

CAMP QUALITY USA, INC. AND AFFILIATES

COMBINED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Camp Quality USA, Inc. and Affiliates
Akron, Ohio

We have audited the accompanying combined financial statements of Camp Quality USA, Inc. and Affiliates (“Organization”), which comprise the combined statement of financial position as of December 31, 2017 and 2016, and the related combined statements of changes in net assets, activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 Organization'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Camp Quality USA, Inc. and Affiliates as of December 31, 2017 and 2016, and the results of the changes in its 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

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The financial information on pages 18 - 23 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

A handwritten signature in blue ink that reads "Meaden & Moore Ltd." in a cursive script.

Meaden & Moore, Ltd.
Akron, Ohio

June 8, 2018

COMBINED STATEMENT OF FINANCIAL POSITION

Camp Quality USA, Inc. and Affiliates

| | December 31 | |
|--------------------------------------|-------------------------|-------------------------|
| | <u>2017</u> | <u>2016</u> |
| ASSETS: | | |
| Cash and cash equivalents | \$ 2,352,806 | \$ 2,235,928 |
| Investments | 2,960,571 | 2,444,063 |
| Unconditional promises to give | 26,668 | 68,819 |
| Advance deposits | 46,748 | 30,323 |
| Inventory | 7,835 | 9,162 |
| Property and equipment - net | <u>16,206</u> | <u>14,451</u> |
| Total Assets | <u>\$ 5,410,834</u> | <u>\$ 4,802,746</u> |
| LIABILITIES: | | |
| Accounts payable | \$ 19,897 | \$ 7,888 |
| NET ASSETS: | | |
| Unrestricted: | | |
| Operating | 5,224,843 | 4,659,395 |
| Board designated | <u>69,500</u> | <u>69,500</u> |
| Total Unrestricted Net Assets | 5,294,343 | 4,728,895 |
| Temporarily restricted | 91,000 | 61,101 |
| Permanently restricted | <u>5,594</u> | <u>4,862</u> |
| Total Net Assets | <u>5,390,937</u> | <u>4,794,858</u> |
| Total Liabilities and Net Assets | <u>\$ 5,410,834</u> | <u>\$ 4,802,746</u> |

See accompanying notes.

COMBINED STATEMENT OF CHANGES IN NET ASSETS

Camp Quality USA, Inc. and Affiliates

Year Ended December 31

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--------------------------------|----------------------------|-----------------------------------|-----------------------------------|----------------------------|
| Net Assets - December 31, 2015 | \$ 4,275,082 | \$ 65,550 | \$ 4,851 | \$ 4,345,483 |
| Change in net assets - 2016 | <u>453,813</u> | <u>(4,449)</u> | <u>11</u> | <u>449,375</u> |
| Net Assets - December 31, 2016 | 4,728,895 | 61,101 | 4,862 | 4,794,858 |
| Change in net assets - 2017 | <u>565,448</u> | <u>29,899</u> | <u>732</u> | <u>596,079</u> |
| Net Assets - December 31, 2017 | <u>\$ 5,294,343</u> | <u>\$ 91,000</u> | <u>\$ 5,594</u> | <u>\$ 5,390,937</u> |

See accompanying notes.

COMBINED STATEMENT OF ACTIVITIES

Camp Quality USA, Inc. and Affiliates

Year Ended December 31

| | 2017 | | | |
|---|---------------------|-----------------------------------|-----------------------------------|-------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
| SUPPORT AND REVENUE: | | | | |
| Contributions | \$ 1,317,947 | \$ 61,000 | \$ - | \$ 1,378,947 |
| Grants | 280,049 | - | - | 280,049 |
| Donated goods and services | 204,360 | - | - | 204,360 |
| Fundraising | 408,343 | - | - | 408,343 |
| Memorabilia items | 268 | - | - | 268 |
| Loss on disposal of property and equipment | (666) | - | - | (666) |
| Interest and dividends | 79,246 | - | 125 | 79,371 |
| Realized gain on investments | 40,255 | - | 47 | 40,302 |
| Unrealized gain on investments | 123,998 | - | 837 | 124,835 |
| | 2,453,800 | 61,000 | 1,009 | 2,515,809 |
| Net Assets Released from Restrictions: | | | | |
| Distributions based on spending policy | 277 | - | (277) | - |
| Satisfaction of program restrictions | 31,101 | (31,101) | - | - |
| | 2,485,178 | 29,899 | 732 | 2,515,809 |
| Functional Expenses: | | | | |
| Program | 1,456,365 | - | - | 1,456,365 |
| Fundraising and development | 298,190 | - | - | 298,190 |
| Management and general | 165,175 | - | - | 165,175 |
| | 1,919,730 | - | - | 1,919,730 |
| | \$ 565,448 | \$ 29,899 | \$ 732 | \$ 596,079 |

See accompanying notes.

