

Camp Sunshine, Inc. and Subsidiary

***Report on Consolidated Financial Statements –
Modified Cash Basis***

For the years ended December 31, 2016 and 2015

Camp Sunshine, Inc. and Subsidiary

Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Consolidated Financial Statements	
Consolidated Statements of Assets and Net Assets – Modified Cash Basis	3
Consolidated Statements of Revenues, Expenses and Net Assets – Modified Cash Basis	4-5
Consolidated Statements of Functional Expenses – Modified Cash Basis.....	6-7
Notes to Consolidated Financial Statements – Modified Cash Basis.....	8-17



Independent Auditor's Report

To the Board of Directors
Camp Sunshine, Inc.
Decatur, Georgia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Camp Sunshine, Inc. and its subsidiary (collectively, the "Organization"), which comprise the consolidated statements of assets and net assets – modified cash basis as of December 31, 2016 and 2015, and the related consolidated statements of revenues, expenses and net assets – modified cash basis and functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets and net assets of Camp Sunshine, Inc. and its subsidiary as of December 31, 2016 and 2015, and their revenues, expenses and changes in their net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Elliott Davis Decosimo, LLC

Chattanooga, Tennessee
July 21, 2017

Camp Sunshine, Inc. and Subsidiary

Consolidated Statements of Assets and Net Assets – Modified Cash Basis

As of December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 1,598,941	\$ 1,696,895
Investment securities	5,141,833	4,349,255
Property and equipment, net	2,741,900	2,823,747
Interest in net assets of Camp Sunshine Supporting Fund, Inc.	1,479,679	1,409,654
Total assets	<u>\$ 10,962,353</u>	<u>\$ 10,279,551</u>
Net assets		
Unrestricted	\$ 7,587,539	\$ 7,034,498
Temporarily restricted	2,374,814	2,245,053
Permanently restricted	1,000,000	1,000,000
Total net assets	<u>\$ 10,962,353</u>	<u>\$ 10,279,551</u>

See Notes to Consolidated Financial Statements

Camp Sunshine, Inc. and Subsidiary*Consolidated Statement of Revenues, Expenses and Net Assets – Modified Cash Basis**For the year ended December 31, 2016*

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues				
Contributions	\$ 1,691,004	\$ 500	\$ -	\$ 1,691,504
Fundraising revenue - less direct expenses of \$76,421	513,594	-	-	513,594
Rental income	2,150	-	-	2,150
Camp tuition	6,875	-	-	6,875
Interest income	580	45	-	625
Dividend income	81,218	21,118	-	102,336
Net gain on investments	168,016	38,073	-	206,089
Change in interest in net assets of Camp Sunshine Supporting Fund, Inc.	-	91,513	-	91,513
	<u>2,463,437</u>	<u>151,249</u>	<u>-</u>	<u>2,614,686</u>
Net assets released from restrictions	-	-	-	-
Total revenues	<u>2,463,437</u>	<u>151,249</u>	<u>-</u>	<u>2,614,686</u>
Expenses				
Program services	<u>1,536,806</u>	<u>-</u>	<u>-</u>	<u>1,536,806</u>
Supporting services:				
Management and general	203,211	-	-	203,211
Fundraising	191,867	-	-	191,867
Total supporting services	<u>395,078</u>	<u>-</u>	<u>-</u>	<u>395,078</u>
Total expenses	<u>1,931,884</u>	<u>-</u>	<u>-</u>	<u>1,931,884</u>
Change in net assets	531,553	151,249	-	682,802
Transfer from Camp Sunshine Supporting Fund, Inc.	21,488	(21,488)	-	-
Net assets, beginning of year	<u>7,034,498</u>	<u>2,245,053</u>	<u>1,000,000</u>	<u>10,279,551</u>
Net assets, end of year	<u>\$ 7,587,539</u>	<u>\$ 2,374,814</u>	<u>\$ 1,000,000</u>	<u>\$ 10,962,353</u>

See Notes to Consolidated Financial Statements

Camp Sunshine, Inc. and Subsidiary*Consolidated Statement of Revenues, Expenses and Net Assets – Modified Cash Basis**For the year ended December 31, 2015*

