The Center for Courageous Kids®

We Prescribe Fun!

PROJECT C.A.M.P., INC.
D/B/A THE CENTER
FOR COURAGEOUS KIDS

SCOTTSVILLE, KENTUCKY

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS

DECEMBER 31, 2015 AND 2014

PROJECT C.A.M.P., INC. D/B/A
THE CENTER FOR COURAGEOUS KIDS
DECEMBER 31, 2015 AND 2014

C O N T E N T S

CPAS / ADVISORS

blue

Blue & Co., LLC / 250 West Main Street, Suite 2900 / Lexington, KY 40507
main 859.253.1100 fax 859.253.1384 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Project C.A.M.P., Inc. d/b/a
The Center for Courageous Kids
Scottsville, Kentucky

We have audited the accompanying financial statements of Project C.A.M.P., Inc. d/b/a The Center for Courageous Kids (a nonprofit organization, the Center), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

To the Board of Directors
Project C.A.M.P., Inc. d/b/a
The Center for Courageous Kids
Scottsville, Kentucky

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 financial position of the Center as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blue & Co., LLC

Lexington, Kentucky
February 8, 2016

PROJECT CAMP, INC. D/B/A
THE CENTER FOR COURAGEOUS KIDS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

A S S E T S

	Unrestricted	Temporarily Restricted	Total
Cash and cash equivalents	$ 936,121	$ 1,181,504	$ 2,117,625
Pledges receivable, net		440,000	440,000
Inventory	15,616		15,616
Other assets	2,750		2,750
Prepaid expenses	32,868		32,868
Certificate of deposit	1,750,000		1,750,000
Contributions receivable - foundation, net		975,157	975,157
Property and equipment, net	15,397,152		15,397,152
Total assets	$ 18,134,507	$ 2,596,661	$ 20,731,168

L I A B I L I T I E S A N D N E T A S S E T S

	Unrestricted	Temporarily Restricted	Total
Accounts payable	$ 36,107	$	$ 36,107
Accrued expenses	27,192		27,192
Note payable	2,025		2,025
Total liabilities	65,324	0	65,324
Net assets:			
Unrestricted:			
Undesignated	17,640,687		17,640,687
Board designated	428,496		428,496
	18,069,183	0	18,069,183
Temporarily restricted:			
Courage and Commitment campaign, capital and programs		1,054,446	1,054,446
Programs		127,058	127,058
To be received in future years		1,415,157	1,415,157
	0	2,596,661	2,596,661
Total net assets	18,069,183	2,596,661	20,665,844
Total liabilities and net assets	$ 18,134,507	$ 2,596,661	$ 20,731,168

See accompanying notes
to financial statements.

PROJECT CAMP, INC. D/B/A
THE CENTER FOR COURAGEOUS KIDS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

A S S E T S

	Unrestricted	Temporarily Restricted	Total
Cash and cash equivalents	$ 11,193,259	$ 195,585	$ 11,388,844
Pledges receivable, net		304,000	304,000
Inventory	15,399		15,399
Other assets	59,868		59,868
Prepaid expenses	137,709		137,709
Certificate of deposit	2,950,000		2,950,000
Beneficial interest in Lead Trust		31,338	31,338
Contributions receivable - foundation, net		1,905,905	1,905,905
Debt issuance costs, net	81,666		81,666
Property and equipment, net	15,978,666		15,978,666
Total assets	$ 30,416,567	$ 2,436,828	$ 32,853,395

L I A B I L I T I E S   A N D   N E T   A S S E T S

	Unrestricted	Temporarily Restricted	Total
Accounts payable	$ 39,004	$	$ 39,004
Accrued interest payable	2,328		2,328
Accrued expenses	45,676		45,676
Bonds payable	10,500,000		10,500,000
Note payable	6,888		6,888
Total liabilities	10,593,896	0	10,593,896
Net assets:			
Unrestricted:			
Undesignated	19,429,521		19,429,521
Board designated	393,150		393,150
	19,822,671	0	19,822,671
Temporarily restricted:			
Courage and Commitment campaign, capital and programs		120,000	120,000
Programs		75,585	75,585
To be received in future years		2,241,243	2,241,243
	0	2,436,828	2,436,828
Total net assets	19,822,671	2,436,828	22,259,499
Total liabilities and net assets	$ 30,416,567	$ 2,436,828	$ 32,853,395

See accompanying notes to financial statements.