2016

| Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|-------------------|---------------------------|---------------------------|-------------------|
| \$ 1,337,614 | \$ 31,101 | \$ - | \$ 1,368,715 |
| 255,451 | - | - | 255,451 |
| 206,693 | - | - | 206,693 |
| 452,707 | - | - | 452,707 |
| 80 | - | - | 80 |
| - | - | - | - |
| 48,414 | - | 30 | 48,444 |
| 9,615 | - | 4 | 9,619 |
| <u>50,977</u> | <u>-</u> | <u>252</u> | <u>51,229</u> |
| 2,361,551 | 31,101 | 286 | 2,392,938 |
| 275 | - | (275) | - |
| <u>35,550</u> | <u>(35,550)</u> | <u>-</u> | <u>-</u> |
| 2,397,376 | (4,449) | 11 | 2,392,938 |
| 1,385,024 | - | - | 1,385,024 |
| 333,960 | - | - | 333,960 |
| <u>224,579</u> | <u>-</u> | <u>-</u> | <u>224,579</u> |
| <u>1,943,563</u> | <u>-</u> | <u>-</u> | <u>1,943,563</u> |
| <u>\$ 453,813</u> | <u>\$ (4,449)</u> | <u>\$ 11</u> | <u>\$ 449,375</u> |

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Camp Quality USA, Inc. and Affiliates

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

| | 2017 | | | | 2016 |
|-----------------------------|---------------------|-----------------------------------|---------------------------|---------------------|---------------------|
| | Program | Fundraising and Development | Management and General | Total | Total |
| Advertising and promotion | \$ - | \$ 25,260 | \$ - | \$ 25,260 | \$ 25,481 |
| Campground fees and food | 492,308 | - | - | 492,308 | 490,764 |
| Depreciation | 4,373 | - | 970 | 5,343 | 12,208 |
| Event expense | - | 110,238 | - | 110,238 | 177,344 |
| Insurance | 26,522 | - | 4,000 | 30,522 | 31,119 |
| Medical - donated | 204,360 | - | - | 204,360 | 186,700 |
| Medical - purchased | 5,250 | - | - | 5,250 | 6,222 |
| Miscellaneous | 5,652 | 4,571 | 1,956 | 12,179 | 5,980 |
| Office supplies | 14,661 | 1,627 | 6,404 | 22,692 | 24,459 |
| Payroll taxes | 8,203 | 8,467 | 6,971 | 23,641 | 23,912 |
| Postage | 5,925 | 2,516 | 1,295 | 9,736 | 8,706 |
| Printing | 5,860 | 5,066 | 1,003 | 11,929 | 14,009 |
| Professional fees | 20,221 | 7,496 | 25,401 | 53,118 | 53,429 |
| Program activities | 426,101 | - | - | 426,101 | 402,045 |
| Rent and maintenance | 17,908 | 3,577 | 7,655 | 29,140 | 36,150 |
| Salaries | 102,959 | 107,750 | 91,499 | 302,208 | 288,013 |
| Seminars and workshops | 62,757 | - | 3,528 | 66,285 | 70,681 |
| State and organization fees | - | - | 1,572 | 1,572 | 1,466 |
| Telephone and internet | 6,547 | 9,896 | 8,297 | 24,740 | 19,449 |
| Training | 21,477 | 555 | 869 | 22,901 | 32,783 |
| Travel | 24,012 | 6,171 | 3,755 | 33,938 | 27,919 |
| Video and photographs | 1,269 | 5,000 | - | 6,269 | 4,724 |
| | <u>\$ 1,456,365</u> | <u>\$ 298,190</u> | <u>\$ 165,175</u> | <u>\$ 1,919,730</u> | <u>\$ 1,943,563</u> |

See accompanying notes.

