

**Camp Sunshine, Inc. and Subsidiary**

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

***For the years ended December 31, 2021 and 2020***

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# Camp Sunshine, Inc. and Subsidiary

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## Independent Auditor's Report

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

### Opinion

We have audited the accompanying consolidated financial statements of Camp Sunshine, Inc. and its subsidiary (the "Organization"), which comprise the consolidated statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2021 and 2020, 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 consolidated financial statements, (collectively the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, and net assets of the Organization as of December 31, 2021 and 2020, 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 for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis of Accounting

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



Chattanooga, Tennessee  
June 16, 2022

## Camp Sunshine, Inc. and Subsidiary

### Consolidated Statements of Assets, Liabilities and Net Assets – Modified Cash Basis

As of December 31, 2021 and 2020

|   | <u>2021</u>          | <u>2020</u>          |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Cash and cash equivalents                                   | \$ 1,801,605         | \$ 1,760,305         |
| Investment securities, at fair value                        | 12,471,441           | 10,530,776           |
| Property and equipment, net                                 | 2,295,630            | 2,436,967            |
| Beneficial interest in assets held by others, at fair value | 2,429,334            | 2,126,908            |
| Total assets  | <u>\$ 18,998,010</u> | <u>\$ 16,854,956</u> |
| <b>Liabilities</b>  | <u>\$ -</u>          | <u>\$ -</u>          |
| <b>Net assets</b>   |                      |                      |
| Without donor restrictions                                  | 14,164,004           | 12,448,703           |
| With donor restrictions                                     | 4,834,006            | 4,406,253            |
| Total liabilities and net assets                            | <u>\$ 18,998,010</u> | <u>\$ 16,854,956</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, 2021

|  | Without donor<br>restrictions | With donor<br>restrictions | Total                |
|--|-------------------------------|----------------------------|----------------------|
| <b>Operating revenues</b>  |                               |                            |                      |
| Contributions  | \$ 1,777,640                  | \$ -                       | \$ 1,777,640         |
| Fundraising revenue - less direct<br>expenses of \$45,164                  | 532,810                       | -                          | 532,810              |
|  | <u>2,310,450</u>              | <u>-</u>                   | <u>2,310,450</u>     |
| Net assets released from restrictions                                      | 25,346                        | (25,346)                   | -                    |
| Total operating revenues   | <u>2,335,796</u>              | <u>(25,346)</u>            | <u>2,310,450</u>     |
| <b>Operating expenses</b>  |                               |                            |                      |
| Program services   | <u>1,621,435</u>              | <u>-</u>                   | <u>1,621,435</u>     |
| Supporting services:   |                               |                            |                      |
| Management and general   | 231,057                       | -                          | 231,057              |
| Fundraising  | 215,592                       | -                          | 215,592              |
| Total supporting services  | <u>446,649</u>                | <u>-</u>                   | <u>446,649</u>       |
| Total operating expenses   | <u>2,068,084</u>              | <u>-</u>                   | <u>2,068,084</u>     |
| <b>Operating income (loss)</b>   | <u>267,712</u>                | <u>(25,346)</u>            | <u>242,366</u>       |
| <b>Nonoperating activities</b>   |                               |                            |                      |
| Interest income  | 804                           | 7                          | 811                  |
| Dividend income  | 172,331                       | 16,803                     | 189,134              |
| Net gain on investments  | 1,274,298                     | 108,517                    | 1,382,815            |
| Miscellaneous Income   | 156                           | -                          | 156                  |
| Change in interest in net assets of Camp<br>Sunshine Supporting Fund, Inc. | -                             | 327,772                    | 327,772              |
| Total nonoperating activities  | <u>1,447,589</u>              | <u>453,099</u>             | <u>1,900,688</u>     |
| Change in net assets   | 1,715,301                     | 427,753                    | 2,143,054            |
| <b>Net assets, beginning of year</b>                                       | <u>12,448,703</u>             | <u>4,406,253</u>           | <u>16,854,956</u>    |
| <b>Net assets, end of year</b>   | <u>\$ 14,164,004</u>          | <u>\$ 4,834,006</u>        | <u>\$ 18,998,010</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, 2020