PROJECT CAMP, INC. D/B/A
THE CENTER FOR COURAGEOUS KIDS

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues and support:			
Contributions	$ 316,593	$ 1,768,467	$ 2,085,060
Special events	122,315	655	122,970
Investment income	13,193		13,193
Merchandise sales, net of costs of $27,779	2,445		2,445
Other income	12,774		12,774
Net assets released from restrictions:			
Satisfaction of program restrictions	573,400	(573,400)	0
Satisfaction of time restrictions	1,035,889	(1,035,889)	0
Total revenues and support	2,076,609	159,833	2,236,442
Expenses:			
Program services:			
Camp services	3,054,252		3,054,252
Supporting services:			
Management and general	325,445		325,445
Fundraising	450,400		450,400
Total expenses	3,830,097	0	3,830,097
Change in net assets	(1,753,488)	159,833	(1,593,655)
Net assets at beginning of year	19,822,671	2,436,828	22,259,499
Net assets at end of year	$ 18,069,183	$ 2,596,661	$ 20,665,844

See accompanying notes to financial statements.

PROJECT CAMP, INC. D/B/A
THE CENTER FOR COURAGEOUS KIDS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues and support:			
Contributions	$ 750,758	$ 795,152	$ 1,545,910
Special events, net of donor benefit costs of $9,362	150,711	15	150,726
Investment income	4,747		4,747
Merchandise sales, net of costs of $32,182	1,226		1,226
Other income	24,612		24,612
Net assets released from restrictions:			
Satisfaction of program restrictions	199,104	(199,104)	0
Satisfaction of time restrictions	15,556,456	(15,556,456)	0
Total revenues and support	16,687,614	(14,960,393)	1,727,221
Expenses:			
Program services:			
Camp services	3,431,641		3,431,641
Supporting services:			
Management and general	310,074		310,074
Fundraising	401,368		401,368
Total expenses	4,143,083	0	4,143,083
Other changes in net assets:			
Losses on disposals of property and equipment	(10,700)		(10,700)
Change in beneficial interest in Lead Trust		(150,000)	(150,000)
Change in beneficial interest in Founder Trust		240,000	240,000
Gain on interest rate swap	327,179		327,179
	316,479	90,000	406,479
Change in net assets	12,861,010	(14,870,393)	(2,009,383)
Net assets at beginning of year	6,961,661	17,307,221	24,268,882
Net assets at end of year	$ 19,822,671	$ 2,436,828	$ 22,259,499

See accompanying notes
to financial statements.

PROJECT CAMP, INC. D/B/A
THE CENTER FOR COURAGEOUS KIDS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Camp Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,108,205	$ 187,509	$ 234,415	$ 1,530,129
Payroll taxes and employee benefits	288,312	69,270	59,548	417,130
Total personnel costs	1,396,517	256,779	293,963	1,947,259
Depreciation	658,184	18,156	24,676	701,016
Supplies	339,508	3,828	7,901	351,237
Utilities	185,879	5,128	6,969	197,976
Repairs and maintenance	136,893	4,218	2,860	143,971
Insurance	94,746	2,614	3,552	100,912
Amortization of debt issuance costs	76,676	2,115	2,875	81,666
Outside services	22,011		58,151	80,162
Letter of credit fees	72,500	2,000	2,718	77,218
Cost of merchandise	27,779			27,779
Legal and professional fees	8,391	19,029	289	27,709
Miscellaneous	11,856	273	12,927	25,056
Travel	13,086	1,769	5,353	20,208
Marketing	12,461		3,134	15,595
Printing and publications	4,955	624	7,761	13,340
Telephone and communications	5,743	4,468	1,013	11,224
Cost of special events			9,622	9,622
Training	7,453		1,568	9,021
Postage and delivery	1,958	1,697	3,978	7,633
Dues and subscriptions	4,072	274	1,050	5,396
Bank fees	1,363	2,473	40	3,876
Total expenses	3,082,031	325,445	450,400	3,857,876
Expenses included with revenues in the statement of activities	(27,779)			(27,779)
Expenses included in the expense section of the statement of activities	$ 3,054,252	$ 325,445	$ 450,400	$ 3,830,097

