

# **Camp Kesem National**

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

**September 30, 2018 and 2017**

## 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 - 17

# 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, 2018 and 2017, 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 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.

(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, 2018 and 2017, 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.

A handwritten signature in cursive script that reads "Miller, Cooper & Co., Ltd." is positioned above a horizontal line.

---

Certified Public Accountants

Deerfield, Illinois  
May 22, 2019

## **FINANCIAL STATEMENTS**

**Camp Kesem National**  
**STATEMENTS OF FINANCIAL POSITION**  
September 30, 2018 and 2017

---

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 7,130,733	\$ 6,285,608
Pledges receivable	95,000	56,333
Event deposits	217,155	110,513
Prepaid expenses	129,862	65,448
Other current assets	1,426	85,607
	<hr/>	<hr/>
Total current assets	7,574,176	6,603,509
	<hr/>	<hr/>
<b>NONCURRENT ASSETS</b>		
Equipment, net	39,114	25,384
Pledges receivable, less current portion	60,000	45,000
Other assets	670	670
	<hr/>	<hr/>
Total noncurrent assets	99,784	71,054
	<hr/>	<hr/>
	\$ 7,673,960	\$ 6,674,563
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND NET ASSETS</u>		
<b>LIABILITIES</b>		
Accounts payable	\$ 251,697	\$ 221,504
Accrued expenses	253,974	327,141
Unearned revenue	115,800	-
	<hr/>	<hr/>
Total current liabilities	621,471	548,645
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Unrestricted	6,887,489	5,794,585
Temporarily restricted	165,000	331,333
	<hr/>	<hr/>
Total net assets	7,052,489	6,125,918
	<hr/>	<hr/>
	\$ 7,673,960	\$ 6,674,563
	<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, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and other support						
Grants	\$ 478,626	\$ -	\$ 478,626	\$ 742,765	\$ -	\$ 742,765
Contributions	10,847,972	147,000	10,994,972	9,641,218	268,000	9,909,218
Contributions in-kind	32,556	-	32,556	13,584	-	13,584
Interest and other income	4,048	-	4,048	3,883	-	3,883
Net assets released from restrictions	313,333	(313,333)	-	124,167	(124,167)	-
<b>Total revenues and other support</b>	<b>11,676,535</b>	<b>(166,333)</b>	<b>11,510,202</b>	<b>10,525,617</b>	<b>143,833</b>	<b>10,669,450</b>
Expenses						
Program	7,736,852	-	7,736,852	6,049,832	-	6,049,832
Fundraising	2,454,166	-	2,454,166	2,213,078	-	2,213,078
General and administrative	392,613	-	392,613	192,952	-	192,952
<b>Total expenses</b>	<b>10,583,631</b>	<b>-</b>	<b>10,583,631</b>	<b>8,455,862</b>	<b>-</b>	<b>8,455,862</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,092,904</b>	<b>(166,333)</b>	<b>926,571</b>	<b>2,069,755</b>	<b>143,833</b>	<b>2,213,588</b>
Net assets, beginning of year	5,794,585	331,333	6,125,918	3,724,830	187,500	3,912,330
Net assets, end of year	\$ 6,887,489	\$ 165,000	\$ 7,052,489	\$ 5,794,585	\$ 331,333	\$ 6,125,918

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 926,571	\$ 2,213,588
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	9,438	7,054
Changes in assets		
Accounts receivable	-	-
Pledges receivable	(53,667)	(34,666)
Event deposits	(106,642)	(37,562)
Prepaid expenses	(64,414)	(33,424)
Other current assets	84,181	(50,699)
Changes in liabilities		
Accounts payable	30,193	99,877
Accrued expenses	(73,167)	161,099
Unearned revenue	115,800	(171,613)
	<u>868,293</u>	<u>2,153,654</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of equipment	<u>(23,168)</u>	<u>(9,100)</u>
Net cash used in investing activities	<u>(23,168)</u>	<u>(9,100)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	845,125	2,144,554
Cash and cash equivalents, beginning of year	<u>6,285,608</u>	<u>4,141,054</u>
Cash and cash equivalents, end of year	<u>\$ 7,130,733</u>	<u>\$ 6,285,608</u>

The accompanying notes are an integral part of these statements.



**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

---

**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. **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. Long-term pledges receivable represent unconditional contributions to be collected in excess of one year in the future.

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. 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.

5. 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.

6. 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, 2018 or 2017.

7. 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.

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 Internal Revenue Service (IRS) or other applicable taxing authorities.

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Income Taxes (Continued)

Management has analyzed the tax positions taken by the Organization and has concluded that as of September 30, 2018 and 2017, 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.

8. 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.

9. 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.

10. 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).

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. 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.

12. 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.

13. Significant Accounting Standards Applicable in Future Years

*Presentation of Financial Statements*

In August 2016, the Financial Accounting Standards Board (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.

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Significant Accounting Standards Applicable in Future Years (Continued)

*Presentation of Financial Statements (Continued)*

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.

*Revenue Recognition*

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, (Topic 606) (ASU 2014-09), in May 2014. ASU 2014-09 sets forth a new five-step revenue recognition model that will require the use of more estimates and judgment. ASU 2014-09 will replace current revenue recognition requirements in Topic 605, Revenue Recognition, in its entirety.

