



**Camp Summit, Inc.**

**Financial Statements**  
**December 31, 2015 and 2014**

# Camp Summit, Inc.

## Contents

---

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



## **Independent Auditors' Report**

To the Board of Directors of  
Camp Summit, Inc.

We have audited the accompanying financial statements of Camp Summit, Inc., a nonprofit organization, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year 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 U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 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 financial position of Camp Summit, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

***Prior Period Financial Statements***

The financial statements of Camp Summit, Inc. as of December 31, 2014, were audited by other auditors whose report dated May 18, 2015, expressed an unmodified opinion on those statements.

A handwritten signature in black ink that reads "Sutton Frost Cary". The signature is written in a cursive, flowing style.

A Limited Liability Partnership

June 24, 2016  
Arlington, Texas

**Camp Summit, Inc.**  
**Statements of Financial Position**  
**December 31, 2015 and 2014**

	2015	2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,154,143	\$ 4,858,014
Certificates of deposits	-	513,004
Investments	252,715	421,309
Accounts receivable	158,862	69,892
Current portion of unconditional pledges receivable	1,005,404	128,779
Prepaid expense	4,067	17,513
Deposits	3,549	3,549
<b>Total current assets</b>	5,578,740	6,012,060
Property and equipment, net	11,142,426	6,625,760
Unconditional pledges receivable, net of current portion	29,398	48,219
<b>Total assets</b>	<u>\$ 16,750,564</u>	<u>\$ 12,686,039</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 95,729	\$ 79,009
Retainage payable	483,158	-
Deferred revenue	8,330	11,010
Current portion of long term debt	286,106	-
<b>Total current liabilities</b>	873,323	90,019
Long term debt, net of current portion	3,870,140	3,993,543
<b>Total liabilities</b>	<u>4,743,463</u>	<u>4,083,562</u>
Net assets:		
Unrestricted	11,587,799	8,243,720
Temporarily restricted	407,758	357,222
Permanently restricted	11,544	1,535
<b>Total net assets</b>	<u>12,007,101</u>	<u>8,602,477</u>
<b>Total liabilities and net assets</b>	<u>\$ 16,750,564</u>	<u>\$ 12,686,039</u>

See accompanying notes to financial statements.

**Camp Summit, Inc.**  
**Statements of Activities**  
**December 31, 2015 and 2014**

	2015	2014
<b>Unrestricted net assets:</b>		
<b>Support, revenue and gains:</b>		
Contributions	\$ 3,792,251	\$ 2,865,831
Special events revenue (net of direct expenses of \$65,389 and \$62,447, respectively)	316,036	318,888
Program fees	1,187,995	1,229,314
Other income	39,689	29,893
United Way	17,267	17,682
Investment income	25,900	19,043
Gain (loss) on disposal of property and equipment	(32,022)	130,928
Net assets released from restrictions	49,464	3,919,407
<b>Total support, revenue and gains</b>	<b>5,396,580</b>	<b>8,530,986</b>
<b>Expenses:</b>		
Program services	1,573,441	1,758,833
General and administrative	203,027	201,717
Fundraising	276,033	281,515
<b>Total expenses</b>	<b>2,052,501</b>	<b>2,242,065</b>
<b>Change in unrestricted net assets</b>	<b>3,344,079</b>	<b>6,288,921</b>
<b>Temporarily restricted net assets:</b>		
Contributions	100,000	315,222
Net assets released from restrictions	(49,464)	(3,919,407)
<b>Change in temporarily restricted net assets</b>	<b>50,536</b>	<b>(3,604,185)</b>
<b>Permanently restricted net assets -</b>		
contributions	10,009	-
<b>Change in permanently restricted net assets</b>	<b>10,009</b>	<b>-</b>
<b>Change in net assets</b>	<b>3,404,624</b>	<b>2,684,736</b>
<b>Net assets, beginning of year</b>	<b>8,602,477</b>	<b>5,917,741</b>
<b>Net assets, end of year</b>	<b>\$ 12,007,101</b>	<b>\$ 8,602,477</b>

See accompanying notes to financial statements.