PROJECT CAMP, INC. D/B/A
THE CENTER FOR COURAGEOUS KIDS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

	Camp Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,110,364	$ 163,008	$ 180,211	$ 1,453,583
Payroll taxes and employee benefits	303,614	63,254	46,509	413,377
Total personnel costs	1,413,978	226,262	226,720	1,866,960
Depreciation	647,986	17,875	24,293	690,154
Supplies	384,118	3,914	2,310	390,342
Interest expense	327,103	9,023	12,263	348,389
Utilities	212,457	5,861	7,965	226,283
Outside services	77,964		59,176	137,140
Letter of credit fees	108,684	2,998	4,075	115,757
Repairs and maintenance	105,484	6,056	3,379	114,919
Insurance	89,283	2,463	3,347	95,093
Cost of merchandise	32,182			32,182
Cost of special events			30,095	30,095
Legal and professional fees	10,012	19,001	41	29,054
Marketing	15,149		5,016	20,165
Travel	11,734	4,133	2,148	18,015
Miscellaneous	5,841		11,298	17,139
Telephone and communications	5,106	4,439	855	10,400
Training	5,255	1,720	2,522	9,497
Special events, donated items			9,362	9,362
Printing and publications	5,167	654	3,327	9,148
Postage and delivery	1,424	2,056	1,521	5,001
Dues and subscriptions	3,469	504	1,015	4,988
Bank fees	1,427	3,115	2	4,544
Total expenses	3,463,823	310,074	410,730	4,184,627
Expenses included with revenues in the statement of activities	(32,182)		(9,362)	(41,544)
Expenses included in the expense section of the statement of activities	$ 3,431,641	$ 310,074	$ 401,368	$ 4,143,083

See accompanying notes to financial statements.

PROJECT CAMP, INC. D/B/A
THE CENTER FOR COURAGEOUS KIDS

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ (1,593,655)	$ (2,009,383)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	701,016	690,154
Amortization of debt issuance costs	81,666	7,476
Losses on disposals of property and equipment		10,700
Change in beneficial interest in Lead Trust		150,000
Change in beneficial interest in Founder Trust		(240,000)
Gain on interest rate swap		(327,179)
Noncash contributions, restricted	(24,296)	
Changes in operating assets and liabilities:		
Pledges receivable, net	(136,000)	(283,100)
Inventory	(217)	195
Other assets	57,118	37,927
Prepaid expenses	104,841	(102,418)
Beneficial interest in Lead Trust	31,338	500,000
Contributions receivable - foundation, net	930,748	888,362
Beneficial interest in Founder Trust		14,020,556
Accounts payable	(2,897)	(18,556)
Accrued interest payable	(2,328)	(32,787)
Accrued expenses	(18,484)	(9,002)
Net cash flows from operating activities	128,850	13,282,945
Cash flows from investing activities:		
Noncash contributions, restricted	24,296	
Proceeds from certificates of deposit	1,950,000	
Purchases of certificates of deposit	(750,000)	(1,145,774)
Purchases of property and equipment	(119,502)	(269,051)
Net cash flows from investing activities	1,104,794	(1,414,825)
Cash flows from financing activities:		
Payments on bonds payable	(10,500,000)	(1,500,000)
Payments on note payable	(4,863)	(4,863)
Net cash flows from investing activities	(10,504,863)	(1,504,863)
Change in cash and cash equivalents	(9,271,219)	10,363,257
Cash and cash equivalents at beginning of year	11,388,844	1,025,587
Cash and cash equivalents at end of year	$ 2,117,625	$ 11,388,844
Supplemental disclosures:		
Cash paid for interest and interest rate swap	$ 2,328	$ 381,176

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Project C.A.M.P., Inc. d/b/a The Center for Courageous Kids (the Center) is presented to assist in understanding the Center's financial statements. The financial statements and notes are representations of the Center's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements.