COMBINED STATEMENT OF CASH FLOWS

Camp Quality USA, Inc. and Affiliates

| | Year Ended December 31 | |
|---|-------------------------|-------------------------|
| | <u>2017</u> | <u>2016</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from support and revenue | \$ 2,314,118 | \$ 2,269,483 |
| Interest and dividends received | 5,412 | 4,637 |
| Cash paid to suppliers and employees | <u>(1,917,476)</u> | <u>(1,936,968)</u> |
| Cash Provided by Operating Activities | 402,054 | 337,152 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of property and equipment | 1,800 | - |
| Capital expenditures | (9,564) | (4,883) |
| Proceeds from sale of investments | 590,838 | 378,931 |
| Purchase of investments | <u>(868,250)</u> | <u>(598,403)</u> |
| Cash Used in Investing Activities | <u>(285,176)</u> | <u>(224,355)</u> |
| Increase in Cash and Cash Equivalents | 116,878 | 112,797 |
| Cash and Cash Equivalents - Beginning of the Year | <u>2,235,928</u> | <u>2,123,131</u> |
| Cash and Cash Equivalents - End of the Year | <u>\$ 2,352,806</u> | <u>\$ 2,235,928</u> |

See accompanying notes.

| | Year Ended December 31 | |
|---|------------------------|-----------------------|
| | <u>2017</u> | <u>2016</u> |
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Change in Net Assets | \$ 596,079 | \$ 449,375 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 5,343 | 12,208 |
| Interest and dividends reinvested | (73,959) | (43,807) |
| Unrealized gain on investments | (124,835) | (51,229) |
| Realized gain on sale of investments | (40,302) | (9,619) |
| Loss on disposal of property and equipment | 666 | - |
| Increase (Decrease) in Cash from Changes in: | | |
| Unconditional promises to give | 42,151 | (14,163) |
| Advance deposits | (16,425) | (7,103) |
| Inventory | 1,327 | 3,505 |
| Accounts payable | <u>12,009</u> | <u>(2,015)</u> |
| Total Adjustments | <u>(194,025)</u> | <u>(112,223)</u> |
| Cash Provided by Operating Activities | <u>\$ 402,054</u> | <u>\$ 337,152</u> |

NOTES TO COMBINED FINANCIAL STATEMENTS

Camp Quality USA, Inc. and Affiliates

1 Summary of Significant Accounting Policies

Nature of the Organization

Camp Quality USA, Inc. ("Organization") was created more than 35 years ago to provide residential camping experiences and year-round support for children with cancer and their families. Staffed primarily by volunteers, each of its 15 locations holds a week-long camp, as well as a variety of opportunities throughout the year, for children and their families to share in quality activities with others who have been impacted by childhood cancer. More than 1,000 children and their families benefit from the services of the Organization annually, which are provided at no cost, due primarily to the contributions of individuals, corporations and foundations.

Principles of Combination

The combined financial statements include the accounts of Camp Quality USA, Inc. and related affiliates. Significant intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Net Assets

Contributions are classified as unrestricted, temporarily restricted and permanently restricted based on donor specifications. Assets, liabilities, revenue and gains are presented under these classifications.

Grants and contributions received with donor-imposed restrictions are recorded as unrestricted, if the restrictions are expected to be met within the same period. This policy is also followed for investment income received with donor-imposed restrictions.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Temporarily uninvested cash in investment accounts is considered an investment rather than a cash equivalent. At times during the year, the Organization may have maintained funds on deposit at its banks in excess of FDIC insurance limits.

Fair Value Measurements

As defined in FASB ASC 820, Fair Value Measurements, fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

NOTES TO COMBINED FINANCIAL STATEMENTS

Camp Quality USA, Inc. and Affiliates

1 Summary of Significant Accounting Policies, Continued

Fair Value Measurements, Continued:

In determining fair value, the Organization utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable firm inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the examination of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

- * Quoted prices for similar assets or liabilities in active markets;
- * Quoted prices for identical or similar assets or liabilities in inactive markets;
- * Inputs other than quoted prices that are observable for the asset or liability;
- * Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Unobservable inputs that are not corroborated by market data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Investments are comprised of certificates of deposit, money market funds, mutual funds, stocks and bonds. Investments whose values are based on quoted market prices in active markets are classified within Level 1. These investments generally include equity securities traded on a national securities exchange, U.S. government and corporate securities, and money market securities.

Unconditional Promises to Give:

The Organization considers all promises to give to be fully collectible and, accordingly, no allowance for doubtful accounts is recorded. If amounts become uncollectible, they are charged to expense when that determination is made. All promises to give are received in less than one year.

NOTES TO COMBINED FINANCIAL STATEMENTS

Camp Quality USA, Inc. and Affiliates

1 Summary of Significant Accounting Policies, Continued

Revenue Recognition:

Contributions and grants are recognized when awarded as unrestricted, temporarily restricted or permanently restricted in accordance with donor specifications. When a restriction expires through accomplishment of purpose or passage of time, the restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions.

Donated Goods and Services:

Donations of professional services that require specialized skills, such as paramedics, physicians, registered nurses, and nurse practitioners, are recorded at estimated fair value.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization at the camping facilities, but these services do not meet the criteria for recognition or cannot be objectively measured. These donations of time, while not recognized in the combined financial statements, provide valuable resources to the Organization.

