cash used in investing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,479,179	658,922
Cash and cash equivalents, beginning of year	2,661,875	2,002,953
Cash and cash equivalents, end of year	\$ 4,141,054	\$ 2,661,875

The accompanying notes are an integral part of these statements.



**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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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 (GAAP).

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, 2016 and 2015

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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, 2016 are expected to be collected in fiscal year 2017. 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 GAAP, 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, 2016 or 2015.

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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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

GAAP requires 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, 2016 and 2015, 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, 2016 and 2015

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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, 2016 and 2015

NOTE C - EQUIPMENT, NET

Equipment, net at September 30, 2016 and 2015 consists of:

	2016	2015
Computers	\$ 32,409	\$ 21,105
Less accumulated depreciation	9,071	3,833
	\$ 23,338	\$ 17,272

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consists of the following at September 30, 2016 and 2015:

	2016	2015
Startup of new Camp Kesem chapters	\$ 167,500	\$ 47,000
Time restricted	20,000	-
	\$ 187,500	\$ 47,000

The release of temporarily restricted net assets during the year ended September 30, 2016 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, 2016 and 2015 related to legal services and other donations. The fair market value of these donations is \$7,089 and \$25,194, 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, 2016 and 2015

NOTE F - FUNCTIONAL EXPENSES

Expenses for the year ended September 30, 2016 are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 896,154	\$ 503,971	\$ 61,862	\$ 1,461,987
Conferences and meetings	44,376	12,747	6,315	63,438
Computer software and expenses	5,096	48,660	7,032	60,788
Depreciation	3,031	1,651	555	5,237
Dues and licenses	10,085	-	-	10,085
Fundraising expenses	497,619	399,232	-	896,851
Insurance - general	70,420	17,547	7,014	94,981
Office expenses	81,649	39,692	21,914	143,255
Professional fees	700	1,225	24,500	26,425
Program materials	3,125,841	-	-	3,125,841
Taxes - payroll	67,545	37,670	4,557	109,772
Travel	111,797	50,001	8,270	170,068
	<u>\$ 4,914,313</u>	<u>\$ 1,112,396</u>	<u>\$ 142,019</u>	<u>\$ 6,168,728</u>

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

NOTE F - FUNCTIONAL EXPENSES (Continued)

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	\$ 874,638	\$ 356,279	\$ 38,972	\$ 1,269,889
Conferences and meetings	52,635	7,858	3,710	64,203
Computer software and expenses	6,025	12,576	4,158	22,759
Depreciation	1,737	801	267	2,805
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>

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. The total uninsured cash was approximately \$3,677,000 as of September 30, 2016.

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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NOTE H - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 1, 2017, 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.