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues				
Contributions	\$ 1,475,720	\$ 1,650	\$ -	\$ 1,477,370
Fundraising revenue - less direct expenses of \$78,835	555,206	-	-	555,206
Rental income	15,252	-	-	15,252
Camp tuition	6,746	-	-	6,746
Miscellaneous income	3,775	-	-	3,775
Interest income	162	-	-	162
Dividend income	-	128,468	-	128,468
Net loss on investments	-	(175,086)	-	(175,086)
Change in interest in net assets of Camp Sunshine Supporting Fund, Inc.	-	(26,385)	-	(26,385)
	<u>2,056,861</u>	<u>(71,353)</u>	<u>-</u>	<u>1,985,508</u>
Net assets released from restrictions	-	-	-	-
Total revenues	<u>2,056,861</u>	<u>(71,353)</u>	<u>-</u>	<u>1,985,508</u>
Expenses				
Program services	<u>1,519,373</u>	<u>-</u>	<u>-</u>	<u>1,519,373</u>
Supporting services:				
Management and general	180,744	-	-	180,744
Fundraising	192,491	-	-	192,491
Total supporting services	<u>373,235</u>	<u>-</u>	<u>-</u>	<u>373,235</u>
Total expenses	<u>1,892,608</u>	<u>-</u>	<u>-</u>	<u>1,892,608</u>
Change in net assets	164,253	(71,353)	-	92,900
Transfer from Camp Sunshine Supporting Fund, Inc.	23,625	(23,625)	-	-
Net assets, beginning of year	<u>6,846,620</u>	<u>2,340,031</u>	<u>1,000,000</u>	<u>10,186,651</u>
Net assets, end of year	<u>\$ 7,034,498</u>	<u>\$ 2,245,053</u>	<u>\$ 1,000,000</u>	<u>\$ 10,279,551</u>

See Notes to Consolidated Financial Statements

Camp Sunshine, Inc. and Subsidiary
Consolidated Statement of Functional Expenses – Modified Cash Basis
For the year ended December 31, 2016

	Program services										Management and general	Fund- raising	Total expenses	
	Summer camp	Family weekend	Washington trip	Teen summer excursion	Teen retreat	Sibling weekend	Yearbook newsletter brochure	Bereavement family excursions	House and regional programs	Other programs				Total
Salaries	\$ 201,682	\$ 58,516	\$ 30,445	\$ 13,199	\$ 27,594	\$ 23,184	\$ 52,320	\$ 16,130	\$ -	\$ 59,456	\$ 482,526	\$ 71,605	\$ 105,185	\$ 659,316
Employee benefits	40,575	11,772	6,125	2,655	5,551	4,664	10,526	3,245	-	11,961	97,074	14,406	21,161	132,641
Payroll taxes	14,748	4,279	2,226	965	2,018	1,695	3,827	1,180	-	4,348	35,286	5,236	7,692	48,214
	<u>257,005</u>	<u>74,567</u>	<u>38,796</u>	<u>16,819</u>	<u>35,163</u>	<u>29,543</u>	<u>66,673</u>	<u>20,555</u>	<u>-</u>	<u>75,765</u>	<u>614,886</u>	<u>91,247</u>	<u>134,038</u>	<u>840,171</u>
Office supplies	2,354	683	355	154	322	271	611	188	475	694	6,107	906	1,331	8,344
Telephone	2,905	843	438	190	397	334	754	232	586	856	7,535	1,118	1,643	10,296
Postage and shipping	3,973	1,153	600	260	544	457	1,031	318	802	1,171	10,309	1,529	2,247	14,085
Occupancy	109,555	53,489	24,585	-	22,185	19,846	-	11,250	-	-	240,910	-	-	240,910
Program materials and other program expenses	104,179	19,944	-	10,540	9,811	7,932	-	8,992	51,096	74,613	287,107	-	-	287,107
Repairs and maintenance	21,330	6,189	3,220	1,396	2,918	2,452	5,533	1,706	4,306	6,288	55,338	8,212	12,063	75,613
Travel	15,992	252	13,437	6,081	2,751	1,416	226	69	175	256	40,655	334	491	41,480
Printing and publications	3,826	906	471	204	427	359	66,468	250	630	921	74,462	1,202	1,766	77,430
Conferences, conventions and meetings	3,855	1,119	582	252	527	443	1,000	308	778	1,137	10,001	1,484	2,180	13,665
Insurance	13,635	3,956	2,058	892	1,866	1,567	3,537	1,091	2,753	4,020	35,375	5,250	7,711	48,336
Staff training	11,696	-	-	-	-	-	-	-	-	-	11,696	-	-	11,696
Legal and accounting	-	-	-	-	-	-	-	-	-	-	-	56,938	-	56,938
Investment expenses	-	-	-	-	-	-	-	-	-	-	-	15,650	-	15,650
Utilities	7,703	2,235	1,163	504	1,054	885	1,998	616	1,555	2,271	19,984	2,966	4,356	27,306
Miscellaneous	17,463	1,631	1,165	368	769	646	1,458	450	1,135	1,657	26,742	2,173	3,179	32,094
Total expenses before depreciation	<u>575,471</u>	<u>166,967</u>	<u>86,870</u>	<u>37,660</u>	<u>78,734</u>	<u>66,151</u>	<u>149,289</u>	<u>46,025</u>	<u>64,291</u>	<u>169,649</u>	<u>1,441,107</u>	<u>189,009</u>	<u>171,005</u>	<u>1,801,121</u>
Depreciation	<u>36,887</u>	<u>10,702</u>	<u>5,568</u>	<u>2,414</u>	<u>5,047</u>	<u>4,240</u>	<u>9,569</u>	<u>2,950</u>	<u>7,447</u>	<u>10,875</u>	<u>95,699</u>	<u>14,202</u>	<u>20,862</u>	<u>130,763</u>
	<u>\$ 612,358</u>	<u>\$ 177,669</u>	<u>\$ 92,438</u>	<u>\$ 40,074</u>	<u>\$ 83,781</u>	<u>\$ 70,391</u>	<u>\$ 158,858</u>	<u>\$ 48,975</u>	<u>\$ 71,738</u>	<u>\$ 180,524</u>	<u>\$ 1,536,806</u>	<u>\$ 203,211</u>	<u>\$ 191,867</u>	<u>\$ 1,931,884</u>