Nature of Activities:

The Center for Courageous Kids is a non-profit organization founded by the late Elizabeth Turner Campbell (the Founder), designed to uplift children who have life-threatening illnesses by creating experiences year round that are memorable, exciting, and fun. The Center is located in Scottsville, KY and provides a free camping experience to the children. Revenues consist primarily of contributions from individuals, civic groups, and foundations.

Basis of Accounting:

The financial statements of the Center have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Basis of Presentation:

The financial statements of the Center have been prepared following the recommendations Accounting Standards Codification (ASC) 958-205 - *Nonprofit Organization Entities, Presentation of Financial Statements*. Under the provisions set forth therein, net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Use of Estimates:

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported revenues and expenses. Actual results could differ from those estimates.

Net Assets:

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net assets - Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Center, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily restricted net assets - Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Center's unspent contributions are reported in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the Center, unless the donor provides more specific directions about the period of its use.

Permanently restricted net assets - Permanently restricted net assets are resources whose use by the Center is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

Allocation of Expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Although the methods used were appropriate, alternative methods may have provided different results.

Cash and Cash Equivalents:

The Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Certificate of Deposit:

The certificate of deposit is carried at cost plus accrued interest.

Advertising Expenses:

The Center expenses advertising costs as incurred. Advertising expenses were approximately $1,000 and $2,000, respectively, for the years ended December 31, 2015 and 2014. These amounts are included in marketing expense in the accompanying statements of functional expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Pledges Receivable:

Unconditional promises to give are initially recorded at their fair value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of the amounts expected to be collected. The present value discount is calculated using a risk-adjusted rate of 5% at the time of contribution. The carrying value of pledges receivable approximates their fair value based on the relatively short-term maturity of these receivables.

Receivables are considered past due based on contractual terms. The Center provides an allowance based on historical collection experience and a review of the current status of existing receivables. The allowance represents an amount, which, in management's judgment, will be adequate to absorb future losses on existing accounts receivable that may become uncollectible.

Inventory:

Inventory consists of clothing and other items sold during camps and is stated at the lower of average cost or market value determined by the first-in, first-out method.

Split-Interest Agreements:

Assets recorded under split-interest agreements are recorded at market values, which approximate the present value of expected future cash flows.

Debt Issuance Costs:

Debt issuance costs are deferred and amortized over the term of the respective debt using the debt-outstanding method, which approximates the effective interest method.

Property and Equipment:

The Center capitalizes property and equipment above $1,000. Property and equipment is recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of donations. Depreciation is recorded using the straight-line method over estimated useful lives of five to forty years. The cost of repairs and maintenance is expensed as incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions:

Contributions are recorded when received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfaction of program or time restrictions. The Center did not have any permanently restricted net assets at December 31, 2015 and 2014.

The Center receives donated services from volunteers who assist with various activities of the camp, as well as materials and equipment. For the years ended December 31, 2015 and 2014, contributed services that required specialized skills and would otherwise be purchased were approximately $16,000 each year, respectively. These were for medical services and the corresponding amounts are included in unrestricted contributions and outside services expense in the accompanying financial statements. Noncash contributions of materials amounted to approximately $91,000 and $325,000, respectively, for the years ended December 31, 2015 and 2014. Of these amounts, approximately $2,000 and $189,000, respectively, were capitalized for the years ended December 31, 2015 and 2014.

The Center reports gifts of property, goods, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those donated long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service as instructed by the donor.

In 2015 and 2014, the Center received gifts of publicly traded stock totaling approximately $56,000 and $36,000, respectively. The gifts were immediately liquidated via a third party broker and are included in special events revenue and contributions revenue in the accompanying statements of activities. Proceeds from unrestricted gifts are included in the operating section of the statement of cash flows as part of change in net assets. Proceeds from restricted gifts are included in the financing section of the statement of cash flows.

Derivative Instruments:

Interest rate swap agreements are reported at fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events:

The Center evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through February 8, 2016, which is the date the financial statements were issued.

