



**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, 2018 AND 2017**

**PROJECT C.A.M.P., INC. D/B/A  
THE CENTER FOR COURAGEOUS KIDS**  
DECEMBER 31, 2018 AND 2017

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## 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, 2018 and 2017, 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, 2018 and 2017, 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.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, effective January 1, 2018, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*Blue & Co., LLC*

Lexington, Kentucky  
February 19, 2019

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

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 1,637,962	\$ 1,457,611	\$ 3,095,573
Pledges receivable, net		89,000	89,000
Inventory	50,958		50,958
Other assets	8,909	1,501	10,410
Prepaid expenses	33,026		33,026
Certificate of deposit		1,000,000	1,000,000
Property and equipment, net	<u>14,113,781</u>		<u>14,113,781</u>
Total assets	<u>\$ 15,844,636</u>	<u>\$ 2,548,112</u>	<u>\$ 18,392,748</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
Accounts payable	\$ 35,614	\$	\$ 35,614
Accrued expenses	<u>9,139</u>		<u>9,139</u>
Total liabilities	<u>44,753</u>	<u>0</u>	<u>44,753</u>
Net assets:			
Without donor restrictions:			
Undesignated	<u>15,799,883</u>		<u>15,799,883</u>
With donor restrictions:			
Courage and Commitment campaign, capital and programs		2,035,004	2,035,004
Programs:			
Music Therapy Program		136,219	136,219
Miniature Golf		103,333	103,333
2019 summer camps		93,050	93,050
Tree House		50,000	50,000
Other programs		41,506	41,506
To be received in future years		<u>89,000</u>	<u>89,000</u>
	<u>0</u>	<u>2,548,112</u>	<u>2,548,112</u>
Total net assets	<u>15,799,883</u>	<u>2,548,112</u>	<u>18,347,995</u>
Total liabilities and net assets	<u>\$ 15,844,636</u>	<u>\$ 2,548,112</u>	<u>\$ 18,392,748</u>

See accompanying notes  
to financial statements.

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

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 1,771,563	\$ 1,482,820	\$ 3,254,383
Pledges receivable, net		236,000	236,000
Inventory	20,021		20,021
Other assets	10,539		10,539
Prepaid expenses	72,029		72,029
Certificate of deposit		1,000,000	1,000,000
Property and equipment, net	<u>14,432,235</u>		<u>14,432,235</u>
Total assets	<u>\$ 16,306,387</u>	<u>\$ 2,718,820</u>	<u>\$ 19,025,207</u>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 65,205	\$	\$ 65,205
Accrued expenses	<u>10,496</u>		<u>10,496</u>
Total liabilities	<u>75,701</u>	<u>0</u>	<u>75,701</u>

Net assets:

Without donor restrictions:

Undesignated	15,836,297		15,836,297
Board designated	<u>394,389</u>		<u>394,389</u>
	<u>16,230,686</u>	<u>0</u>	<u>16,230,686</u>

With donor restrictions:

Courage and Commitment campaign, capital and programs		2,231,298	2,231,298
Programs			
Miniature Golf		61,000	61,000
Music Therapy Program		54,631	54,631
Summer Medical Staff		40,000	40,000
Other programs		95,891	95,891
To be received in future years		<u>236,000</u>	<u>236,000</u>
	<u>0</u>	<u>2,718,820</u>	<u>2,718,820</u>

Total net assets	<u>16,230,686</u>	<u>2,718,820</u>	<u>18,949,506</u>
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Total liabilities and net assets	<u>\$ 16,306,387</u>	<u>\$ 2,718,820</u>	<u>\$ 19,025,207</u>
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See accompanying notes  
to financial statements.