See Notes to Consolidated Financial Statements

Camp Sunshine, Inc. and Subsidiary
Consolidated Statement of Functional Expenses – Modified Cash Basis
For the year ended December 31, 2015

	Program services											Management and general	Fund- raising	Total expenses
	Summer camp	Family weekend	Washington trip	Teen summer excursion	Teen retreat	Sibling weekend	Yearbook newsletter brochure	Bereavement family excursions	House and regional programs	Other programs	Total			
Salaries	\$ 186,240	\$ 83,288	\$ 20,967	\$ 11,398	\$ 20,969	\$ 20,513	\$ 40,153	\$ 13,180	\$ -	\$ 41,207	\$ 437,915	\$ 69,278	\$ 103,149	\$ 610,342
Employee benefits	34,767	15,548	3,914	2,128	3,915	3,829	7,496	2,460	-	7,692	81,749	12,933	19,256	113,938
Payroll taxes	13,577	6,072	1,528	831	1,529	1,495	2,928	961	-	3,004	31,925	5,050	7,519	44,494
	<u>234,584</u>	<u>104,908</u>	<u>26,409</u>	<u>14,357</u>	<u>26,413</u>	<u>25,837</u>	<u>50,577</u>	<u>16,601</u>	<u>-</u>	<u>51,903</u>	<u>551,589</u>	<u>87,261</u>	<u>129,924</u>	<u>768,774</u>
Office supplies	1,691	756	190	104	190	186	365	120	256	374	4,232	670	997	5,899
Telephone	3,054	1,366	344	187	344	336	659	216	463	676	7,645	1,209	1,800	10,654
Postage and shipping	2,828	1,265	318	173	318	312	610	200	429	626	7,079	1,120	1,668	9,867
Occupancy	158,570	108,426	23,845	-	20,670	22,330	-	10,889	-	-	344,730	-	-	344,730
Program materials and other program expenses	84,046	17,034	-	10,252	8,285	5,938	-	8,965	42,392	62,072	238,984	-	-	238,984
Repairs and maintenance	17,863	7,989	2,011	1,093	2,011	1,968	3,852	1,264	2,708	3,952	44,711	7,073	10,532	62,316
Travel	11,523	532	7,873	6,990	2,766	2,763	257	84	180	263	33,231	471	702	34,404
Printing and publications	8,670	1,835	462	251	462	452	61,369	290	622	908	75,321	1,625	2,419	79,365
Conferences, conventions and meetings	2,005	896	226	123	226	221	432	142	304	444	5,019	794	1,182	6,995
Insurance	13,351	5,971	1,503	817	1,503	1,471	2,879	945	2,024	2,954	33,418	5,287	7,871	46,576
Staff training	11,168	-	-	-	-	-	-	-	141	-	11,309	-	-	11,309
Legal and accounting	-	-	-	-	-	-	-	-	-	-	-	51,461	-	51,461
Investment expenses	7,860	3,515	885	481	885	866	1,695	556	1,192	1,739	19,674	3,112	4,634	27,420
Utilities	7,654	3,423	862	468	862	843	1,650	542	1,160	1,693	19,157	3,031	4,512	26,700
Miscellaneous	15,263	1,534	386	210	386	378	740	243	520	759	20,419	1,358	2,023	23,800
Total expenses before depreciation	<u>580,130</u>	<u>259,450</u>	<u>65,314</u>	<u>35,506</u>	<u>65,321</u>	<u>63,901</u>	<u>125,085</u>	<u>41,057</u>	<u>52,391</u>	<u>128,363</u>	<u>1,416,518</u>	<u>164,472</u>	<u>168,264</u>	<u>1,749,254</u>
Depreciation	<u>41,094</u>	<u>18,377</u>	<u>4,626</u>	<u>2,515</u>	<u>4,627</u>	<u>4,526</u>	<u>8,860</u>	<u>2,908</u>	<u>6,230</u>	<u>9,092</u>	<u>102,855</u>	<u>16,272</u>	<u>24,227</u>	<u>143,354</u>
	<u>\$ 621,224</u>	<u>\$ 277,827</u>	<u>\$ 69,940</u>	<u>\$ 38,021</u>	<u>\$ 69,948</u>	<u>\$ 68,427</u>	<u>\$ 133,945</u>	<u>\$ 43,965</u>	<u>\$ 58,621</u>	<u>\$ 137,455</u>	<u>\$ 1,519,373</u>	<u>\$ 180,744</u>	<u>\$ 192,491</u>	<u>\$ 1,892,608</u>