Change in Accounting Policy:

During 2017, the Organization changed their accounting policy to no longer record a value for donated program activities and foods as management feels these items cannot be objectively measured. This change in accounting policy was retroactively applied to 2016.

Inventories:

Inventory is stated at the lower of cost (first-in, first-out method) or market and consists of camp supplies and promotional items.

Property and Equipment:

Property and equipment purchased by the Organization are carried at cost. Donated property and equipment are recorded as contributions at estimated fair value at the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Expenditures for maintenance and repairs are charged to expense as incurred. Additions and betterments are capitalized. The cost and related accumulated depreciation of properties sold or otherwise disposed of are removed from the accounts and any gain or loss is reflected in the current year's activities.

The Organization did not receive any restricted donations of property and equipment during 2017 or 2016.

NOTES TO COMBINED FINANCIAL STATEMENTS

Camp Quality USA, Inc. and Affiliates

1 Summary of Significant Accounting Policies, Continued

Property and Equipment, Continued:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|------------------|------------------|
| Office furniture and equipment | \$ 13,820 | \$ 12,320 |
| Computer equipment and software | 172,242 | 193,415 |
| Portable building and storage sheds | 46,819 | 66,532 |
| Program equipment | <u>46,422</u> | <u>62,865</u> |
| | 279,303 | 335,132 |
| Less: Accumulated depreciation | <u>(263,097)</u> | <u>(320,681)</u> |
| | <u>\$ 16,206</u> | <u>\$ 14,451</u> |
| Depreciation Expense | <u>\$ 5,343</u> | <u>\$ 12,208</u> |

The Organization primarily follows the straight-line method of depreciation utilizing the following lives:

| <u>Class</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Office furniture and equipment | 5 - 7 |
| Computer equipment and software | 3 - 5 |
| Portable building and storage sheds | 7 |
| Program equipment | 3 - 7 |

Functional Expense Allocations:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and operates as a public charity. The Organization is required to operate in conformity with the Code to maintain its tax-exempt status.

NOTES TO COMBINED FINANCIAL STATEMENTS

Camp Quality USA, Inc. and Affiliates

1 Summary of Significant Accounting Policies, Continued

Accounting for Uncertainty in Income Taxes:

The Organization adopted the provisions of "Accounting for Uncertainty in Income Taxes" which prescribes a recognition threshold and a measurement attribute for the combined financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization recognizes interest and penalties accrued related to unrecognized tax uncertainties in income tax expense, if any. The Organization determined that there are no material uncertain tax positions.

Reclassifications:

Certain prior year amounts have been reclassified to conform with the current year presentation.

Subsequent Events:

Management evaluates events occurring subsequent to the date of the combined financial statements in determining the accounting for and disclosure of transactions and events that affect the combined financial statements.

In January 2018, the Organization started a new camp in Minnesota.

Subsequent events have been evaluated through June 8, 2018, which is the date the combined financial statements were available to be issued.

2 Investments

All investments are considered Level 1.

| | 2017 | | 2016 | |
|-------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | Cost | Market | Cost | Market |
| Cash and cash equivalents | \$ 635,895 | \$ 635,895 | \$ 717,333 | \$ 717,333 |
| Mutual funds | 1,502,918 | 1,738,165 | 1,076,567 | 1,226,601 |
| Stocks and bonds | 528,895 | 586,511 | 482,135 | 500,129 |
| Total | <u>\$ 2,667,708</u> | <u>2,960,571</u> | <u>\$ 2,276,035</u> | <u>2,444,063</u> |
| Less: Cost | | <u>2,667,708</u> | | <u>2,276,035</u> |
| Net Unrealized Gains on Investments | | <u>\$ 292,863</u> | | <u>\$ 168,028</u> |

Total investment fees amounted to \$14,313 (2017) and \$10,602 (2016).