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

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018

	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
Contributions	\$ 2,388,330	\$ 859,975	\$ 3,248,305
Special events, net of donor benefits	38,946	116,550	155,496
Investment income	42,472		42,472
Merchandise sales, net of costs of \$35,137	(5,451)		(5,451)
Other income	3,658		3,658
Net assets released from restrictions:			
Satisfaction of program restrictions	930,733	(930,733)	0
Satisfaction of time restrictions	216,500	(216,500)	0
Total revenues and support	3,615,188	(170,708)	3,444,480
Expenses:			
Program services:			
Camp services	3,299,095		3,299,095
Supporting services:			
Management and general	314,176		314,176
Fundraising	431,310		431,310
Total expenses	4,044,581	0	4,044,581
Other changes in net assets:			
Loss on disposal of property and equipment	(1,410)		(1,410)
Change in net assets	(430,803)	(170,708)	(601,511)
Net assets at beginning of year	16,230,686	2,718,820	18,949,506
Net assets at end of year	\$ 15,799,883	\$ 2,548,112	\$ 18,347,995

See accompanying notes  
to financial statements.

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

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017

	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
Contributions	\$ 2,359,539	\$ 1,024,693	\$ 3,384,232
Special events, net of donor benefits	84,501	102,841	187,342
Investment income	28,555		28,555
Merchandise sales, net of costs of \$29,599	1,249		1,249
Other income	115		115
Net assets released from restrictions:			
Satisfaction of program restrictions	496,762	(496,762)	0
Satisfaction of time restrictions	186,750	(186,750)	0
Total revenues and support	3,157,471	444,022	3,601,493
Expenses:			
Program services:			
Camp services	3,049,533		3,049,533
Supporting services:			
Management and general	299,711		299,711
Fundraising	402,771		402,771
Total expenses	3,752,015	0	3,752,015
Other changes in net assets:			
Losses on disposals of property and equipment	(2,965)		(2,965)
Change in net assets	(597,509)	444,022	(153,487)
Net assets at beginning of year	16,828,195	2,274,798	19,102,993
Net assets at end of year	\$ 16,230,686	\$ 2,718,820	\$ 18,949,506

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, 2018

	Program services - camps	Supporting services		Total
		Management and general	Fundraising	
Salaries and wages	\$ 1,256,333	\$ 194,172	\$ 255,001	\$ 1,705,506
Payroll taxes and employee benefits	321,427	59,496	56,522	437,445
Total personnel costs	<u>1,577,760</u>	<u>253,668</u>	<u>311,523</u>	<u>2,142,951</u>
Depreciation	672,124	11,443	14,164	697,731
Supplies	443,646	3,535	1,933	449,114
Utilities	207,971	3,541	4,383	215,895
Repairs and maintenance	135,490	10,745	14,202	160,437
Insurance	115,745	1,613	1,996	119,354
Special events, direct benefit cost			61,007	61,007
Outside services	53,159		6,533	59,692
Cost of merchandise	35,137			35,137
Legal and professional fees	7,085	23,667	105	30,857
Provision for uncollectable pledges			30,000	30,000
Cost of special events			24,976	24,976
Marketing	14,805		3,053	17,858
Printing and publications	19,416	1,222	4,758	25,396
Travel	15,391		1,316	16,707
Dues and subscriptions	5,376	425	6,867	12,668
Miscellaneous	12,751	119	2,062	14,932
Telephone and communications	9,676	480	465	10,621
Training	5,843	213	1,279	7,335
Postage and delivery	1,363	1,605	1,685	4,653
Bank fees	1,494	1,900	10	3,404
Total expenses	<u>3,334,232</u>	<u>314,176</u>	<u>492,317</u>	<u>4,140,725</u>
Expenses included with revenues in the statement of activities	<u>(35,137)</u>		<u>(61,007)</u>	<u>(96,144)</u>
Expenses included in the expense section of the statement of activities	<u>\$ 3,299,095</u>	<u>\$ 314,176</u>	<u>\$ 431,310</u>	<u>\$ 4,044,581</u>