|  | Without donor<br>restrictions | With donor<br>restrictions | Total                |
|--|-------------------------------|----------------------------|----------------------|
| <b>Operating revenues</b>  |                               |                            |                      |
| Contributions  | \$ 1,698,495                  | \$ -                       | \$ 1,698,495         |
| Fundraising revenue - less direct<br>expenses of \$17,686                  | 346,106                       | -                          | 346,106              |
| Rental income  | 300                           | -                          | 300                  |
|  | <u>2,044,901</u>              | <u>-</u>                   | <u>2,044,901</u>     |
| Net assets released from restrictions                                      | 32,426                        | (32,426)                   | -                    |
| Total operating revenues   | <u>2,077,327</u>              | <u>(32,426)</u>            | <u>2,044,901</u>     |
| <b>Operating expenses</b>  |                               |                            |                      |
| Program services   | <u>1,661,065</u>              | <u>-</u>                   | <u>1,661,065</u>     |
| Supporting services:   |                               |                            |                      |
| Management and general   | 219,355                       | -                          | 219,355              |
| Fundraising  | 204,127                       | -                          | 204,127              |
| Total supporting services  | <u>423,482</u>                | <u>-</u>                   | <u>423,482</u>       |
| Total operating expenses   | <u>2,084,547</u>              | <u>-</u>                   | <u>2,084,547</u>     |
| <b>Operating loss</b>  | <u>(7,220)</u>                | <u>(32,426)</u>            | <u>(39,646)</u>      |
| <b>Nonoperating activities</b>   |                               |                            |                      |
| Interest income  | 6,270                         | 59                         | 6,329                |
| Dividend income  | 142,589                       | 17,361                     | 159,950              |
| Net gain on investments  | 1,128,286                     | 109,285                    | 1,237,571            |
| Paycheck Protection Program income   | 187,045                       | -                          | 187,045              |
| Change in interest in net assets of Camp<br>Sunshine Supporting Fund, Inc. | -                             | 291,440                    | 291,440              |
| Total nonoperating activities  | <u>1,464,190</u>              | <u>418,145</u>             | <u>1,882,335</u>     |
| Change in net assets   | 1,456,970                     | 385,719                    | 1,842,689            |
| <b>Net assets, beginning of year</b>                                       | <u>10,991,733</u>             | <u>4,020,534</u>           | <u>15,012,267</u>    |
| <b>Net assets, end of year</b>   | <u>\$ 12,448,703</u>          | <u>\$ 4,406,253</u>        | <u>\$ 16,854,956</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, 2021*

|                                    | Program services  |                  |                             |                              |                             |                   | Total               | Management and general | Fund-raising      | Total expenses      |
|------------------------------------|-------------------|------------------|-----------------------------|------------------------------|-----------------------------|-------------------|---------------------|------------------------|-------------------|---------------------|
|                                    | Summer camp       | Teen programs    | Family and sibling programs | Yearbook newsletter brochure | House and regional programs | Other programs    |                     |                        |                   |                     |
| Salaries                           | \$ 230,764        | \$ 13,928        | \$ 114,272                  | \$ 122,549                   | \$ 65,500                   | \$ 170,024        | \$ 717,037          | \$ 84,111              | \$ 146,903        | \$ 948,051          |
| Employee benefits                  | 54,118            | 3,266            | 26,799                      | 28,740                       | 25,371                      | 39,874            | 178,168             | 20,900                 | 36,502            | 235,570             |
| Payroll taxes                      | 15,986            | 965              | 7,916                       | 8,489                        | 7,494                       | 11,778            | 52,628              | 6,173                  | 10,782            | 69,583              |
|                                    | <u>300,868</u>    | <u>18,159</u>    | <u>148,987</u>              | <u>159,778</u>               | <u>98,365</u>               | <u>221,676</u>    | <u>947,833</u>      | <u>111,184</u>         | <u>194,187</u>    | <u>1,253,204</u>    |
| Office supplies                    | 1,590             | 96               | 787                         | 844                          | 1,503                       | 1,171             | 5,991               | 1,123                  | 374               | 7,488               |
| Telephone                          | 3,483             | 210              | 1,725                       | 1,850                        | 3,293                       | 2,567             | 13,128              | 2,462                  | 821               | 16,411              |
| Postage and shipping               | 2,264             | 137              | 1,121                       | 1,202                        | 2,140                       | 1,668             | 8,532               | 1,600                  | 533               | 10,665              |
| Occupancy                          | 60,000            | 5,040            | 29,496                      | -                            | -                           | -                 | 94,536              | -                      | -                 | 94,536              |
| Camp supplies                      | 34,494            | 1,839            | 26,938                      | -                            | 9,371                       | 83,973            | 156,615             | -                      | -                 | 156,615             |
| Repairs and maintenance            | 23,820            | 1,438            | 11,796                      | 12,650                       | 22,517                      | 17,550            | 89,771              | 16,832                 | 5,611             | 112,214             |
| Travel                             | 156               | 9                | 77                          | 83                           | 147                         | 115               | 587                 | 110                    | 37                | 734                 |
| Printing and publications          | 6,995             | 131              | 1,074                       | 61,678                       | 2,050                       | 1,598             | 73,526              | 1,533                  | 511               | 75,570              |
| Conferences and meetings           | 1,824             | 110              | 903                         | 968                          | 1,724                       | 1,344             | 6,873               | 1,289                  | 430               | 8,592               |
| Insurance                          | 13,605            | 821              | 6,737                       | 7,225                        | 12,861                      | 10,024            | 51,273              | 9,614                  | 3,205             | 64,092              |
| Staff training                     | 8,686             | -                | -                           | -                            | -                           | -                 | 8,686               | -                      | -                 | 8,686               |
| Compliance                         | -                 | -                | -                           | -                            | -                           | -                 | -                   | 9,024                  | -                 | 9,024               |
| Legal and accounting               | -                 | -                | -                           | -                            | -                           | -                 | -                   | 46,638                 | -                 | 46,638              |
| Utilities                          | 5,625             | 340              | 2,785                       | 2,987                        | 5,317                       | 4,144             | 21,198              | 3,975                  | 1,325             | 26,498              |
| Miscellaneous                      | 8,530             | 155              | 1,270                       | 1,362                        | 2,424                       | 1,889             | 15,630              | 1,812                  | 604               | 18,046              |
| Total expenses before depreciation | <u>471,940</u>    | <u>28,485</u>    | <u>233,696</u>              | <u>250,627</u>               | <u>161,712</u>              | <u>347,719</u>    | <u>1,494,179</u>    | <u>207,196</u>         | <u>207,638</u>    | <u>1,909,013</u>    |
| Depreciation                       | <u>33,767</u>     | <u>2,038</u>     | <u>16,721</u>               | <u>17,932</u>                | <u>31,919</u>               | <u>24,879</u>     | <u>127,256</u>      | <u>23,861</u>          | <u>7,954</u>      | <u>159,071</u>      |
|                                    | <u>\$ 505,707</u> | <u>\$ 30,523</u> | <u>\$ 250,417</u>           | <u>\$ 268,559</u>            | <u>\$ 193,631</u>           | <u>\$ 372,598</u> | <u>\$ 1,621,435</u> | <u>\$ 231,057</u>      | <u>\$ 215,592</u> | <u>\$ 2,068,084</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, 2020*

