

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

**FINANCIAL STATEMENTS**

**Years Ended September 30, 2019 and 2018**

## Table of Contents

	Page
<b>Independent Auditors' Report</b>	1 and 2
<b>Financial Statements</b>	
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	6-14



## **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, 2019 and 2018, 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, 2019 and 2018, 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, Lussary & Petroff*

Louisville, Kentucky  
February 25, 2020

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

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

September 30, 2019 and 2018

<b>Assets</b>	<b>2019</b>	<b>2018</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 270,133	\$ 535,918
Investments	262,481	31,525
	532,614	567,443
 <b>Property and equipment, net</b>	 2,420	 2,915
 <b>Total assets</b>	 \$ 535,034	 \$ 570,358
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Credit card payables	\$ 1,438	\$ 3,589
 <b>Net Assets</b>		
Without Donor Restrictions	529,024	566,569
With Donor Restrictions	4,572	200
	533,596	566,769
 <b>Total liabilities and net assets</b>	 \$ 535,034	 \$ 570,358

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, 2019 and 2018

	2019	2018
<b>Changes in Net Assets without Donor Restrictions</b>		
<b>Revenues and Gains</b>		
Contributions and grants	\$ 339,763	\$ 524,546
Camper fees	62,604	55,030
Special events	18,206	16,318
Net investment return	8,340	2,459
Insurance proceeds	21,108	
Miscellaneous income	1,227	300
<b>Total revenues and gains</b>	451,248	598,653
Net assets released from restrictions	43,987	91,346
<b>Total revenues without donor restrictions</b>	495,235	689,999
<b>Expenses</b>		
Program services	383,251	416,882
General and administrative	80,538	56,388
Fundraising	68,991	64,684
<b>Total expenses</b>	532,780	537,954
<b>Net (decrease) increase in net assets without donor restrictions</b>	(37,545)	152,045
<b>Changes in Net Assets with Donor Restrictions</b>		
Contributions and grants	48,359	91,546
Net assets released from restrictions	(43,987)	(91,346)
<b>Net increase in net assets with donor restrictions</b>	4,372	200
<b>Net (decrease) increase in total net assets</b>	(33,173)	152,245
Net assets at beginning of year	566,769	414,524
Net assets at end of year	\$ 533,596	\$ 566,769

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, 2019 and 2018

	September 30, 2019			
	Program Services	General and Administrative	Fund- raising	Total
Camp programs	\$ 22,104			\$ 22,104
Camp facility	61,327			61,327
Medical supplies	220,697			220,697
Camper outreach	151			151
Salaries and wages	34,479	\$ 47,356	\$ 36,286	118,121
Payroll taxes	2,637	3,623	2,776	9,036
Employee benefits	1,649	707	2,356	4,712
Special events			6,817	6,817
Bank fees		503		503
CampMinder fees	12,188			12,188
Dues and subscriptions	836	775	775	2,386
Insurance	2,316	2,151	2,151	6,618
Professional fees		16,050		16,050
Meals and entertainment		731		731
Office expenses	1,980	1,839	1,839	5,658
Payroll processing	223	206	206	635
Professional development	2,344	2,176	2,176	6,696
Fundraising expenses			10,135	10,135
Rent expense	3,412	3,168	3,168	9,748
Website maintenance	329	306	306	941
Advertising/promotional expenses	8,847			8,847
Taxes and licenses		947		947
Volunteer expenses	7,237			7,237
Depreciation	495			495
Travel				
	<u>\$ 383,251</u>	<u>\$ 80,538</u>	<u>\$ 68,991</u>	<u>\$ 532,780</u>

See Notes to Financial Statements.

September 30, 2018

<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund- raising</u>	<u>Total</u>
\$ 31,651			\$ 31,651
68,272			68,272
247,434			247,434
2,250			2,250
30,376	\$ 29,680	\$ 35,304	95,360
2,324	2,271	2,701	7,296
1,336	1,061	2,226	4,623
		3,831	3,831
	255		255
10,869			10,869
171	184	9,165	9,520
1,947	2,096	1,947	5,990
	10,223		10,223
	699		699
1,590	1,712	1,589	4,891
205	221	205	631
2,161	2,327	2,161	6,649
		1,580	1,580
3,088	3,325	3,087	9,500
888	957	888	2,733
6,579			6,579
	35		35
5,356			5,356
385			385
	1,342		1,342
<u>\$ 416,882</u>	<u>\$ 56,388</u>	<u>\$ 64,684</u>	<u>\$ 537,954</u>



**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 the 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:

## NOTES TO FINANCIAL STATEMENTS

Grant revenues are recorded when received. Under accounting principles generally accepted in the United States of America, grant revenues would be recorded as revenues at the time the grants are awarded to Camp Hendon.

Camp Hendon has 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.

### **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.

## NOTES TO FINANCIAL STATEMENTS

### **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 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, 2019 and 2018 are approximately \$223,000 and \$254,500, respectively, for medical supplies, camper backpacks and other items, and approximately \$1,150 and \$2,400, respectively, in donated stock.