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, 2017

	Program services - camps	Supporting services		Total
		Management and general	Fundraising	
Salaries and wages	\$ 1,090,174	\$ 180,372	\$ 259,657	\$ 1,530,203
Payroll taxes and employee benefits	283,549	65,411	59,836	408,796
Total personnel costs	<u>1,373,723</u>	<u>245,783</u>	<u>319,493</u>	<u>1,938,999</u>
Depreciation	689,999	12,378	17,272	719,649
Supplies	391,690	3,630	3,730	399,050
Utilities	196,169	3,645	5,087	204,901
Repairs and maintenance	173,997	4,226	6,354	184,577
Insurance	102,784	1,494	2,085	106,363
Outside services	38,089		5,300	43,389
Cost of merchandise	29,599			29,599
Legal and professional fees	9,348	19,451	135	28,934
Miscellaneous	10,750	87	3,686	14,523
Travel	16,685	1,384	4,200	22,269
Marketing	12,881		6,010	18,891
Printing and publications	12,717	428	5,700	18,845
Telephone and communications	7,517	675	1,498	9,690
Cost of special events			11,878	11,878
Training	4,753	1,798	1,673	8,224
Special events, direct benefit cost			19,825	19,825
Postage and delivery	1,173	1,425	1,560	4,158
Dues and subscriptions	5,691	536	7,084	13,311
Bank fees	1,567	2,771	26	4,364
Total expenses	<u>3,079,132</u>	<u>299,711</u>	<u>422,596</u>	<u>3,801,439</u>
Expenses included with revenues in the statement of activities	<u>(29,599)</u>		<u>(19,825)</u>	<u>(49,424)</u>
Expenses included in the expense section of the statement of activities	<u>\$ 3,049,533</u>	<u>\$ 299,711</u>	<u>\$ 402,771</u>	<u>\$ 3,752,015</u>

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (601,511)	\$ (153,487)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	697,731	719,649
Losses on disposals of property and equipment	1,410	2,965
Noncash contributions, restricted	(28,482)	(5,131)
Changes in operating assets and liabilities:		
Pledges receivable, net	147,000	98,750
Inventory	(30,937)	(5,053)
Other assets	129	(5,000)
Prepaid expenses	39,003	(27,926)
Contributions receivable - foundation, net		
Accounts payable	(29,591)	22,458
Accrued expenses	(1,357)	(9,068)
Net cash flows from operating activities	<u>193,395</u>	<u>638,157</u>
Cash flows from investing activities:		
Proceeds from certificates of deposit		1,500,708
Purchases of certificates of deposit		(1,000,000)
Proceeds from sales of property and equipment	2,475	
Purchases of property and equipment	(383,162)	(220,499)
Net cash flows from investing activities	<u>(380,687)</u>	<u>280,209</u>
Cash flows from financing activities:		
Noncash contributions, restricted	<u>28,482</u>	<u>5,131</u>
Change in cash and cash equivalents	(158,810)	923,497
Cash and cash equivalents at beginning of year	<u>3,254,383</u>	<u>2,330,886</u>
Cash and cash equivalents at end of year	<u>\$ 3,095,573</u>	<u>\$ 3,254,383</u>
Supplemental disclosures:		
Property and equipment acquired via noncash exchange	<u>\$</u>	<u>\$ 17,516</u>

See accompanying notes  
to financial statements.

**PROJECT C.A.M.P., INC. D/B/A**  
**THE CENTER FOR COURAGEOUS KIDS**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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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). The Center's mission is instilling inspiration and empowerment, while enhancing the lives of children with serious illnesses. 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 accompanying financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.

Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

**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.

**PROJECT C.A.M.P., INC. D/B/A**  
**THE CENTER FOR COURAGEOUS KIDS**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Direct costs are allocated by department. Certain expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, utilities and insurance, which are allocated on a square footage basis, as well as salaries and wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort. 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 \$4,000 and \$2,000, respectively, for the years ended December 31, 2018 and 2017. These amounts are included in marketing expense in the accompanying statements of functional expenses.