**Camp Summit, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2015**

	Program services	General and administrative	Fund- raising	Total
Compensation and related expenses:				
Salaries and wages	\$ 747,396	\$ 109,162	\$ 95,517	\$ 952,075
Health and retirement benefits	26,685	9,311	6,687	42,683
Payroll taxes and workers' compensation insurance	75,386	13,531	7,732	96,649
Total compensation and related expenses	849,467	132,004	109,936	1,091,407
Professional fees	18,814	1,466	999	21,279
Consulting fees - capital campaign	-	-	130,060	130,060
Supplies and maintenance	249,722	8,251	665	258,638
Telephone	11,130	5,476	1,944	18,550
Postage and shipping	1,165	1,113	1,694	3,972
Occupancy	196,860	13,759	9,169	219,788
Outside printing	2,319	3,208	273	5,800
Local transportation	60,906	9,172	2,257	72,335
Staff development	9,009	1,697	706	11,412
Publications	6,202	4,554	3,420	14,176
Marketing	4,334	3,406	2,580	10,320
Dues	4,083	1,788	-	5,871
Equipment	-	7,011	-	7,011
Insurance	66,769	9,650	-	76,419
Recruitment	23,798	-	-	23,798
Background checks	1,915	101	-	2,016
Miscellaneous	22,154	-	-	22,154
Depreciation	42,794	-	-	42,794
Interest	-	-	-	-
Credit card fees	-	371	12,330	12,701
Bad debt	2,000	-	-	2,000
	<u>\$ 1,573,441</u>	<u>\$ 203,027</u>	<u>\$ 276,033</u>	<u>\$ 2,052,501</u>

See accompanying notes to financial statements.

**Camp Summit, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2014**

---

	Program services	General and administrative	Fund- raising	Total
Compensation and related expenses:				
Salaries and wages	\$ 720,375	\$ 112,278	\$ 98,243	\$ 930,896
Health and retirement benefits	47,391	11,135	8,234	66,760
Payroll taxes and workers' compensation insurance	72,275	12,972	7,413	92,660
Total compensation and related expenses	840,041	136,385	113,890	1,090,316
Professional fees	43,908	1,802	1,228	46,938
Consulting fees - capital campaign	-	-	135,099	135,099
Supplies and maintenance	274,115	10,668	616	285,399
Telephone	10,173	4,683	2,099	16,955
Postage and shipping	1,821	1,712	2,574	6,107
Occupancy	201,779	13,170	8,776	223,725
Outside printing	945	1,306	111	2,362
Local transportation	61,610	7,387	1,677	70,674
Staff development	5,029	1,593	370	6,992
Publications	3,843	2,754	2,204	8,801
Marketing	1,663	1,307	990	3,960
Dues	4,004	1,425	-	5,429
Equipment	1,086	6,926	-	8,012
Insurance	62,255	9,091	-	71,346
Recruitment	31,793	-	-	31,793
Background checks	3,129	165	-	3,294
Miscellaneous	10,813	1,258	1,572	13,643
Depreciation	54,727	-	-	54,727
Interest	143,543	-	-	143,543
Credit card fees	-	85	10,309	10,394
Bad debt	2,556	-	-	2,556
	<u>\$ 1,758,833</u>	<u>\$ 201,717</u>	<u>\$ 281,515</u>	<u>\$ 2,242,065</u>

See accompanying notes to financial statements.



**Camp Summit, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2015 and 2014**

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 3,404,624	\$ 2,684,736
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for long-term purposes	(3,352,208)	(66,620)
Depreciation	42,794	54,727
Donated investments	-	(36,041)
Loss (gain) on disposal of property and equipment	32,022	(130,928)
Net realized and unrealized losses on investments	8,531	8,222
Accrued interest added to principal of long term debt	-	143,543
Changes in operating assets and liabilities:		
Accounts receivable	(88,970)	(11,776)
Prepaid expenses	13,446	73,211
Accounts payable	16,720	54,814
Deferred revenue	(2,680)	301
<b>Net cash provided by operating activities</b>	<b>74,279</b>	<b>2,774,189</b>
Cash flows from investing activities:		
Proceeds from sales and maturities of certificates of deposit	513,004	-
Proceeds from sales and maturities of investments	160,063	169,855
Purchases of property and equipment	(3,945,621)	(1,727,476)
Proceeds from sale of property and equipment	-	468,872
<b>Net cash used by investing activities</b>	<b>(3,272,554)</b>	<b>(1,088,749)</b>
Cash flows from investing activities - collections of contributions restricted for long term purposes	2,494,404	558,969
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(703,871)</b>	<b>2,244,409</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,858,014</b>	<b>2,613,605</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,154,143</b>	<b>\$ 4,858,014</b>
<u>Supplemental Non-Cash Investing and Financing Activities:</u>		
Purchase of property financed with long term debt	\$ -	\$ 3,850,000
Accrued interest added to principal of long term debt and capitalized as construction in progress	\$ 162,703	\$ -

See accompanying notes to financial statements.