See Notes to Consolidated Financial Statements

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2016 and 2015

Note 1. Nature of Business and Significant Accounting Policies

Camp Sunshine, Inc. was formed for the purpose of operating a summer camp for children and adolescents who have cancer and to provide recreational, educational and support programs for these children and their families. Camp Sunshine, Inc. and its subsidiary operate their camp and other programs within the State of Georgia and solicit donations throughout the United States.

On December 13, 2005, Camp Sunshine Property Holdings, LLC was formed as a wholly-owned subsidiary of Camp Sunshine, Inc. for the sole purpose of owning and operating real property. Effective January 1, 2006, Camp Sunshine, Inc. deeded the land and buildings it owned to the subsidiary.

Principles of consolidation:

The consolidated modified cash basis financial statements include the accounts of Camp Sunshine, Inc. and its wholly-owned subsidiary, Camp Sunshine Property Holdings, LLC. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of accounting:

The Organization prepares its consolidated financial statements on the modified cash basis of accounting. Under this method, revenues are recognized when collected rather than when earned and expenditures are recognized when paid rather than when obligations are incurred. Consequently, contributions receivable from donors and amounts due to vendors and suppliers are not included in the consolidated financial statements. Certain donated products and services are recognized as support when received. If the Organization purchases an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated over the estimated useful life of the asset. In addition, investment securities are classified as trading securities, available-for-sale securities, and held-to-maturity securities and recorded at amortized cost or fair value depending on the classification of the security.

Financial statement presentation:

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the resources are classified for accounting and reporting purposes into categories established according to their nature and purpose. The assets and net assets of the Organization are reported in three self-balancing categories as follows:

Unrestricted net assets - are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are those resulting from the nature of the Organization and its purposes.

Temporarily restricted net assets - are resources whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or are satisfied by actions of the Organization.

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2016 and 2015

Note 1. Nature of Business and Significant Accounting Policies, Continued

Financial statement presentation, continued:

Permanently restricted net assets - are resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by the passage of time nor are satisfied by actions of the Organization. In general, the donors of these assets permit the Organization to use all or part of the income for specific or general purposes. Permanently restricted net assets consist of assets held for endowment purposes of the Organization.

Net assets released from restrictions:

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in operations as net assets released from restrictions.