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 (amount is \$0 for 2018 due to immateriality). 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.

**PROJECT C.A.M.P., INC. D/B/A**  
**THE CENTER FOR COURAGEOUS KIDS**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Contributions:

Contributions are recorded when received as unrestricted or with donor-restricted. When a donor restriction is met, net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfaction of program or time restrictions.

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, 2018 and 2017, contributed services that required specialized skills and would otherwise be purchased were \$8,000 and \$11,000, 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 \$233,000 and \$152,000, respectively, for the years ended December 31, 2018 and 2017. Of these amounts, no amounts were capitalized for the years ended December 31, 2018 and 2017.

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 2018 and 2017, the Center received gifts of publicly traded stock totaling approximately \$28,000 and \$7,000, 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.

**PROJECT C.A.M.P., INC. D/B/A  
THE CENTER FOR COURAGEOUS KIDS**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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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 19, 2019, which is the date the financial statements were issued.

Going Concern Evaluation:

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period one year from the date the financial statements are available to be issued.

NOTE 2 - PLEDGES RECEIVABLE

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

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 236,000	\$ 334,750
Pledges	58,000	76,000
Collections	(184,500)	(186,750)
Writeoff	(30,000)	0
Change in discount	9,500	12,000
Ending balance	<u>\$ 89,000</u>	<u>\$ 236,000</u>

Following is a detail of amounts due at December 31:

	<u>2018</u>	<u>2017</u>
Due in one year or less	\$ 88,000	\$ 220,500
Due in one to five years	<u>1,000</u>	<u>25,000</u>
Total	89,000	245,500
Discount	<u>0</u>	<u>(9,500)</u>
	<u>\$ 89,000</u>	<u>\$ 236,000</u>

**PROJECT C.A.M.P., INC. D/B/A  
THE CENTER FOR COURAGEOUS KIDS**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 521,000	\$ 521,000
Buildings	15,200,460	15,157,544
Land improvements	2,284,778	2,284,778
Equipment and furniture	3,282,718	2,936,475
Vehicles	108,765	104,819
Livestock	16,500	16,500
Construction in progress	6,726	21,169
Total property and equipment	<u>21,420,947</u>	<u>21,042,285</u>
Less accumulated depreciation	<u>7,307,166</u>	<u>6,610,050</u>
Property and equipment, net	<u>\$ 14,113,781</u>	<u>\$ 14,432,235</u>

**NOTE 4 - 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, 2018 and 2017 were approximately \$74,000 and \$71,000, respectively. These amounts are included in employee benefits expense in the accompanying statements of functional expenses.

**NOTE 5 - CONCENTRATIONS**

The majority of the Center's support is derived from its Founder through a foundation. 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 in south central Kentucky. At December 31, 2018 and 2017, the bank balances in these accounts that exceeded the limit of the Federal Deposit Insurance Corporation (FDIC) were approximately \$3,862,000 and \$3,995,000, respectively.



**PROJECT C.A.M.P., INC. D/B/A  
THE CENTER FOR COURAGEOUS KIDS**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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**NOTE 6 - BOARD DESIGNATED NET ASSETS**

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. In February 2019, the board approved a motion to dissolve the major maintenance reserve retroactive to December 31, 2018. As of December 31, 2018 and 2017, the board designated maintenance reserve totaled \$0 and approximately \$394,000, respectively.

Following is a detail of board designated net assets activity for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 394,387	\$ 397,952
Accrual of major maintenance reserve	49,992	49,992
Transfer to unrestricted for maintenance	(105,373)	(53,557)
Dissolution of reserve	<u>(339,006)</u>	<u>          </u>
	<u>\$ 0</u>	<u>\$ 394,387</u>

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

In November 2016, the Center entered into a three-year agreement with one of its employees. The agreement stipulates that if the Center terminates the agreement for reasons other than cause, the employee will be entitled to 50% of aggregate annual salary, in addition to accrued salary and unpaid vacation time.

