

# **Camp Kesem National**

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

**September 30, 2017 and 2016**

## CONTENTS

---

	Page
INDEPENDENT AUDITORS' REPORT	3 - 4
FINANCIAL STATEMENTS	
Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 15

# 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, 2017 and 2016, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

**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, 2017 and 2016, 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.*

---

Certified Public Accountants

Deerfield, Illinois  
February 9, 2018

## **FINANCIAL STATEMENTS**

**Camp Kesem National**  
**STATEMENTS OF FINANCIAL POSITION**  
September 30, 2017 and 2016

---

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 6,285,608	\$ 4,141,054
Accounts receivable	39,090	19,900
Pledges receivable	101,333	66,667
Event deposits	110,513	72,951
Prepaid expenses	65,448	32,024
Other current assets	85,607	34,908
	<hr/>	<hr/>
Total current assets	6,687,599	4,367,504
	<hr/>	<hr/>
<b>NONCURRENT ASSETS</b>		
Equipment, net	25,384	23,338
Other assets	670	670
	<hr/>	<hr/>
Total noncurrent assets	26,054	24,008
	<hr/>	<hr/>
	\$ 6,713,653	\$ 4,391,512
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND NET ASSETS</u>		
<b>LIABILITIES</b>		
Accounts payable	\$ 260,594	\$ 141,527
Accrued expenses	327,141	166,042
Unearned revenue	-	171,613
	<hr/>	<hr/>
Total current liabilities	587,735	479,182
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Unrestricted	5,794,585	3,724,830
Temporarily restricted	331,333	187,500
	<hr/>	<hr/>
Total net assets	6,125,918	3,912,330
	<hr/>	<hr/>
	\$ 6,713,653	\$ 4,391,512
	<hr/> <hr/>	<hr/> <hr/>

---

The accompanying notes are an integral part of these statements.

**Camp Kesem National**  
**STATEMENTS OF ACTIVITIES**  
For the years ended September 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and other support						
Grants	\$ 742,765	\$ -	\$ 742,765	\$ 592,573	\$ -	\$ 592,573
Contributions	9,641,218	268,000	9,909,218	6,913,736	197,500	7,111,236
Contributions in-kind	13,584	-	13,584	7,089	-	7,089
Interest and other income	3,883	-	3,883	3,826	-	3,826
Net assets released from restrictions	124,167	(124,167)	-	57,000	(57,000)	-
<b>Total revenues and other support</b>	<b>10,525,617</b>	<b>143,833</b>	<b>10,669,450</b>	<b>7,574,224</b>	<b>140,500</b>	<b>7,714,724</b>
Expenses						
Program	6,691,869	-	6,691,869	4,914,313	-	4,914,313
Fundraising	1,571,041	-	1,571,041	1,112,396	-	1,112,396
General and administrative	192,952	-	192,952	142,019	-	142,019
<b>Total expenses</b>	<b>8,455,862</b>	<b>-</b>	<b>8,455,862</b>	<b>6,168,728</b>	<b>-</b>	<b>6,168,728</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,069,755</b>	<b>143,833</b>	<b>2,213,588</b>	<b>1,405,496</b>	<b>140,500</b>	<b>1,545,996</b>
Net assets, beginning of year	3,724,830	187,500	3,912,330	2,319,334	47,000	2,366,334
Net assets, end of year	\$ 5,794,585	\$ 331,333	\$ 6,125,918	\$ 3,724,830	\$ 187,500	\$ 3,912,330

The accompanying notes are an integral part of these statements.

**Camp Kesem National**  
**STATEMENTS OF CASH FLOWS**  
For the years ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 2,213,588	\$ 1,545,996
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	7,054	5,238
Changes in assets		
Accounts receivable	(19,190)	(4,639)
Pledges receivable	(34,666)	(1,128)
Event deposits	(37,562)	(25,920)
Prepaid expenses	(33,424)	(8,677)
Other current assets	(50,699)	30,773
Changes in liabilities		
Accounts payable	119,067	325
Accrued expenses	161,099	(6,282)
Unearned revenue	(171,613)	(45,203)
Net cash provided by operating activities	<u>2,153,654</u>	<u>1,490,483</u>
Cash flows from investing activities		
Purchases of equipment	<u>(9,100)</u>	<u>(11,304)</u>
Net cash used in investing activities	<u>(9,100)</u>	<u>(11,304)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,144,554	1,479,179
Cash and cash equivalents, beginning of year	<u>4,141,054</u>	<u>2,661,875</u>
Cash and cash equivalents, end of year	<u>\$ 6,285,608</u>	<u>\$ 4,141,054</u>

The accompanying notes are an integral part of these statements.