Cash and cash equivalents:

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains at various financial institutions cash and cash equivalent accounts which may exceed federally insured amounts at times and may at times exceed consolidated statement of assets and net assets – modified cash basis amounts due to outstanding checks.

Investment securities:

Investments in marketable securities with readily determinable fair values are reported at their fair values in the consolidated statements of assets and net assets – modified cash basis. Unrealized and realized gains and losses are included in the change in net assets.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividend income is recorded when received. Realized gains or losses on the sale of marketable securities are calculated using the specific-identification method. Unrealized gains and losses represent the change in the fair value of the individual investments for the year, or since the acquisition date, if acquired during the year.

Fair value measurements:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establish a fair value hierarchy which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability (see Note 3).

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2016 and 2015

Note 1. Nature of Business and Significant Accounting Policies, Continued

Property and equipment:

Property and equipment are stated at cost less accumulated depreciation. Donated equipment is capitalized at fair value when received. Expenditures for repairs and maintenance are charged to expense as incurred and additions and improvements that significantly extend the lives of assets are capitalized. It is management's policy to capitalize purchases of property and equipment of \$1,000 or more. Upon sale or other retirement of depreciable property, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is reflected in operations.

Depreciation is provided using the straight-line method over the estimated useful lives of the depreciable assets.

Contributions:

Contributions received are classified as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Donated services:

Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or if the services require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Volunteers also perform substantial fundraising and operating services that are not recognized in the consolidated modified cash basis financial statements since this criteria is not met.

Income taxes:

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and relevant state regulations. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to the Organization's exempt purpose.

Estimates and uncertainties:

The preparation of consolidated financial statements in accordance with the modified cash basis of accounting 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2016 and 2015

Note 1. Nature of Business and Significant Accounting Policies, Continued

Subsequent events:

The Organization has evaluated subsequent events for potential recognition and disclosure through July 21, 2017, the date the consolidated modified cash basis financial statements were available to be issued.

Note 2. Investment Securities

Investment securities as of December 31, 2016 and 2015, consist of the following:

	2016		2015	
	Cost	Fair value	Cost	Fair value
Mutual funds, at fair value				
Vanguard STAR Fund	\$ 5,002	\$ 6,611	\$ 5,002	\$ 5,982
BNY Charitable Equity Fund	1,337,886	1,386,729	1,018,951	1,019,787
BNY Fixed Income Fund Charitable Fund	755,592	747,191	626,092	614,433
BNY Endowment Equity Fund	595,275	647,669	542,746	567,993
BNY Endowment Fixed Income Fund	603,668	598,987	585,668	576,916
BNY Endowment Sub Fixed Income Fund	204,775	201,831	191,753	185,522
	<u>3,502,198</u>	<u>3,589,018</u>	<u>2,970,212</u>	<u>2,970,633</u>
Equity securities, at fair value				
BNY Charitable Equity Fund	851,492	1,050,695	770,221	886,514
BNY Endowment Equity Fund	385,810	502,112	404,707	492,100
	<u>1,237,302</u>	<u>1,552,807</u>	<u>1,174,928</u>	<u>1,378,614</u>
Limited partnership interest, at cost				
Wynnton Capital Partners, L.P.	8	8	8	8
	<u>\$ 4,739,508</u>	<u>\$ 5,141,833</u>	<u>\$ 4,145,148</u>	<u>\$ 4,349,255</u>

Return on investments for the years ended December 31, 2016 and 2015, consists of the following:

	2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Interest income	\$ 580	\$ 45	\$ -	\$ 625
Dividend income	81,218	21,118	-	102,336
Realized loss on investments	26,936	9,870	-	36,806
Unrealized gain on investments	163,029	35,189	-	198,218
Investment fees	(21,949)	(6,986)	-	(28,935)
	<u>\$ 249,814</u>	<u>\$ 59,236</u>	<u>\$ -</u>	<u>\$ 309,050</u>

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2016 and 2015

Note 2. Investment Securities, Continued

	2015			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Interest income	\$ 162	\$ -	\$ -	\$ 162
Dividend income	-	128,468	-	128,468
Realized gain on investments	-	171,476	-	171,476
Unrealized loss on investments	-	(346,562)	-	(346,562)
	<u>\$ 162</u>	<u>\$ (46,618)</u>	<u>\$ -</u>	<u>\$ (46,456)</u>

Proceeds from sales of securities totaled \$100,017 and \$85,656 for the years ended December 31, 2016 and 2015, respectively.