NOTE 2 - PLEDGES RECEIVABLE

Following is a detail of pledges receivable activity for the year ended December 31:

	2015	2014
Beginning balance	$ 304,000	$ 20,900
Pledges	282,195	438,000
Collections	(140,500)	(123,400)
Change in discount	(5,695)	(31,500)
Ending balance	$ 440,000	$ 304,000

Following is a detail of amounts due at December 31:

	2015	2014
Due in one year or less	$ 191,195	$ 125,500
Due in one to five years	286,000	210,000
Total	477,195	335,500
Discount	(37,195)	(31,500)
	$ 440,000	$ 304,000

NOTE 3 - CONTRIBUTIONS RECEIVABLE - FOUNDATION

On December 22, 2006, the board of a private foundation that was funded by the Founder approved a promise to give $1,000,000 annually to the Center, payable in monthly installments for a minimum period of ten years, beginning in January 2007. The only conditions placed on the promise to give are that the Center maintains its tax-exempt status and remains a facility organized for essentially the same purpose as its current purpose. Because the likelihood of the Center not meeting these donor imposed conditions is remote, the entire promise to give was recognized as contribution revenue at December 31, 2006. The amounts have been discounted using the risk-free rate of return at the time of the gift of 4.67%.

Contributions receivable - foundation consist of the following at December 31:

		2015		2014
Remaining contributions receivable	$	1,000,000	$	2,000,000
Less: unamortized discount		24,843		94,095
Net contributions receivable	$	975,157	$	1,905,905
Due in one year or less	$	1,000,000	$	1,000,000
Due in one to five years				1,000,000
	$	1,000,000	$	2,000,000

NOTE 4 - BENEFICIAL INTEREST IN CHARITABLE LEAD TRUST

During 2005, the Founder established an irrevocable trust naming the Center as the lead beneficiary of the charitable lead annuity trust (the Lead Trust). Under terms of the Lead Trust, the Center is to receive approximately $1,042,000 annually for its unrestricted use for a period of ten years from the effective date of the Lead Trust, December 2, 2005. Upon termination of the Lead Trust, the Center's right to the guaranteed annuity interest payments will terminate and any remaining principal and accumulated income will be distributed to others. An initial contribution of approximately $8,200,000 was recorded in 2005 based on a ten-year term and a discounted interest rate of 4.48%. The Center received approximately $30,000 and $500,000, respectively, from the Lead Trust in 2015 and 2014, which was recorded as a reduction in the receivable and a corresponding reclassification from temporarily restricted to unrestricted net assets. The remaining assets of the Lead Trust at December 31, 2014 were less than the amount due for 2015. Therefore the entire amount of the beneficial interest in the Lead Trust was considered receivable in 2015. No remaining amounts were receivable as of December 31, 2015.

See Note 10 for the Board's designated use of the contributions from the Lead Trust. See Note 12 for discussion of fair value related to the Lead Trust.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2015	2014
Land	$ 521,000	$ 521,000
Buildings	15,069,341	15,039,746
Land improvements	2,261,076	2,252,876
Equipment and furniture	2,613,751	2,555,781
Vehicles	116,178	116,178
Livestock	17,000	17,000
Construction in progress	23,737	
Total property and equipment	20,622,083	20,502,581
Less: accumulated depreciation	5,224,931	4,523,915
Property and equipment, net	$ 15,397,152	$ 15,978,666

NOTE 6 - DEBT

Debt includes the following bonds at December 31, 2014:

> Allen County, Kentucky (the "County") issued and sold $18,000,000 in aggregate principal amount of its Variable Rate Demand Revenue Bonds (The Center for Courageous Kids Project), Series 2005, dated December 1, 2005. The bonds were issued under an Indenture of Trust, dated December 1, 2005 between the County and Trustee. The County loaned the net proceeds of the sale of the bonds to the Center, pursuant to a Loan Agreement (the Agreement), dated December 1, 2005, between the County and the Center, in order to enable the Center to finance the acquisition, construction and equipping of a medical camp facility for children with life-threatening illnesses, located in Scottsville, Kentucky. All of the County's rights under the Agreement were assigned to the Trustee as security for the payment of the bonds and interest. The interest rate is determined by a remarketing agent. At December 31, 2014 the interest rate was 0.24%.