NOTES TO COMBINED FINANCIAL STATEMENTS

Camp Quality USA, Inc. and Affiliates

3 Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

| | 2017 | | | |
|-------------------|---------------------------------|--|---|------------------------------|
| | Beginning Net Assets | Contributions and Investment Income | Net Assets Released from Restriction | Ending Net Assets |
| Camp expenditures | \$ 31,101 | \$ 61,000 | \$ (31,101) | \$ 61,000 |
| Endowment funds | <u>30,000</u> | - | - | <u>30,000</u> |
| | <u>\$ 61,101</u> | <u>\$ 61,000</u> | <u>\$ (31,101)</u> | <u>\$ 91,000</u> |
| | 2016 | | | |
| | Beginning Net Assets | Contributions and Investment Income | Net Assets Released from Restriction | Ending Net Assets |
| Camp expenditures | \$ 35,550 | \$ 31,101 | \$ (35,550) | \$ 31,101 |
| Endowment funds | <u>30,000</u> | - | - | <u>30,000</u> |
| | <u>\$ 65,550</u> | <u>\$ 31,101</u> | <u>\$ (35,550)</u> | <u>\$ 61,101</u> |

4 Endowment

The Organization's endowment consists of funds established to loan new camps funds to assist with startup costs and camp sustainability. Its endowment consists of donor-restricted funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law:

The Board of Directors of the Organization have interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of undesignated and board-designated endowment funds. The Organization considers:

1. The duration and preservation of the fund.
2. The purpose of the Organization and the endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.

NOTES TO COMBINED FINANCIAL STATEMENTS

Camp Quality USA, Inc. and Affiliates

4 Endowment, Continued

6. Other resources of the Organization.

7. The investment policies of the Organization.

Endowment Spending and Investment Policy:

The Board has adopted a spending policy where the annual amount included in the budget for withdrawal, including interest and dividend income and capital gains, must fall within the UPMIFA guidelines and not exceed 5% of the average endowment balance at the end of the prior 12 fiscal quarters. Additional withdrawals are permitted with specific Board approval.

| | Unrestricted | Donor Restricted | | Total |
|---|------------------|------------------------|------------------------|-------------------|
| | Board Designated | Temporarily Restricted | Permanently Restricted | |
| Endowment Net Assets - December 31, 2015 | \$ 69,500 | \$ 30,000 | \$ 4,851 | \$ 104,351 |
| Investment Return: | | | | |
| Interest and dividends | - | - | 30 | 30 |
| Realized gains | - | - | 4 | 4 |
| Unrealized gains | - | - | 252 | 252 |
| Total Investment Return | - | - | 286 | 286 |
| Distributions to Operating Under Spending Policy | - | - | (275) | (275) |
| Endowment Net Assets - December 31, 2016 | 69,500 | 30,000 | 4,862 | 104,362 |
| Investment Return: | | | | |
| Interest and dividends | - | - | 125 | 125 |
| Realized gains | - | - | 47 | 47 |
| Unrealized gains | - | - | 837 | 837 |
| Total Investment Return | - | - | 1,009 | 1,009 |
| Distributions to Operating Under Spending Policy | - | - | (277) | (277) |
| Endowment Net Assets - December 31, 2017 | <u>\$ 69,500</u> | <u>\$ 30,000</u> | <u>\$ 5,594</u> | <u>\$ 105,094</u> |

NOTES TO COMBINED FINANCIAL STATEMENTS

Camp Quality USA, Inc. and Affiliates

5 Permanently Restricted Net Assets

Permanently restricted net assets are composed of contributions whereby the principal must be maintained in perpetuity. Income is recognized as unrestricted or temporarily restricted investment income.

6 Related Party Transactions

The Organization maintains a national office to assist its locations throughout the United States. Assessments paid by the local camps to the national office were \$159,699 (2017) and \$158,497 (2016).

Insurance costs incurred by the national office and allocated to the camps were \$28,227 (2017) and \$54,230 (2016).

COMBINING STATEMENT OF FINANCIAL POSITION

Camp Quality USA, Inc. and Affiliates

Year Ended December 31, 2017

| | Arkansas | Central Missouri | Greater Kansas City | Heartland | Illinois | | Kansas |
|----------------------------------|-------------------|---------------------|------------------------|------------------|-------------------|---------------------------|-------------------|
| | Unrestricted | Unrestricted | Unrestricted | Unrestricted | Unrestricted | Temporarily Restricted | Unrestricted |
| ASSETS: | | | | | | | |
| Cash and cash equivalents | \$ 109,211 | \$ 28,980 | \$ 231,962 | \$ 93,662 | \$ 167,913 | \$ 33,500 | \$ 164,242 |
| Investments | - | - | 272,261 | - | 733,985 | - | 10,426 |
| Unconditional promises to give | - | - | - | - | 1,075 | - | - |
| Advance deposits | 1,000 | 341 | 5,111 | - | 299 | - | - |
| Inventory | 221 | - | - | - | - | - | - |
| Property and equipment - net | - | 494 | 4,005 | - | 2,488 | - | 2,407 |
| Total Assets | <u>\$ 110,432</u> | <u>\$ 29,815</u> | <u>\$ 513,339</u> | <u>\$ 93,662</u> | <u>\$ 905,760</u> | <u>\$ 33,500</u> | <u>\$ 177,075</u> |
| LIABILITIES: | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 13,120 | \$ - | \$ 697 | \$ - | \$ 832 |
| NET ASSETS | <u>110,432</u> | <u>29,815</u> | <u>500,219</u> | <u>93,662</u> | <u>905,063</u> | <u>33,500</u> | <u>176,243</u> |
| Total Liabilities and Net Assets | <u>\$ 110,432</u> | <u>\$ 29,815</u> | <u>\$ 513,339</u> | <u>\$ 93,662</u> | <u>\$ 905,760</u> | <u>\$ 33,500</u> | <u>\$ 177,075</u> |