**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017 and 2016

---

**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, 2017 and 2016

---

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.

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, 2017 or 2016.

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017 and 2016

---

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, 2017 and 2016, 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, 2017 and 2016

---

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 F).

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, accounts 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, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Upcoming Accounting Change

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 is intended to reduce complexity by changing the way all not-for-profits classify net assets and prepare financial statements, which will result in more consistent and transparent financial reporting and disclosures for not-for-profits. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. The amendments in ASU 2016-14 should be applied retrospectively in the year the ASU is first applied.

ASU 2016-14 is effective for the Organization's September 30, 2019 financial statements and thereafter. Management is currently evaluating the effect that ASU 2016-14 will have on the Organization's financial statements.

NOTE C - EQUIPMENT, NET

Equipment, net at September 30, 2017 and 2016 consists of:

	2017	2016
Computers	\$ 41,508	\$ 32,408
Less accumulated depreciation	16,124	9,070
	\$ 25,384	\$ 23,338

NOTE D - PLEDGES RECEIVABLE

Pledges receivable are expected to be received as follows:

	2017	2016
Less than one year	\$ 56,333	\$ 66,667
Between one and two years	45,000	-
	\$ 101,333	\$ 66,667

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017 and 2016

---

NOTE D - PLEDGES RECEIVABLE (Continued)

*Conditional Pledges*

At September 30, 2017, the Organization was awarded conditional grants up to \$400,000 once certain criteria are met by the Organization as defined in applicable agreements. No amounts have been recorded in the financial statements as of September 30, 2017 related to these conditional pledges.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at September 30, 2017 and 2016:

	2017	2016
Startup of new Camp Kesem chapters	\$ 253,000	\$ 167,500
Establishment of Camp Song Library	5,000	-
Time restricted	73,333	20,000
	\$ 331,333	\$ 187,500

The release of temporarily restricted net assets during the year ended September 30, 2017 and 2016 related to the startup of new Camp Kesem chapters as well as expiration of time restrictions.

NOTE F - CONTRIBUTED SERVICES AND GIFTS IN-KIND

The Organization received donated services during the years ended September 30, 2017 and 2016 related to legal services and other services. The fair market value of these donations is \$13,584 and \$7,089, 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, 2017 and 2016

NOTE G - FUNCTIONAL EXPENSES

Expenses for the year ended September 30, 2017 are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 1,370,747	\$ 567,913	\$ 90,988	\$ 2,029,648
Conferences and meetings	89,470	26,864	11,466	127,800
Computer software and expenses	96,700	43,577	12,258	152,535
Depreciation	4,016	2,391	647	7,054
Dues and licenses	12,991	-	-	12,991
Fundraising event expenses	642,037	731,169	2,468	1,375,674
Insurance - general	96,968	19,212	6,498	122,678
Office expenses	108,396	44,263	26,957	179,616
Professional fees	14,667	-	19,184	33,851
Program materials	3,994,031	-	-	3,994,031
Taxes - payroll	101,899	40,516	6,383	148,798
Travel	159,947	95,136	16,103	271,186
	<u>\$ 6,691,869</u>	<u>\$ 1,571,041</u>	<u>\$ 192,952</u>	<u>\$ 8,455,862</u>

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017 and 2016

NOTE G - FUNCTIONAL EXPENSES (Continued)

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	7,031	60,787
Depreciation	3,031	1,651	556	5,238
Dues and licenses	10,085	-	-	10,085
Fundraising event 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>

NOTE H - 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 \$5,643,000 as of September 30, 2017.

NOTE I - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 9, 2018, 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.