Concurrently with, and as a condition to, the issuance of the bonds, the Center delivered an irrevocable direct-pay Letter of Credit from a national credit provider to the Trustee. The Letter of Credit was issued pursuant to a Letter of Credit Agreement, dated December 1, 2005. The Center agrees to reimburse the credit provider for any drawings made under the Letter of Credit and to make certain other payment. The stated amount of the letter of credit was $10,690,000 at December 31, 2014.

NOTE 6 - DEBT (CONTINUED)

Further, the credit provider required, as condition to its execution of the Letter of Credit Agreement, that the Founder (the Guarantor), enter into a Guaranty, dated December 1, 2005. Pursuant to the Guaranty, the Guarantor unconditionally and irrevocably guarantees the timely payment and performance of the indebtedness as and when due. The Letter of Credit was renewed through October 1, 2015. The renewal included a requirement that the Center maintain a minimum balance of $750,000 in a non-interest bearing account. The credit provider maintains a security interest in the account. In December 2014, the balance of this account was transferred to the Center's operating account for the purposes of paying off the bonds. See additional discussion below.

The bonds were secured by substantially all assets of the Center at December 31, 2014. The bonds were paid in full in January 2015. At that time the Letter of Credit was cancelled and all security interests in the assets of the Center were released.

In 2012, the Center purchased an item of equipment through a financing arrangement for approximately $20,000. The term of the note is 48 months with monthly payments of approximately $400. Annual maturities are approximately $5,000 and $2,000, respectively, for the years ended December 31, 2015 and 2016.

NOTE 7 - RETIREMENT PLAN

The Center has a 401(k) retirement plan covering substantially all full-time employees. Eligible employees must have attained age 21 and completed at least 1,000 hours of service. Employees may elect to contribute each year, up to the amount allowable by law. The Center will make an employer matching contribution dollar-for-dollar up to six percent of each eligible employee's salary. Employer expenses for the years ended December 31, 2015 and 2014 were approximately $77,000 and $61,000, respectively. These amounts are included in employee benefits expense in the accompanying statements of functional expenses.

NOTE 8 - CONCENTRATIONS

The majority of the Center's support is derived from its Founder through a foundation, the Lead Trust, and, in prior years, the Founder Trust. As the Center continues its operations, it is expected that alternative sources of support will be obtained in future years.

Financial instruments which potentially subject the Center to concentrations of credit risk include cash, certificates of deposit and contributions receivable. The Center maintains its cash accounts and certificates of deposit with federally insured banks primarily in Nashville, Tennessee and Scottsville, Kentucky. At December 31, 2015 and 2014, the bank balances in these accounts that exceeded the limit of the Federal Deposit Insurance Corporation (FDIC) were approximately $3,634,000 and $13,870,000, respectively.

NOTE 9 - BOARD DESIGNATED NET ASSETS

In November 2005, the board approved the establishment of a committee whose purpose would be to administer any receipts from a charitable lead trust. The board requires that all funds received from any charitable lead trust established or funded by a director or Founder shall be segregated from the Center's funds and held in a separate fund, which shall be administered and distributed solely by this committee. In January 2008, the committee approved the use of charitable lead trust funds to be withdrawn as needed for operating cash flow needs. As of December 31, 2015 and 2014, all amounts had been withdrawn for operating cash flow needs.

In 2008, the board approved the establishment of a reserve for major maintenance expenses. The purpose is to have a reserve on hand in case of any major maintenance expenses that would be incurred in the future. These funds shall be held separate from other unrestricted funds. As of December 31, 2015 and 2014, the board designated maintenance reserve totaled approximately $348,000 and $330,000, respectively.

As discussed in Note 15, in 2012 the Board implemented an endowment fund. At December 31, 2015 and 2014, the balance was approximately $81,000 and $64,000, respectively.