| Kentuckiana | Louisiana | Michigan | | | Missouri Ozarks | New Jersey | Northwest Missouri | Ohio | Texas |
|-------------------|-------------------|--------------------|------------------------|------------------------|------------------|-------------------|--------------------|-------------------|-------------------|
| Unrestricted | Unrestricted | Unrestricted | Temporarily Restricted | Permanently Restricted | Unrestricted | Unrestricted | Unrestricted | Unrestricted | Unrestricted |
| \$ 188,563 | \$ 33,974 | \$ 66,985 | \$ 27,500 | \$ - | \$ 30,980 | \$ 375,128 | \$ 97,180 | \$ 188,880 | \$ 274,282 |
| 468,779 | 69,454 | 977,713 | - | 5,594 | - | - | 308,523 | - | 113,836 |
| 20,593 | - | - | - | - | 2,136 | - | - | 240 | 2,624 |
| 1,299 | 299 | 11,874 | - | - | - | 12,251 | 930 | 4,499 | - |
| 1,532 | - | - | - | - | - | 275 | 1,283 | - | 4,524 |
| 2,658 | 1 | 2,128 | - | - | 629 | - | 1,098 | 298 | - |
| <u>\$ 683,424</u> | <u>\$ 103,728</u> | <u>\$1,058,700</u> | <u>\$ 27,500</u> | <u>\$ 5,594</u> | <u>\$ 33,745</u> | <u>\$ 387,654</u> | <u>\$ 409,014</u> | <u>\$ 193,917</u> | <u>\$ 395,266</u> |
| \$ 737 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,524 | \$ 70 | \$ - |
| <u>682,687</u> | <u>103,728</u> | <u>1,058,700</u> | <u>27,500</u> | <u>5,594</u> | <u>33,745</u> | <u>387,654</u> | <u>407,490</u> | <u>193,847</u> | <u>395,266</u> |
| <u>\$ 683,424</u> | <u>\$ 103,728</u> | <u>\$1,058,700</u> | <u>\$ 27,500</u> | <u>\$ 5,594</u> | <u>\$ 33,745</u> | <u>\$ 387,654</u> | <u>\$ 409,014</u> | <u>\$ 193,917</u> | <u>\$ 395,266</u> |

| National Office | | | | | |
|-------------------|------------------------|---------------------|------------------|---------------------|---------------------|
| Unrestricted | Temporarily Restricted | Total Unrestricted | Total Restricted | Eliminating Entries | Total |
| \$ 209,864 | \$ 30,000 | \$ 2,261,806 | \$ 91,000 | \$ - | \$ 2,352,806 |
| - | - | 2,954,977 | 5,594 | - | 2,960,571 |
| - | - | 26,668 | - | - | 26,668 |
| 8,845 | - | 46,748 | - | - | 46,748 |
| - | - | 7,835 | - | - | 7,835 |
| - | - | 16,206 | - | - | 16,206 |
| <u>\$ 218,709</u> | <u>\$ 30,000</u> | <u>\$ 5,314,240</u> | <u>\$ 96,594</u> | <u>\$ -</u> | <u>\$ 5,410,834</u> |
| \$ 2,917 | \$ - | \$ 19,897 | \$ - | \$ - | \$ 19,897 |
| <u>215,792</u> | <u>30,000</u> | <u>5,294,343</u> | <u>96,594</u> | <u>-</u> | <u>5,390,937</u> |
| <u>\$ 218,709</u> | <u>\$ 30,000</u> | <u>\$ 5,314,240</u> | <u>\$ 96,594</u> | <u>\$ -</u> | <u>\$ 5,410,834</u> |