Bank of New York Mellon Wealth Management, the trustee, holds, manages, administers and allocates the Organization's portfolio of assets between mutual funds consisting of common stock, bonds, cash management vehicles and limited partnership interests.

Note 3. Fair Value Measurements

Major categories of assets measured at fair value by level of the fair value hierarchy on a recurring basis as of December 31, 2016 and 2015, are as follows:

	Fair value measurements at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 3,589,018	\$ -	\$ -	\$ 3,589,018
Equity securities	<u>1,552,815</u>	<u>-</u>	<u>-</u>	<u>1,552,815</u>
	<u>\$ 5,141,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,141,833</u>
	Fair value measurements at December 31, 2015			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,970,633	\$ -	\$ -	\$ 2,970,633
Equity securities	<u>1,378,622</u>	<u>-</u>	<u>-</u>	<u>1,378,622</u>
	<u>\$ 4,349,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,349,255</u>

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2016 and 2015

Note 4. Property and Equipment

Property and equipment consist of the following major classifications:

	<u>2016</u>	<u>2015</u>
Land	\$ 812,211	\$ 812,211
Land improvements	973,035	973,035
Buildings	2,668,873	2,668,873
Furniture and equipment	435,975	402,543
Software	51,469	35,985
Automobiles	<u>65,628</u>	<u>65,628</u>
	5,007,191	4,958,275
Accumulated depreciation	<u>(2,265,291)</u>	<u>(2,134,528)</u>
	<u>\$ 2,741,900</u>	<u>\$ 2,823,747</u>

Depreciation expense for 2016 and 2015 totaled \$130,763 and \$143,354, respectively.

Note 5. Camp Sunshine Supporting Fund, Inc.

In 1997, Camp Sunshine Supporting Fund, Inc. (the "Foundation"), was established for the sole benefit of Camp Sunshine, Inc. If the Foundation is liquidated, all remaining assets become the property of Camp Sunshine, Inc. The Foundation's Board of Directors must include two members from Camp Sunshine's Board, but a majority of the Foundation's Board members cannot also be on Camp Sunshine's Board. The amount and timing of transfers to/from Camp Sunshine Supporting Fund, Inc. are at the discretion of the Foundation's Board. The Foundation's Board has no variance power over the use of the assets. The Organization accounts for its beneficial interest in the Foundation on the modified cash basis of accounting at fair value in the consolidated financial statements, as shown below:

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 9,522	\$ 9,548
Investment securities	<u>1,470,157</u>	<u>1,400,106</u>
Total net assets	<u>\$ 1,479,679</u>	<u>\$ 1,409,654</u>
Revenues		
Investment income	\$ 28,438	\$ 50,347
Net gain (loss) on investments	<u>68,313</u>	<u>(65,386)</u>
	96,751	(15,039)
Expenses		
Administrative expenses	<u>5,238</u>	<u>11,344</u>
Revenues over expenses	91,513	(26,383)
Transfer to Camp Sunshine, Inc.	(21,488)	(23,625)
Net assets, beginning of year	<u>1,409,654</u>	<u>1,459,662</u>
Net assets, end of year	<u>\$ 1,479,679</u>	<u>\$ 1,409,654</u>

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2016 and 2015

Note 6. Net Assets

Total restricted net assets are comprised of an endowment, unused income generated by the endowment and the net assets of Camp Sunshine Supporting Fund, Inc. The endowment is permanently restricted in corpus, while income and appreciation of the endowment is restricted for capital repairs and maintenance for Camp Sunshine facilities. Restrictions on net assets as of December 31, 2016 and 2015, are summarized as follows:

	<u>2016</u>	<u>2015</u>
Permanently restricted		
Restricted for endowment	\$ 1,000,000	\$ 1,000,000
Temporarily restricted		
Capital repair and maintenance	892,985	833,749
Camp Sunshine Supporting Fund, Inc.	1,479,679	1,409,654
Other endowment restrictions	<u>2,150</u>	<u>1,650</u>
	<u>2,374,814</u>	<u>2,245,053</u>
	<u>\$ 3,374,814</u>	<u>\$ 3,245,053</u>