ASU 2014-09 is effective for the Organization's September 30, 2020 financial statements and thereafter. Management is currently evaluating the effect that ASU 2014-09 will have on the Organization's financial statements.

*Contributions Received and Contributions Made*

The FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) in June 2018. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and made. The amendments provide a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. The amendments also provide more guidance on determining whether a contribution is conditional.

ASU 2018-08 is effective for annual financial statements issued for fiscal years beginning after December 15, 2018 for transactions in which the Organization serves as the resource recipient. ASU 2018-08 is effective for annual financial statements issued for fiscal years beginning after December 15, 2019 for transactions in which the Organization serves as the resource provider.

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Significant Accounting Standards Applicable in Future Years (Continued)

*Contributions Received and Contributions Made (Continued)*

ASU 2018-08 is effective for the Organization's September 30, 2020 financial statements and thereafter. Management is currently evaluating the effect that ASU 2016-02 will have on the Organization's financial statements.

Leases

The FASB issued ASU 2016-02, *Leases*, (Topic 842) (ASU 2016-02), in February 2016. ASU 2016-02 will require lessees to recognize, at commencement date, a lease liability representing the lessee's obligation to make payments arising from the lease and a right-of-use asset representing the lessee's right to use or control the use of a specific asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. ASU 2016-02 is effective for annual financial statements issued for fiscal years beginning after December 15, 2019, and should be applied using a modified retrospective approach.

ASU 2016-02 is effective for the Organization's September 30, 2021 financial statements and thereafter. Management is currently evaluating the effect that ASU 2016-02 will have on the Organization's financial statements.

NOTE C - EQUIPMENT, NET

Equipment, net at September 30, 2018 and 2017 consists of:

	2018	2017
Computers	\$ 64,676	\$ 41,508
Less accumulated depreciation	25,562	16,124
	\$ 39,114	\$ 25,384

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

**NOTE D - PLEDGES RECEIVABLE**

Pledges receivable are expected to be received as follows:

	2018	2017
Less than one year	\$ 95,000	\$ 56,333
Between one and two years	40,000	45,000
Between two and three years	20,000	-
	\$ 155,000	\$ 101,333

*Conditional Pledges*

At September 30, 2018 and 2017, the Organization was awarded conditional grants up to \$260,000 and \$400,000, respectively, once certain criteria are met by the Organization as defined in applicable agreements.

**NOTE E - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at September 30, 2018 and 2017:

	2018	2017
Startup of new Camp Kesem chapters	\$ 40,000	\$ 253,000
Establishment of Camp Song Library	-	5,000
Time restricted	125,000	73,333
	\$ 165,000	\$ 331,333

The release of temporarily restricted net assets of \$313,333 and \$124,167 during the years ended September 30, 2018 and 2017, respectively, related to the startup of new Camp Kesem chapters as well as expiration of time restrictions.

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

NOTE F - CONTRIBUTED SERVICES AND GIFTS IN-KIND

The Organization received donated goods and services during the years ended September 30, 2018 and 2017 related to legal and other services, and camp and event supplies. The fair market value of these donations for the year ending September 30, 2018 and 2017 was \$32,556 and \$13,584, respectively. These amounts were recorded as both revenues and expenses in the accompanying statements of activities.

NOTE G - FUNCTIONAL EXPENSES

Expenses for the year ended September 30, 2018 are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 1,625,851	\$ 700,937	\$ 91,225	\$ 2,418,013
Conferences and meetings	100,617	26,570	13,340	140,527
Computer software and expenses	59,932	51,601	89,752	201,285
Depreciation	6,959	1,982	497	9,438
Dues and licenses	6,943	-	-	6,943
Employee benefits	-	6,240	35,492	41,732
Fundraising event expenses	-	1,419,250	-	1,419,250
Insurance - general	57,727	20,684	51,542	129,953
Office expenses	184,807	58,715	24,726	268,248
Professional fees	43,758	1,728	32,255	77,741
Program materials	5,278,706	169	12,202	5,291,077
Taxes - payroll	120,515	48,557	14,653	183,725
Travel	251,037	117,733	26,929	395,699
	<u>\$ 7,736,852</u>	<u>\$ 2,454,166</u>	<u>\$ 392,613</u>	<u>\$ 10,583,631</u>



**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

NOTE G - FUNCTIONAL EXPENSES (Continued)

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	-	1,373,206	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>\$ 6,049,832</u>	<u>\$ 2,213,078</u>	<u>\$ 192,952</u>	<u>\$ 8,455,862</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 \$6,680,000 as of September 30, 2018.

**Camp Kesem National**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

---

NOTE I - EMPLOYEE BENEFIT PLAN

Effective January 1, 2018, the Organization started sponsoring a 403(B) plan that covers all eligible employees subject to certain requirements, as defined in the agreement. Under the plan, a participating employee may defer pre-tax contributions subject to IRS salary deferral limits. The Organization may make discretionary profit sharing contributions. No profit sharing contributions were made or accrued in 2018.

NOTE J - RECLASSIFICATIONS

Certain reclassifications have been made to the 2017 financial statements in order to conform with the 2018 presentation. These reclassifications have no effect on the financial statements net assets or change in net assets.

NOTE K - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 22, 2019, 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.