COMBINING STATEMENT OF ACTIVITIES

Camp Quality USA, Inc. and Affiliates

Year Ended December 31, 2017

| | Arkansas | Central Missouri | Greater Kansas City | Heartland |
|---|-------------------|---------------------|------------------------|------------------|
| | Unrestricted | Unrestricted | Unrestricted | Unrestricted |
| SUPPORT AND REVENUE: | | | | |
| Contributions | \$ 15,362 | \$ 25,721 | \$ 169,047 | \$ 16,283 |
| Grants | 9,300 | 9,378 | 13,000 | 28,000 |
| Donated services | 10,880 | 5,220 | 26,040 | 6,720 |
| Fundraising | 8,588 | - | 755 | 31,845 |
| Memorabilia items | 73 | - | - | - |
| Gain (Loss) on disposal of property and equipment | - | - | - | - |
| Interest and dividends | 212 | - | 8,963 | 16 |
| Realized gain on investments | - | - | - | - |
| Unrealized gain on investments | - | - | 12,713 | - |
| Other income | - | - | - | - |
| | <u>44,415</u> | <u>40,319</u> | <u>230,518</u> | <u>82,864</u> |
| Net Assets Released from Restrictions: | | | | |
| Distributions based on spending policy | - | - | - | - |
| Satisfaction of program restrictions | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Support and Revenue | 44,415 | 40,319 | 230,518 | 82,864 |
| EXPENSES: | | | | |
| Program | 39,238 | 29,023 | 174,101 | 34,345 |
| Fundraising and development | 6,336 | 555 | 14,586 | 18,336 |
| Management and general | 7,006 | 945 | 13,870 | 1,762 |
| | <u>52,580</u> | <u>30,523</u> | <u>202,557</u> | <u>54,443</u> |
| Total Expenses | 52,580 | 30,523 | 202,557 | 54,443 |
| Increase (Decrease) in net assets | (8,165) | 9,796 | 27,961 | 28,421 |
| Net Assets - Beginning of the Year | <u>118,597</u> | <u>20,019</u> | <u>472,258</u> | <u>65,241</u> |
| Net Assets - End of the Year | <u>\$ 110,432</u> | <u>\$ 29,815</u> | <u>\$ 500,219</u> | <u>\$ 93,662</u> |

| Illinois | | Kansas | Kentuckiana | Louisiana | Michigan | | |
|-------------------|------------------------|-------------------|-------------------|-------------------|---------------------|------------------------|------------------------|
| Unrestricted | Temporarily Restricted | Unrestricted | Unrestricted | Unrestricted | Unrestricted | Temporarily Restricted | Permanently Restricted |
| \$ 116,167 | \$ 33,500 | \$ 31,059 | \$ 142,174 | \$ 12,708 | \$ 334,880 | \$ 27,500 | \$ - |
| - | - | 57,415 | 42,000 | 17,000 | 56,583 | - | - |
| 10,720 | - | 8,830 | 20,740 | 12,070 | 22,680 | - | - |
| 27,650 | - | - | 69,432 | 25,187 | 35,909 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | (2,396) | - | - |
| 27,591 | - | 7 | 2,472 | 692 | 31,668 | - | 125 |
| 7,981 | - | - | 19,987 | - | 12,287 | - | 47 |
| 18,484 | - | - | 38,193 | - | 54,608 | - | 837 |
| - | - | - | - | - | - | - | - |
| 208,593 | 33,500 | 97,311 | 334,998 | 67,657 | 546,219 | 27,500 | 1,009 |
| - | - | - | - | - | 277 | - | (277) |
| <u>31,000</u> | <u>(31,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 239,593 | 2,500 | 97,311 | 334,998 | 67,657 | 546,496 | 27,500 | 732 |
| 134,316 | - | 76,901 | 200,455 | 48,506 | 211,215 | - | - |
| 8,918 | - | 4,287 | 41,577 | 11,214 | 60,941 | - | - |
| <u>8,095</u> | <u>-</u> | <u>3,509</u> | <u>15,018</u> | <u>6,717</u> | <u>29,638</u> | <u>-</u> | <u>-</u> |
| <u>151,329</u> | <u>-</u> | <u>84,697</u> | <u>257,050</u> | <u>66,437</u> | <u>301,794</u> | <u>-</u> | <u>-</u> |
| 88,264 | 2,500 | 12,614 | 77,948 | 1,220 | 244,702 | 27,500 | 732 |
| <u>816,799</u> | <u>31,000</u> | <u>163,629</u> | <u>604,739</u> | <u>102,508</u> | <u>813,998</u> | <u>-</u> | <u>4,862</u> |
| <u>\$ 905,063</u> | <u>\$ 33,500</u> | <u>\$ 176,243</u> | <u>\$ 682,687</u> | <u>\$ 103,728</u> | <u>\$ 1,058,700</u> | <u>\$ 27,500</u> | <u>\$ 5,594</u> |