### **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.

## NOTES TO FINANCIAL STATEMENTS

### 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, 2019 and 2018.

As of September 30, 2019 and 2018, 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.

### Accounting changes:

In August 2016, the Financial Accounting Standards Board issued accounting standard No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. The standard addresses net asset classification, information about liquidity and availability of resources, and the type of information provided about expenses and investment return. Camp Hendon has adjusted the presentation of these items accordingly. The ASU has been applied retrospectively to all periods presented. Total net assets were unchanged as a result of the retrospective application.

### Subsequent events:

Subsequent events have been evaluated through February 25, 2020, which is the date the financial statements were available to be issued.

### Note 2. Liquidity and Availability

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

Cash	\$270,133
Investments	<u>262,481</u>
	<u>\$532,614</u>

## NOTES TO FINANCIAL STATEMENTS

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.

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, 2019 or 2018.

## NOTES TO FINANCIAL STATEMENTS

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, 2019		
	Fair Value	Cost	Unrealized Appreciation
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>
	September 30, 2018		
	Fair Value	Cost	Unrealized Appreciation
Coca-Cola common stock	\$29,700	\$25,675	\$4,025
Equity funds:			
Vanguard 500 Index	<u>1,825</u>	<u>925</u>	<u>900</u>
Total	<u>\$31,525</u>	<u>\$26,600</u>	<u>\$4,925</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Net Assets with Donor Restrictions

Net assets with donor restrictions as of September 30, 2019 and 2018, consisted of the following:

	<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>
	<u>Balance</u> <u>9/30/2017</u>	<u>Contributions</u> <u>and Grants</u>	<u>Released From</u> <u>Restrictions</u>	<u>Balance</u> <u>9/30/2018</u>
New Venture Fund – Camperships		\$20,000	\$(20,000)	
New Venture Fund – Professional development		5,000	(5,000)	
Kosair Charities – Camperships		1,500	(1,500)	
New Venture Fund – Camper Outreach		8,950	(8,950)	
IPA - Trailer		3,500	(3,300)	\$200
Lift A Life – Payroll		50,000	(50,000)	
Miscellaneous donors – Camperships	_____	<u>2,596</u>	<u>(2,596)</u>	_____
	=====	<u>\$91,546</u>	<u>\$(91,346)</u>	<u>\$200</u>

### Note 5. Concentration of Credit and Market Risk

Camp Hendon maintains its operating cash balance with one financial institution covered under the Federal Deposit Insurance Corporation (FDIC). The account is insured by the FDIC up to \$250,000. At September 30, 2019, Camp Hendon had no uninsured cash.

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, 2016, Camp Hendon received two grants totaling \$550,000 from the Lift a Life Foundation. The first grant was a commitment of \$150,000 over three years to be used for payroll and related expenses and was to be paid in the amount of \$50,000 per year from 2016 through 2018. The second grant was a commitment of \$400,000 over three years to be used for general operations and was to be paid in the amount of \$175,000 in 2016, \$125,000 in 2017 and \$100,000 in 2018. Payments of \$150,000 received during 2018 on these two grants are included in contribution and grant revenues on the statements of revenues, expenses and changes in net assets – modified cash basis for the year ended September 30, 2018.

In addition to these grants, Camp Hendon was also 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 the agreement, Camp Hendon will receive \$1 for every \$1 it raises in contributions from August 2016 through August 2017 and calendar years 2018 and 2019, with payment to be received in the following year. Camp Hendon met the challenge requirements for the first year of this challenge grant for the period of August 2016 through August 2017 and received payment of \$100,000 during the year ended September 30, 2018. During the 2018 calendar year, Camp Hendon raised \$45,735 in match eligible funding, and received payment of this amount during the year ended September 30, 2019. 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 year ended September 30, 2019 and 2018, respectively. During the 2019 calendar year, Camp Hendon raised \$55,975 in match eligible funding with payment expected in early 2020.

During the year ended September 30, 2016, Camp Hendon also received a three-year grant totaling \$70,500 from the New Venture Fund. This grant was to be paid in the amount of \$23,500 per year from 2016 through 2018 and is to be used for camperships and professional development expenses. The grant was amended during the year ended September 30, 2017 to add an additional \$3,000 for professional development expenses. During the year ended September 30, 2018, the grant was further amended to add an additional \$8,950 for camper outreach. Payments of \$33,950 received during 2018 for this grant are included in contribution and grant revenues on the statements of revenues, expenses and changes in net assets - modified cash basis for the year ended September 30, 2018.



## NOTES TO FINANCIAL STATEMENTS

During the year ended September 30, 2019, Camp Hendon received a new three-year grant totaling \$87,075 from the New Venture Fund. 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. Payments of \$29,025 received during 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 year ended September 30, 2019.

### **Note 7.   Litigation**

In August 2017, a claim was filed against the Organization 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 statements of revenues, expenses and changes in net assets – modified cash basis and statements of functional expenses – modified cash basis, for the year ended September 30, 2019.