

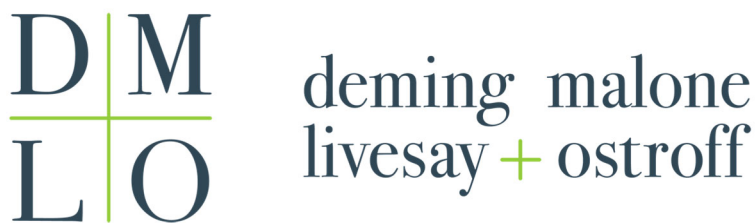
KENTUCKY DIABETES CAMP FOR CHILDREN, INC.
d/b/a CAMP HENDON

FINANCIAL STATEMENTS

Years Ended September 30, 2023 and 2022

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Independent Auditors' Report

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

Opinion

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, 2023 and 2022, 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.

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, 2023 and 2022, 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 for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kentucky Diabetes Camp for Children, Inc. d/b/a Camp Hendon and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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 this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Kentucky Diabetes Camp for Children, Inc. d/b/a Camp Hendon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kentucky Diabetes Camp for Children, Inc. d/b/a Camp Hendon's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Deming, Malone, Lissay & Ostroff

Louisville, Kentucky
October 1, 2024

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

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS
September 30, 2023 and 2022

Assets	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 229,777	\$ 305,571
Investments	<u>312,883</u>	<u>295,593</u>
	542,660	601,164
Property and Equipment, net	<u> </u>	<u>440</u>
Total assets	<u>\$ 542,660</u>	<u>\$ 601,604</u>
 Liabilities and Net Assets		
Current Liabilities		
Credit card payables	<u>\$ 5,239</u>	<u>\$ 1,449</u>
Net Assets		
Without donor restrictions	535,421	590,019
With donor restrictions	<u>2,000</u>	<u>10,136</u>
	<u>537,421</u>	<u>600,155</u>
Total liabilities and net assets	<u>\$ 542,660</u>	<u>\$ 601,604</u>

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, 2023 and 2022

	2023	2022
Changes in Net Assets without Donor Restrictions		
Revenues and Gains		
Contributions and grants	\$ 119,686	\$ 148,297
In-kind donations	40,062	80,551
Camper fees	47,863	42,110
Special events	35,302	47,373
Net investment return	8,943	(34,745)
Employee Retention Credit grant		11,360
Miscellaneous income	417	4,754
Total revenues and gains	252,273	299,700
Net assets released from restrictions	45,189	31,805
Total revenues without donor restrictions	297,462	331,505
Expenses		
Program services	240,180	230,969
General and administrative	69,770	88,700
Fundraising	42,110	62,566
Total expenses	352,060	382,235
Net change in net assets without donor restrictions	(54,598)	(50,730)
Changes in Net Assets with Donor Restrictions		
Contributions and grants	37,053	41,941
Net assets released from restrictions	(45,189)	(31,805)
Net change in net assets with donor restrictions	(8,136)	10,136
Net change in total net assets	(62,734)	(40,594)
Net assets at beginning of year	600,155	640,749
Net assets at end of year	\$ 537,421	\$ 600,155

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, 2023 and 2022

	2023				2022			
	Program Services	General and Administrative	Fund- raising	Total	Program Services	General and Administrative	Fund- raising	Total
Salaries and wages	\$ 66,894	\$ 40,403	\$ 26,973	\$ 134,270	\$ 57,295	\$ 49,240	\$ 46,045	\$ 152,580
Payroll taxes	3,907	2,360	1,575	7,842	4,383	3,641	3,522	11,546
Camp programs	36,407			36,407	28,584			28,584
Camp facility	62,224			62,224	40,807			40,807
Medical supplies	36,392			36,392	71,593			71,593
Camper outreach	72			72	2,161			2,161
Employee benefits	2,767	1,671	1,116	5,554	2,115	1,820	1,700	5,635
Special events			2,140	2,140			189	189
Bank fees						15		15
Camp management system	3,050			3,050	3,000			3,000
Dues and subscriptions	1,741	843	790	3,374	755	725	762	2,242
Insurance	1,970	955	893	3,818	1,995	1,916	2,015	5,926
Professional fees		5,450		5,450		16,177		16,177
Office expenses	7,159	3,469	3,247	13,875	2,153	2,067	2,174	6,394
Payroll processing	469	227	212	908	244	234	247	725
Professional development		4,620		4,620		3,465		3,465
Fundraising expenses			2,167	2,167			2,118	2,118
Rent expense	6,609	3,202	2,997	12,808	3,758	3,608	3,794	11,160
Taxes and licenses		103		103		23		23
Volunteer expenses	10,079			10,079	11,466			11,466
Depreciation	440			440	660			660
Miscellaneous		3,106		3,106		1,491		1,491
Travel		3,361		3,361		4,278		4,278
	<u>\$ 240,180</u>	<u>\$ 69,770</u>	<u>\$ 42,110</u>	<u>\$ 352,060</u>	<u>\$ 230,969</u>	<u>\$ 88,700</u>	<u>\$ 62,566</u>	<u>\$ 382,235</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. 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. Upon the disposition of property and equipment, a gain or loss is recorded on the statements of activities - modified cash basis, and the respective cost and accumulated depreciation are eliminated from the accounts.