COMBINING STATEMENT OF ACTIVITIES, CONTINUED

Camp Quality USA, Inc. and Affiliates

Year Ended December 31, 2017

| | Missouri Ozarks | New Jersey | Northwest Missouri | Temporarily Restricted | Ohio |
|---|--------------------|--------------|-----------------------|---------------------------|--------------|
| | Unrestricted | Unrestricted | Unrestricted | Unrestricted | Unrestricted |
| SUPPORT AND REVENUE: | | | | | |
| Contributions | \$ 34,475 | \$ 85,306 | \$ 136,389 | \$ - | \$ 79,782 |
| Grants | - | 9,592 | 13,962 | - | 14,819 |
| Donated services | 15,900 | 15,920 | 19,000 | - | 6,720 |
| Fundraising | 8,924 | 92,936 | 24,596 | - | 11,223 |
| Memorabilia items | - | - | - | - | - |
| Gain (Loss) on disposal of property and equipment | - | - | - | - | 1,730 |
| Interest and dividends | - | 2,676 | 2,034 | - | 258 |
| Realized gain on investments | - | - | - | - | - |
| Unrealized gain on investments | - | - | - | - | - |
| Other income | - | - | - | - | - |
| | 59,299 | 206,430 | 195,981 | - | 114,532 |
| Net Assets Released from Restrictions: | | | | | |
| Distributions based on spending policy | - | - | - | - | - |
| Satisfaction of program restrictions | - | - | 101 | (101) | - |
| Total support and revenue | 59,299 | 206,430 | 196,082 | (101) | 114,532 |
| EXPENSES: | | | | | |
| Program | 48,201 | 95,001 | 133,409 | - | 115,534 |
| Fundraising and development | 3,485 | 26,346 | 31,687 | - | 10,043 |
| Management and general | 1,188 | 10,725 | 33,610 | - | 9,880 |
| Total Expenses | 52,874 | 132,072 | 198,706 | - | 135,457 |
| Increase (Decrease) in net assets | 6,425 | 74,358 | (2,624) | (101) | (20,925) |
| Net Assets - Beginning of the Year | 27,320 | 313,296 | 410,114 | 101 | 214,772 |
| Net Assets - End of the Year | \$ 33,745 | \$ 387,654 | \$ 407,490 | \$ - | \$ 193,847 |

| Texas | | National Office | | | | | |
|-------------------|-------------------|------------------------|---------------------|------------------|---------------------|----|----------------------------|
| Unrestricted | Unrestricted | Temporarily Restricted | Total Unrestricted | Total Restricted | Eliminating Entries | | Total |
| \$ 100,747 | \$ 177,546 | \$ - | \$ 1,477,646 | \$ 61,000 | \$ (159,699) | \$ | 1,378,947 |
| 9,000 | - | - | 280,049 | - | - | | 280,049 |
| 22,920 | - | - | 204,360 | - | - | | 204,360 |
| 71,298 | - | - | 408,343 | - | - | | 408,343 |
| 195 | - | - | 268 | - | - | | 268 |
| - | - | - | (666) | - | - | | (666) |
| 1,858 | 799 | - | 79,246 | 125 | - | | 79,371 |
| - | - | - | 40,255 | 47 | - | | 40,302 |
| - | - | - | 123,998 | 837 | - | | 124,835 |
| - | 28,227 | - | 28,227 | - | (28,227) | | - |
| 206,018 | 206,572 | - | 2,641,726 | 62,009 | (187,926) | | 2,515,809 |
| - | - | - | 277 | (277) | - | | - |
| - | - | - | 31,101 | (31,101) | - | | - |
| 206,018 | 206,572 | - | 2,673,104 | 30,631 | (187,926) | | 2,515,809 |
| 129,217 | 91,835 | - | 1,561,297 | - | (104,932) | | 1,456,365 |
| 46,948 | 44,869 | - | 330,128 | - | (31,938) | | 298,190 |
| 4,211 | 70,057 | - | 216,231 | - | (51,056) | | 165,175 |
| 180,376 | 206,761 | - | 2,107,656 | - | (187,926) | | 1,919,730 |
| 25,642 | (189) | - | 565,448 | 30,631 | - | | 596,079 |
| 369,624 | 215,981 | 30,000 | 4,728,895 | 65,963 | - | | 4,794,858 |
| <u>\$ 395,266</u> | <u>\$ 215,792</u> | <u>\$ 30,000</u> | <u>\$ 5,294,343</u> | <u>\$ 96,594</u> | <u>\$ -</u> | | <u>\$ 5,390,937</u> |