# Camp Summit, Inc.

## Notes to Financial Statements

---

### 1. Organization

Camp Summit, Inc. (Organization) was organized and chartered in March 1993 in the state of Texas as a not-for-profit entity for the purpose of providing a therapeutic and recreational camp experience to disabled individuals ages six and over. The camp is located in Paradise, Texas and its corporate office is located in Dallas, Texas. Prior to March 2016, the camp was located in Argyle, Texas.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Accounting***

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

#### ***Financial Statement Presentation***

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

*Unrestricted net assets* - Net assets not subject to donor-imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that will never lapse thus requiring the funds to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purpose.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Temporarily restricted contributions whose restrictions are met in the same year the contributions are received are reported as unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

# **Camp Summit, Inc.**

## **Notes to Financial Statements**

---

### ***Financial Instruments and Credit and Market Risk Concentrations***

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, pledges receivable and investments in marketable securities. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. Accounts receivable are unsecured, are due from various government agencies, individuals and donors, and are generally to be used for operations of the Organization. Pledges receivable are unsecured, are due from various donors and are generally to be used for capital purposes. The Organization continually evaluates the collectability of accounts receivable and pledges receivable and maintains allowances for potential losses, if considered necessary. Marketable securities are subject to various risks, such as interest rate, credit and overall market volatility risks.

In the normal course of business, the Organization maintains balances in financial institutions in excess of federally insured amounts. Balances at financial institutions exceeded federally insured amounts by approximately \$563,000 and \$1,468,000 as of December 31, 2015 and 2014, respectively.

At December 31, 2015 accounts receivable from one individual totaled approximately 19% of total accounts receivable. There was no such concentration in accounts receivable at December 31, 2014.

At December 31, 2015 pledges due from three donors totaled approximately 97% of total pledges receivable. At December 31, 2014 pledges due from four donors totaled approximately 79% of total pledges receivable.

### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statements of cash flows.

### ***Investments***

At December 31, 2015 and 2014, the Organization's investments in marketable securities consist of bonds and long term certificates of deposit and are stated at fair value in the statements of financial position. Interest, dividends and realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

# **Camp Summit, Inc.**

## **Notes to Financial Statements**

---

### ***Property and Equipment***

Property and equipment purchased by the Organization is recorded at cost or if acquired by gift, fair market value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is calculated using the straight-line method based upon the estimated useful lives of the assets.

### ***Revenue Recognition***

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give (pledge) has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected and reduced by an allowance for uncollectable accounts.

Camp fees are generally collectable from individuals, third-party payors or other agencies. The Organization recognizes camp fee income when the various camps are held. Until such time, advance payments are recorded as deferred revenue.

Donated materials and equipment are reflected as contributions at their estimated fair values at date of receipt. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Numerous individuals donate significant amounts of time to the Organization.

### ***Federal Income Taxes***

The Organization is recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and is not a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization did not have a material unrelated business income tax liability as of December 31, 2015 and 2014. Therefore, no tax provision or liability has been reported in the accompanying financial statements. The Organization had no significant uncertain tax positions for the years ended December 31, 2015 and 2014.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2015 and 2014, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

# Camp Summit, Inc.

## Notes to Financial Statements

---

### ***Allocation of Functional Expenses***

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the various functions benefitted.

### ***Estimates and Assumptions***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

### ***Reclassification***

Certain amounts in the 2014 financial statements have been reclassified to be consistent with the 2015 presentation.

## **3. Investments**

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- Level 1     Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;
- Level 2     Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;
- Level 3     Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Organization's investments consist of bonds. The fair values of the bonds are based on market price quotes corroborated by recently executed transactions observable in the market (Level 2 inputs).