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

In-kind donations:

Donations other than cash are recorded at their fair value at the date of donation. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Camp Hendon reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services must meet the specific expertise requirements and would normally have been purchased before they are recorded. Many individuals donate their time and perform a variety of tasks that assist Camp Hendon for which no value has been assigned because these services do not meet the criteria for recognition in the financial statements.

In-kind contributions recognized in the statements of revenues, expenses and changes in net assets – modified cash basis for the years ended September 30, 2023 and 2022 consisted of the following:

	2023		
	<u>Amount</u>	<u>Valuation Method</u>	<u>Usage</u>
Medical supplies	\$35,997	Fair retail value	Program supplies
Stock donations	<u>4,065</u>	Fair value	Investments
	<u>\$40,062</u>		
	2022		
	<u>Amount</u>	<u>Valuation Method</u>	<u>Usage</u>
Medical supplies	\$70,583	Fair retail value	Program supplies
Stock donations	<u>9,968</u>	Fair value	Investments
	<u>\$80,551</u>		

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, 2023 and 2022.

NOTES TO FINANCIAL STATEMENTS

As of September 30, 2023 and 2022, 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.

Subsequent events:

Subsequent events have been evaluated through October 1, 2024, 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 the September 30, 2023 and 2022 statements of assets, liabilities and net assets – modified cash basis date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$229,777	\$305,571
Investments	<u>312,883</u>	<u>295,593</u>
	<u>\$542,660</u>	<u>\$601,164</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.

NOTES TO FINANCIAL STATEMENTS

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, 2023 or 2022.

Common stocks, mutual funds and U.S. treasury notes – 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.

	2023		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
Coca-Cola common stock	\$ 36,219	\$ 25,919	\$ 10,300
PepsiCo common stock	4,914	5,016	(102)
PNC common stock	3,069	4,065	(996)
U.S. Treasury notes	265,758	280,064	(14,306)
Equity funds:			
Vanguard 500 Index	<u>2,923</u>	<u>1,125</u>	<u>1,798</u>
Total	<u>\$312,883</u>	<u>\$316,189</u>	<u>\$ (3,306)</u>
	2022		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
Coca-Cola common stock	\$36,245	\$25,919	\$10,326
PepsiCo common stock	4,735	5,016	(281)
U.S. Treasury notes	251,807	270,722	(18,915)
Equity funds:			
S&P 500 ETF Option	402	20,192	(19,790)
Vanguard 500 Index	<u>2,404</u>	<u>1,080</u>	<u>1,324</u>
Total	<u>\$295,593</u>	<u>\$322,929</u>	<u>\$ (27,336)</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Net Assets with Donor Restrictions

Net assets with donor restrictions as of September 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
New Venture Fund – Camperships		\$ 9,136
New Venture Fund – Recruitment	<u>\$2,000</u>	<u>1,000</u>
	<u>\$2,000</u>	<u>\$10,136</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or other events specified by the donors as follows for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Berea College – Camp Expansion	\$ (8,000)	\$ (8,000)
Miscellaneous donors - Camperships	(33,689)	(17,838)
NVF – Professional development	(3,500)	(3,500)
KY Colonels - two way radios	<u> </u>	<u>(2,467)</u>
	<u>\$(45,189)</u>	<u>\$(31,805)</u>

Note 5. Concentration of Credit and Market Risk

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. Employee Retention Credit

Camp Hendon was eligible for the Employee Retention Credit (ERC) under the CARES Act, which was a refundable tax credit against certain employment taxes up to \$5,000 per employee for eligible employers. The tax credit was equal to 50% of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extended and slightly expanded the qualified wage caps on these credits through September 30, 2021. Based on the additional provisions, the tax credit was equal to 70% of qualified wages paid to the employees during a quarter, and the limit on qualified wages per employee was increased to \$10,000 of qualified wages per quarter. Approximately \$11,000 was received during the year ended September 30, 2022 and is recorded on the statements of revenues, expenses and changes in net assets – modified cash basis as Employee Retention Credit grant revenue.

Note 7. Grant Commitments

During the year ended September 30, 2022, Camp Hendon received a three-year grant totaling \$100,696 from the New Venture Fund (NVF). This grant is to be paid in the amount of \$32,881 in 2022, \$33,562 in 2023, and \$34,253 in 2024 and is to be used for camperships, professional development, recruitment and overhead expenses. Payments of \$33,562 and \$32,881 were received during 2023 and 2022, respectively, for this grant and are included in both unrestricted and restricted contributions and grants revenues on the statements of revenues, expenses and changes in net assets – modified cash basis for the years then ended.

Note 8. Related Party Transactions

During each of the years ended September 30, 2023 and 2022, Camp Hendon received contributions of \$50,000 from a foundation which has a board member who also serves on the board of Camp Hendon.