

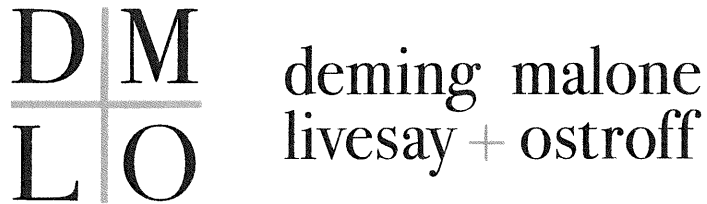
KENTUCKY DIABETES CAMP FOR CHILDREN, INC.
d/b/a CAMP HENDON

FINANCIAL STATEMENTS

Years Ended September 30, 2020 and 2019

Table of Contents

	Page
Independent Auditors' Report	1 and 2
Financial Statements	
Statements of assets, liabilities and net assets – modified cash basis	3
Statements of revenues, expenses and changes in net assets – modified cash basis	4
Statements of functional expenses – modified cash basis	5
Notes to financial statements	6-12



Independent Auditors' Report

To the Board of Directors
Kentucky Diabetes Camp for Children, Inc. d/b/a Camp Hendon
Louisville, Kentucky

We have audited the accompanying financial statements of Kentucky Diabetes Camp for Children, Inc. d/b/a Camp Hendon (a not-for-profit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of September 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net assets – modified cash basis and functional expenses – modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Kentucky Diabetes Camp for Children, Inc. d/b/a Camp Hendon as of September 30, 2020 and 2019, and its revenues and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Deming, Malone, Lussay & Petroff

Louisville, Kentucky
February 23, 2021

KENTUCKY DIABETES CAMP FOR CHILDREN, INC.
d/b/a CAMP HENDON

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS

September 30, 2020 and 2019

Assets	2020	2019
Current Assets		
Cash and cash equivalents	\$ 444,685	\$ 270,133
Investments	184,309	262,481
	628,994	532,614
Property and equipment, net	1,760	2,420
Total assets	\$ 630,754	\$ 535,034
 Liabilities and Net Assets		
Current Liabilities		
Credit card payables	\$ 5,256	\$ 1,438
Net Assets		
Without Donor Restrictions	612,537	529,024
With Donor Restrictions	12,961	4,572
	625,498	533,596
Total liabilities and net assets	\$ 630,754	\$ 535,034

See Notes to Financial Statements.

KENTUCKY DIABETES CAMP FOR CHILDREN, INC.
d/b/a CAMP HENDON

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - MODIFIED CASH BASIS**

Years Ended September 30, 2020 and 2019

	2020	2019
Changes in Net Assets without Donor Restrictions		
Revenues and Gains		
Contributions and grants	\$ 242,311	\$ 339,763
Camper fees	7,795	62,604
Special events	3,694	18,206
Net investment return	2,719	8,340
Insurance proceeds		21,108
Miscellaneous income	2,916	1,227
Total revenues and gains	259,435	451,248
Net assets released from restrictions	28,710	43,987
Total revenues without donor restrictions	288,145	495,235
Expenses		
Program services	74,635	383,251
General and administrative	67,651	80,538
Fundraising	62,346	68,991
Total expenses	204,632	532,780
Net increase (decrease) in net assets without donor restrictions	83,513	(37,545)
Changes in Net Assets with Donor Restrictions		
Contributions and grants	37,099	48,359
Net assets released from restrictions	(28,710)	(43,987)
Net increase in net assets with donor restrictions	8,389	4,372
Net increase (decrease) in total net assets	91,902	(33,173)
Net assets at beginning of year	533,596	566,769
Net assets at end of year	\$ 625,498	\$ 533,596

See Notes to Financial Statements.