Unrestricted net assets consist of resources available for the various programs and administration of the Organization which have not been restricted by a donor or other outside party. Unrestricted net assets as of December 31, 2016 and 2015, are summarized as follows:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 1,598,941	\$ 1,696,895
Investment securities	3,246,698	2,513,856
Property and equipment, net	<u>2,741,900</u>	<u>2,823,747</u>
	<u>\$ 7,587,539</u>	<u>\$ 7,034,498</u>

Note 7. Endowment

The Organization's endowment consists of a fund established by a donor for preservation of the Organization's headquarters, also known as the Camp Sunshine House. Its endowment consists of donor-restricted endowment funds whose original contribution totaled \$1,000,000. Net assets associated with endowment funds are classified and reported based on the donor-imposed restrictions.

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2016 and 2015

Note 7. Endowment, Continued

Interpretation of relevant law:

The Finance Committee of the Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets, the original value of the gift donated to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Finance Committee in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization; and
- (7) The investment policies of the Organization.

Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain and as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in temporarily restricted net assets. During 2016 and 2015, there were no funds with such deficiencies.

Return objectives and risk parameters:

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Finance Committee, the endowment assets are invested in a manner that is intended to attain, at a minimum, a total return to help fund repairs and maintenance and capital expenditures of the Camp Sunshine House, as well as provide additional cash flow to help fund different programs that are led by the Organization.

Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a high emphasis on mutual funds and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2016 and 2015

Note 7. Endowment, Continued

Changes in endowment net assets for the year ended December 31, 2016, are as follows:

	2016			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment net assets, beginning of year	\$ -	\$ 835,399	\$ 1,000,000	\$ 1,835,399
Contributions	-	500	-	500
Investment income	-	21,163	-	21,163
Net gain on investments	-	38,073	-	38,073
	-	59,736	-	59,736
Endowment net assets, end of year	\$ -	\$ 895,135	\$ 1,000,000	\$ 1,895,135

Changes in endowment net assets for the year ended December 31, 2015, are as follows:

	2015			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment net assets, beginning of year	\$ -	\$ 880,369	\$ 1,000,000	\$ 1,880,369
Investment income	-	85,311	-	85,311
Net loss on investments	-	(106,656)	-	(106,656)
	-	(21,345)	-	(21,345)
Appropriation of endowment assets for expenditure	-	(23,625)	-	(23,625)
Endowment net assets, end of year	\$ -	\$ 835,399	\$ 1,000,000	\$ 1,835,399

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2016 and 2015

Note 8. Fundraising

Revenues from fundraising events, net of direct and allocated expenses, consist of the following:

	<u>2016</u>	<u>2015</u>
Revenues		
Keencheefoone road race	\$ 302,210	\$ 284,266
Special events	89,437	177,952
Signature event	189,476	158,835
T-Shirt sales	<u>8,892</u>	<u>12,988</u>
	590,015	634,041
Direct expenses (includes donated materials of \$4,050 for 2016 and \$3,488 for 2015)	<u>76,421</u>	<u>78,835</u>
	513,594	555,206
Allocated expenses	<u>191,867</u>	<u>192,491</u>
	<u>\$ 321,727</u>	<u>\$ 362,715</u>

Note 9. Functional Allocation of Expenses

The direct costs of providing the various programs and activities have been reported on a functional basis in the consolidated statements of revenues, expenses and net assets – modified cash basis. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited. The allocations of these costs are determined by the amount of time and resources management invests in each activity.

Note 10. Donated Products and Services

The Organization receives substantial fundraising and operating services from volunteers. The value of many of these services cannot be readily determined and are not reflected in these consolidated modified cash basis financial statements. The Organization has recognized revenue from contributions for the following donated products and services, which were allocated to the various activities:

	<u>2016</u>	<u>2015</u>
Medical staff services and equipment	\$ 38,000	\$ 32,000
Accounting and legal services	28,868	28,799
Graphics and printing	9,970	7,538
House programs	9,680	3,926
Summer camp	<u>5,680</u>	<u>11,220</u>
	<u>\$ 92,198</u>	<u>\$ 83,483</u>

Note 11. Employee Benefit Plan

The Organization has a contributory 401(k) plan covering substantially all full-time employees with a minimum of one year of service. The plan provides for matching contributions by the Organization of up to 7% of a participant's qualifying compensation. Contributions by the Organization totaled \$31,660 for 2016 and \$30,164 for 2015, respectively.