# Camp Summit, Inc.

## Notes to Financial Statements

---

The Organization's bonds at fair value at December 31 are concentrated in the following industries:

	2015	2014
Packaging	\$ 25,231	\$ 26,267
Communications	50,304	51,262
Electronics	126,378	180,055
Utilities	50,802	50,054
Food	-	50,361
Medical	-	63,310
	<u>\$ 252,715</u>	<u>\$ 421,309</u>

Approximately 90% and 94% of the investment portfolio as of December 31, 2015 and 2014, respectively, is concentrated in the following investments:

	2015	2014
AT&T Inc.	\$ 50,304	\$ 51,263
General Electric Capital Corporation	50,963	51,944
Hewlett Packard Company	-	51,339
Jeffries Group Inc.	-	63,310
National Rural Utilities Coop	50,802	50,054
Sara Lee Corporation	-	50,360
Texas Instruments Inc.	75,415	76,722
	<u>\$ 227,484</u>	<u>\$ 394,992</u>

Investment income was comprised of the following for the years ended December 31, 2015 and 2014:

	2015	2014
Interest and dividends	\$ 34,431	\$ 27,565
Realized and unrealized losses	<u>(8,531)</u>	<u>(8,522)</u>
	<u>\$ 25,900</u>	<u>\$ 19,043</u>

**Camp Summit, Inc.**  
**Notes to Financial Statements**

---

#### **4. Unconditional Pledges Receivable**

Unconditional pledges receivable consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Amounts due in:		
Less than one year	\$ 1,005,404	\$ 128,779
One to five years	<u>29,398</u>	<u>48,219</u>
	<u>\$ 1,034,802</u>	<u>\$ 176,998</u>

#### **5. Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Land	\$ 1,287,320	\$ 1,251,655
Buildings	4,585,489	4,458,450
Equipment	317,311	320,377
Vehicles	76,583	76,583
Furniture and fixtures	121,046	71,610
Software	22,463	22,463
Construction in progress	<u>5,351,875</u>	<u>1,004,085</u>
	11,762,087	7,205,223
Accumulated depreciation	<u>(619,661)</u>	<u>(579,463)</u>
	<u>\$ 11,142,426</u>	<u>\$ 6,625,760</u>

#### **6. Future Camp Development and Note Payable**

On February 28, 2014 the Organization acquired approximately 460 acres of land and property for camp development. This acquisition was partially funded through a promissory note in the amount of \$3,850,000. The note bears interest at a rate of 4%. Beginning March 1, 2016, principal (with accumulated accrued interest) is to be paid monthly in 120 equal installments. These payments are estimated to approximate \$42,000 per month. A special warranty deed on the purchased property serves as collateral on this note.

# Camp Summit, Inc.

## Notes to Financial Statements

---

The following is estimated to be the future remaining principal payments for the years ended December 31:

2016	\$ 286,106
2017	356,702
2018	371,234
2019	386,359
2020	40,210
Thereafter	<u>2,353,745</u>
Total	<u>\$ 3,794,356</u>

For the years ended December 31, 2015 and 2014, accrued interest added to the principal balance totaled \$162,704 and \$143,543, respectively.

### 7. Restricted Net Assets

Temporarily restricted net assets represent contributions for which the donors impose restrictions on the use of the funds. Net assets were temporarily restricted for the following purposes as of December 31:

	<u>2015</u>	<u>2014</u>
Capital campaign - pool	\$ 250,000	\$ 250,000
Financial aid/camperships	30,000	69,532
Medical	100,000	-
Various	<u>27,758</u>	<u>37,690</u>
Total	<u>\$ 407,758</u>	<u>\$ 357,222</u>

Permanently restricted net assets consist of reserves to be held indefinitely, the income from which is expendable to support program services.

### 8. Commitments

The Organization leases facilities and equipment under non-cancelable operating lease agreements expiring through 2018.



**Camp Summit, Inc.**  
**Notes to Financial Statements**

---

Future minimum lease payments under these lease agreements are as follows for the years ended December 31:

2016	\$	36,256
2017		25,336
2018		<u>1,020</u>
Total	\$	<u>62,612</u>

Lease expense pursuant to these leases totaled \$45,231 and \$43,508 for the years ended December 31, 2015 and 2014, respectively.

The Organization leased its campground in Argyle, Texas through December 31, 2015 at a base rate of \$60,000 per year. The rental expense for the years ended December 31, 2015 and 2014 totaled \$65,250 and \$65,250, respectively.

At December 31, 2015 the Organization was obligated under a construction contract in relation to its camp in Paradise, Texas. The remaining contract balance at December 31, 2015 totaled \$1,334,637.

## **9. Concentrations**

The Organization primarily derives its revenue from program income and contributions. Continued funding from these sources, at current levels, is dependent upon various factors. Such factors include economic conditions, new legislation, donor satisfaction and public perception of mission effectiveness and relative importance.

## **10. Subsequent Events**

The Organization evaluated subsequent events after the statement of financial position date of December 31, 2015 through June 24, 2016, which was the date the financial statements were available to be issued, and concluded that no additional disclosures are required.