KENTUCKY DIABETES CAMP FOR CHILDREN, INC.
d/b/a **CAMP HENDON**

STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

Years Ended September 30, 2020 and 2019

	September 30, 2020			September 30, 2019				
	Program Services	General and Administrative	Fund-raising	Total	Program Services	General and Administrative	Fund-raising	Total
Camp programs	\$ 19,104			\$ 19,104	\$ 22,104			\$ 22,104
Camp facility					61,327			61,327
Medical supplies	2,578			2,578	220,697			220,697
Camper outreach	115			115	151			151
Salaries and wages	28,250	\$ 33,726	\$ 40,020	101,996	34,479	\$ 47,356	\$ 36,286	118,121
Payroll taxes	2,269	2,715	3,179	8,163	2,637	3,623	2,776	9,036
Employee benefits	1,084	1,084	2,169	4,337	1,649	707	2,356	4,712
Special events			81	81			6,817	6,817
Bank fees		2,262		2,262		503		503
Camp/Minder fees	6,625			6,625	12,188			12,188
Dues and subscriptions	155	194	426	775	836	775	775	2,386
Insurance	1,144	1,429	3,145	5,718	2,316	2,151	2,151	6,618
Professional fees		19,883		19,883		16,050		16,050
Meals and entertainment		214		214		731		731
Office expenses	1,380	1,726	3,796	6,902	1,980	1,839	1,839	5,658
Payroll processing	147	184	404	735	223	206	206	635
Professional development	510	638	1,404	2,552	2,344	2,176	2,176	6,696
Fundraising expenses			1,705	1,705			10,135	10,135
Rent expense	2,178	2,722	5,988	10,888	3,412	3,168	3,168	9,748
Website maintenance	11	13	29	53	329	306	306	941
Advertising/promotional expenses	5,584			5,584	8,847			8,847
Taxes and licenses		302		302		947		947
Interest		62		62				
Volunteer expenses	2,841			2,841	7,237			7,237
Depreciation	660			660	495			495
Travel		497		497				
	<u>\$ 74,635</u>	<u>\$ 67,651</u>	<u>\$ 62,346</u>	<u>\$ 204,632</u>	<u>\$ 383,251</u>	<u>\$ 80,538</u>	<u>\$ 68,991</u>	<u>\$ 532,780</u>

See Notes to Financial Statements.

**KENTUCKY DIABETES CAMP FOR CHILDREN, INC.
d/b/a CAMP HENDON**

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities:

Kentucky Diabetes Camp for Children, Inc. d/b/a Camp Hendon (Camp Hendon) is a two-week, medically supervised camping experience for children ages 8 to 17 with diabetes. The children that attend Camp Hendon are given the tools they need to manage their diabetes with more independence so they can grow into thriving, healthy adults.

Summary of significant accounting policies:

This summary of significant accounting policies of Camp Hendon is presented to assist in understanding Camp Hendon's financial statements. The financial statements are representations of Camp Hendon's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to the modified cash basis of accounting and have been consistently applied in the preparation of the financial statements.

Accounting policies:

Camp Hendon prepares its financial statements on the cash basis, modified for the valuation of investments at fair value and the capitalization of fixed assets. Under this basis, revenue is recorded when collected rather than when earned, and expenditures are recorded when paid rather than when incurred. Consequently, these financial statements are not intended to present the financial position or the results of operations in conformity with accounting principles generally accepted in the United States of America.

The modified cash basis of accounting used to prepare Camp Hendon's financial statements differs from accounting principles generally accepted in the United States of America in that Camp Hendon has also elected to omit the statement of cash flows which is required under accounting principles generally accepted in the United States of America.

Use of estimates:

The preparation of financial statements in conformity with the modified cash basis of accounting 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Net Assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Investments:

Investments are reported at fair value. 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. See Note 3 for discussion of fair value measurements. Purchases and sales of securities are recorded on a trade date basis. Interest income is recognized when received and dividend income is recognized on the ex-dividend date. Net investment return is reported on the statements of revenues, expenses and changes in net assets – modified cash basis, and consists of interest and dividend income less internal and external investment expenses, and realized and unrealized gains and losses.

Property, equipment and depreciation:

Property and equipment is recorded at cost, if purchased, or at fair value if donated, and is being depreciated on the straight-line method over the estimated useful life of the asset.