**NOTE 8 - 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, 2018 and 2017 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, 2017. 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.

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**NOTE 9 - AVAILABILITY OF FINANCIAL ASSETS**

The Center is substantially supported by contributions and depends on unrestricted contributions to meet its ongoing obligations. As part of the Center's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Center invests cash in excess of daily requirements in short-term investments.

The following reflects the Center's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for general expenditure in the following year.

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents, unrestricted	\$ 1,637,962	\$ 1,771,563
Major maintenance reserve		(394,389)
Pledges receivable, within one year	88,000	220,500
Inventory	50,958	20,021
Other assets	10,410	10,539
Prepaid expenses	<u>33,026</u>	<u>72,029</u>
Financial assets available to meet cash needs for general expenditure within one year	\$ <u>1,820,356</u>	\$ <u>1,700,263</u>

**NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLE**

Effective January 1, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU simplifies and improves how a not-for-profit organization classifies its net assets, as well as information it presents in the financial statements and notes about its liquidity, financial performance and cash flows. The Organization has adjusted the presentation of its 2018 financial statements herein and retrospectively restated the prior year financial statements. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 9), and disclosures related to the functional allocation of expenses were included in the accompanying statement of functional expenses.

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NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

The impact of the adoption of ASU No. 2016-14 on the Organization's net assets are as follows:

Statement of Financial Position

	As previously stated, December 31, <u>2017</u>	<u>Adjustment</u>	As restated, December 31, <u>2017</u>
Unrestricted net assets	\$ 16,230,686	\$ (16,230,686)	\$ 0
Temporarily restricted net assets	2,718,820	(2,718,820)	0
Without donor restrictions		16,230,686	16,230,686
With donor restrictions		2,718,820	2,718,820
Total net assets	<u>\$ 18,949,506</u>	<u>\$ 0</u>	<u>\$ 18,949,506</u>

Statement of Activities

	As previously stated, December 31, <u>2017</u>	<u>Adjustment</u>	As restated, December 31, <u>2017</u>
Change in unrestricted net assets	\$ (597,509)	\$ 597,509	\$ 0
Change in temporarily restricted net assets	444,022	(444,022)	0
Change in net assets without donor restrictions		(597,509)	(597,509)
Change in net assets with donor restrictions		444,022	444,022
Total changes in net assets	<u>\$ (153,487)</u>	<u>\$ 0</u>	<u>\$ (153,487)</u>

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NOTE 11 - UPCOMING PRONOUNCEMENTS

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of this new guidance is that “an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services”. On August 12, 2015, the FASB further amended this guidance and issued ASU 2015-14, *Revenue from Contracts with Customers* (Topic 606), which deferred the effective date for all entities by one year. These new standards, which the Center is not required to adopt until its year ending December 31, 2019, deal with the timing of reporting revenues from contracts with customers, and disclosures related thereto.

On January 5, 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall* (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*. This new standard, which the Center is not required to adopt until its year ending December 31, 2019, is intended to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The primary impact on the Center will be that changes in the fair value of equity investments will be recognized in net income, rather than in other comprehensive income as currently required.

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This new standard, which the Center is not required to adopt until its year ending December 31, 2020, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their balance sheet the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity’s balance sheet.

On November 17, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-18 Statement of Cash (Topic 230) - *Restricted Cash*. This new standard intends to eliminate diversity in practice by requiring the statement of cash flows to present the change in the total cash and cash equivalents, which will include restricted cash and cash equivalents. The Company will be required to adopt this new standard in the year ending December 31, 2019.

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On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Finally, ASU 2018-08 amends the "simultaneous release accounting policy" to allow an NFP entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. The Organization will be required to adopt this new standard in the year ending December 31, 2019.

The Center is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.