NOTE 10 - INTEREST RATE SWAP AGREEMENT

As discussed in Note 6, the bond payable bears interest at a variable rate determined by a remarketing agent. To minimize the effect of changes in the rate, the Center entered into an interest rate swap agreement (the swap) on September 19, 2007. The swap was effective October 1, 2007 and terminated on October 1, 2014. Under the terms of the agreement the Center pays interest at a fixed 3.415% and receives interest at 67% of the London Interbank Offered Rate (LIBOR). During the year ended December 31, 2014, the Center recognized a gain of approximately $327,000 on the swap agreement.

The swap is not designated as a hedging instrument. It is marked-to-market on the statement of financial position at fair value at the end of each year. The related gains and losses are included in the change in net assets in the statement of activities. The notional amount of the swap at December 31, 2013 was $12,000,000. As noted above, the swap terminated in 2014.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

In December 2011, the Board of Directors gave approval for the Center to renew a five-year Employment Contract with one of its employees. Under the contract, the Center is to pay the employee a minimum annual salary plus benefits through the term of the contract. In the event of termination of the contract, the employee may be entitled to due process, unpaid vacation time, and severance pay of up to one year's annual salary. The contract period is January 2012 through August 2018.

The Center has not performed a computation for arbitrage interest on its tax-exempt bonds. Management believes the Center spent the bond proceeds within the required timeframe and that such a computation is not necessary.

NOTE 12 - INCOME TAX STATUS

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). However, income from certain activities not directly related to the Center's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Center has been determined by the Internal Revenue Service not to be a private foundation within the context of Section 509(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Center and recognize a tax liability if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Center, and has concluded that as of December 31, 2015 and 2014 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

The Center has filed its federal income tax returns for periods through December 31, 2014. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions). The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 13 - 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 the Center has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. 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.

NOTE 13 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Beneficial interest in Lead Trust: Carried at fair value based on the estimated present value of the future distributions to be received.

Beneficial interest in Founder Trust: Carried at fair value based on the estimated present value of the future distributions to be received.

The Center accounts for transfers between the levels within the fair value hierarchy at the end of the reporting period. There were no changes in the valuation methods used during 2015 or 2014, and there were no transfers between classes reported.

There were no assets subject to fair value at December 31, 2015. There were no liabilities subject to fair value at December 31, 2015 and 2014. The following table sets forth by level, within the hierarchy, the Center's assets and liabilities measured at fair value on a recurring basis as of December 31, 2014 are as follows (amounts rounded to nearest thousand):

	Level 1	Level 2	Level 3
Beneficial interest in Lead Trust	$ 0	$ 0	$ 31,338

The following table summarizes the changes in the fair value of the Center's Level 3 financial assets for the year ending December 31, 2015:

	Lead Trust
Beginning balance	$ 31,338
Distributions	(31,338)
Ending balance	$ 0

NOTE 14 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes the changes in the fair value of the Center's Level 3 financial assets for the year ending December 31, 2014:

	Lead Trust	Founder Trust	Total
Beginning balance	$ 681,338	$ 13,780,556	14,461,894
Distributions	(500,000)	(14,020,556)	(14,520,556)
Change in beneficial interest	(150,000)	240,000	90,000
Ending balance	$ 31,338	$ 0	$ 31,338

NOTE 15 - ENDOWMENT

In 2012, the Center implemented an endowment fund for purposes of long-term financial security. The Center has adopted the enhanced disclosure provisions of Accounting Standards Codification (ASC) 958-205, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. The adoption of ASC 958-205 did not have a material impact on the Center's financial statements. ASC 958-205 provides for improved disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Commonwealth of Kentucky adopted UPMIFA in March 2010.

The Center's endowment fund includes amounts designated by the Board of Directors. As of December 31, 2015 and 2014, no amounts have been received that are restricted by donors for endowment purposes. The Center does not have an investment policy or spending policy. All investment income is considered unrestricted. Through December 31, 2015, no amounts from the endowment fund have been spent.

Following is a detail of activity for endowment funds for the years ended December 31. As indicated above, all amounts are unrestricted and board-designated.

	2015	2014
Beginning balance	$ 63,845	$ 48,076
Contributions designated by the board	16,691	15,769
Ending balance	$ 80,536	$ 63,845