Donations other than cash:

Donations other than cash are recorded at their fair value at the date of donation. Donations other than cash included in the statements of revenues, expenses and changes in net assets-modified cash basis for the years ended September 30, 2020 and 2019 included approximately \$5,100 and \$1,150, respectively, in donated stock, and for the year ended September 30, 2019 included approximately \$223,000 in donated medical supplies, camper backpacks and other items. There were no donations of these items for the year ended September 30, 2020.

NOTES TO FINANCIAL STATEMENTS

Functional allocation of expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or support services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses considered to be directly attributable to specific activities are reported based on the program or supporting service benefited. Other expenses, such as salaries and office expenses are allocated on the basis of time and effort.

Income taxes:

Camp Hendon is exempt from federal, state and local income taxes as a not-for-profit organization as described under Internal Revenue Code Section 501(c)(3). Camp Hendon files an informational tax return in the U.S. federal jurisdiction and with the Kentucky Office of the Attorney General. However, income from certain activities not directly related to Camp Hendon's tax-exempt purpose may be subject to taxation as unrelated business income. Management does not believe that Camp Hendon has unrelated business income for the years ended September 30, 2020 and 2019.

As of September 30, 2020 and 2019, Camp Hendon did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

Newly issued standards not yet effective:

The Financial Accounting Standards Board has issued accounting standards No. 2016-02, *Leases*, effective for years beginning after December 15, 2021, and No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for years beginning after June 15, 2021. Camp Hendon is evaluating the impact that adoption of these standards will have on future financial position and results of operations.

Subsequent events:

Subsequent events have been evaluated through February 23, 2021, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Liquidity and Availability

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the September 30, 2020 and 2019 statements of assets, liabilities and net assets – modified cash basis date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash	\$444,685	\$270,133
Investments	<u>184,309</u>	<u>262,481</u>
	<u>\$628,994</u>	<u>\$532,614</u>

Camp Hendon strives to maintain liquid financial assets sufficient to cover one year of general operating expenditures. When opportunities exist, financial assets in excess of daily cash requirements may be invested in short-term investments.

Note 3. Investments and Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Camp Hendon has the ability to access.
- Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active or 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. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of an input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTES TO FINANCIAL STATEMENTS

All assets have been valued using a market approach. All assets are Level 1 investments. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at September 30, 2020 or 2019.

Certificates of deposit – valued at the closing price reported on the active market in which the security is traded.

Common stocks and mutual funds – valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Camp Hendon believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

	September 30, 2020		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
Coca-Cola common stock	\$ 31,745	\$ 25,675	\$ 6,070
Equity funds:			
Vanguard 500 Index	2,189	1,000	1,189
Certificates of Deposit	<u>150,375</u>	<u>150,000</u>	<u>375</u>
Total	<u>\$184,309</u>	<u>\$176,675</u>	<u>\$ 7,634</u>
	September 30, 2019		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
Coca-Cola common stock	\$ 35,005	\$ 25,675	\$ 9,330
Equity funds:			
Vanguard 500 Index	1,902	962	940
Certificates of Deposit	<u>225,574</u>	<u>225,000</u>	<u>574</u>
Total	<u>\$262,481</u>	<u>\$251,637</u>	<u>\$10,844</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Net Assets with Donor Restrictions

Net assets with donor restrictions as of September 30, 2020 and 2019, consisted of the following:

	<u>Balance</u> <u>9/30/2019</u>	<u>Contributions</u> <u>and Grants</u>	<u>Released From</u> <u>Restrictions</u>	<u>Balance</u> <u>9/30/2020</u>
ARGI – Low Blood Sugar Treatment		\$ 2,500		\$ 2,500
Anthem Foundation – Summer Camp		25,000	\$(25,000)	
Berea College – Camp Expansion		5,000		5,000
Miscellaneous donors - Camperships	\$4,572	889		5,461
KY Colonels – Wagons, Headlamps and Lancers	_____	<u>3,710</u>	<u>(3,710)</u>	_____
	<u>\$4,572</u>	<u>\$37,099</u>	<u>\$(28,710)</u>	<u>\$12,961</u>
	<u>Balance</u> <u>9/30/2018</u>	<u>Contributions</u> <u>and Grants</u>	<u>Released From</u> <u>Restrictions</u>	<u>Balance</u> <u>9/30/2019</u>
New Venture Fund – Camperships		\$25,000	\$(25,000)	
New Venture Fund – Camp Fees		3,500	(3,500)	
New Venture Fund – Overhead Costs		525	(525)	
Snowy Owl Foundation – Camp		3,000	(3,000)	
IPA – Trailer	\$200		(200)	
Miscellaneous donors - Camperships		7,072	(2,500)	\$4,572
Two-way Radios		4,262	(4,262)	
Berea College – SS2 at Aldersgate	_____	<u>5,000</u>	<u>(5,000)</u>	_____
	<u>\$200</u>	<u>\$48,359</u>	<u>\$(43,987)</u>	<u>\$4,572</u>

Note 5. Concentration of Credit and Market Risk

Camp Hendon maintains its cash accounts with one financial institution covered under the Federal Deposit Insurance Corporation (FDIC). The accounts are insured by the FDIC up to \$250,000. At September 30, 2020, Camp Hendon had uninsured cash balances of approximately \$27,900.

Investment securities, in general, are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy used is prudent for the long-term welfare of Camp Hendon.

NOTES TO FINANCIAL STATEMENTS

Note 6. Grant Commitments

During the year ended September 30, 2019, Camp Hendon received a three-year grant totaling \$87,075 from the New Venture Fund (NVF). This grant is to be paid in the amount of \$29,025 per year from 2019 through 2021 and is to be used for camperships, professional development and overhead expenses. During the year ended September 30, 2020, this grant was amended to increase the total grant funding to \$99,284, adjusting the payments for 2020 to a total of \$36,281 with the additional funding to be used for camperships, camper recruitment and capital improvements, and the payments for 2021 to a total of \$33,977, with the additional funding to be used for camperships and camper recruitment. Additionally, in April 2020, the NVF released all restrictions on fiscal year 2020 grant awards, and in February 2021 the NVF released all restrictions on fiscal year 2021 grant awards, as a result of the COVID-19 pandemic. Payments of \$36,281 and \$29,025 received during 2020 and 2019 for this grant are included in contribution and grant revenues on the statement of revenues, expenses and changes in net assets – modified cash basis for the years ended September 30, 2020 and 2019, respectively.

In 2016, Camp Hendon was awarded a challenge grant from the Lift a Life Foundation of \$100,000 per year for three years, for a total challenge of \$300,000. Under the terms of this challenge grant, Camp Hendon received \$1 for every \$1 raised in contributions from August 2016 through August 2017 and calendar years 2018 and 2019, with payment received in the following year. Camp Hendon raised \$55,975 and \$45,735, respectively, in match eligible funding, and received payment of these amounts during the years ended September 30, 2020 and 2019, respectively. These payments are included in contributions and grant revenues on the statements of revenues, expenses and changes in net assets – modified cash basis for the years then ended.

Note 7. Litigation

In August 2017, a claim was filed against Camp Hendon by a former employee. As of September 30, 2019, the claim has been settled and the related insurance proceeds received by Camp Hendon and expenses incurred related to the settlement are included on the statement of revenues, expenses and changes in net assets – modified cash basis and statement of functional expenses – modified cash basis, for the year ended September 30, 2019.

Note 8. Contingency

On March 11, 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The pandemic had a material adverse impact on Camp Hendon's ability to offer program services for the year ended September 30, 2020. As of September 30, 2020, economic uncertainties continue to exist which may have a negative effect on the Camp Hendon's future financial position and results of operations. The total impact of the COVID-19 outbreak is unknown at the date the financial statements were issued. The financial statements do not include any adjustments from the outcome of this uncertainty.