|                                    | Program services  |                  |                             |                              |                             |                   | Total               | Management and general | Fund-raising      | Total expenses      |
|------------------------------------|-------------------|------------------|-----------------------------|------------------------------|-----------------------------|-------------------|---------------------|------------------------|-------------------|---------------------|
|                                    | Summer camp       | Teen programs    | Family and sibling programs | Yearbook newsletter brochure | House and regional programs | Other programs    |                     |                        |                   |                     |
| Salaries                           | \$ 291,212        | \$ 30,296        | \$ 53,623                   | \$ 95,804                    | \$ 61,580                   | \$ 121,719        | \$ 654,234          | \$ 80,795              | \$ 139,654        | \$ 874,683          |
| Employee benefits                  | 65,226            | 6,809            | 12,052                      | 21,533                       | 22,379                      | 27,358            | 155,357             | 19,216                 | 33,214            | 207,787             |
| Payroll taxes                      | 19,950            | 2,083            | 3,686                       | 6,586                        | 6,845                       | 8,367             | 47,517              | 5,877                  | 10,159            | 63,553              |
|                                    | <u>376,388</u>    | <u>39,188</u>    | <u>69,361</u>               | <u>123,923</u>               | <u>90,804</u>               | <u>157,444</u>    | <u>857,108</u>      | <u>105,888</u>         | <u>183,027</u>    | <u>1,146,023</u>    |
| Office supplies                    | 3,042             | 318              | 562                         | 1,004                        | 1,555                       | 1,276             | 7,757               | 1,454                  | 485               | 9,696               |
| Telephone                          | 5,629             | 588              | 1,040                       | 1,858                        | 2,877                       | 2,361             | 14,353              | 2,691                  | 897               | 17,941              |
| Postage and shipping               | 3,059             | 319              | 566                         | 1,010                        | 1,564                       | 1,283             | 7,801               | 1,463                  | 488               | 9,752               |
| Occupancy                          | 148,001           | 12,928           | 15,660                      | -                            | -                           | -                 | 176,589             | -                      | -                 | 176,589             |
| Camp supplies                      | 47,511            | 8,275            | 22,992                      | -                            | 20,149                      | 91,045            | 189,972             | -                      | -                 | 189,972             |
| Repairs and maintenance            | 32,564            | 3,400            | 6,018                       | 10,750                       | 16,645                      | 13,658            | 83,035              | 15,569                 | 5,190             | 103,794             |
| Travel                             | 262               | 1,485            | 1,506                       | 86                           | 134                         | 110               | 3,583               | 125                    | 42                | 3,750               |
| Printing and publications          | 8,035             | 299              | 529                         | 72,607                       | 1,464                       | 1,202             | 84,136              | 1,370                  | 457               | 85,963              |
| Conferences and meetings           | 3,160             | 330              | 584                         | 1,043                        | 1,615                       | 1,325             | 8,057               | 1,511                  | 504               | 10,072              |
| Insurance                          | 19,925            | 2,080            | 3,682                       | 6,578                        | 10,184                      | 8,357             | 50,806              | 9,526                  | 3,175             | 63,507              |
| Staff training                     | 10,819            | -                | -                           | -                            | -                           | -                 | 10,819              | -                      | -                 | 10,819              |
| Compliance                         | -                 | -                | -                           | -                            | -                           | -                 | -                   | 9,319                  | -                 | 9,319               |
| Legal and accounting               | -                 | -                | -                           | -                            | -                           | -                 | -                   | 40,852                 | -                 | 40,852              |
| Utilities                          | 7,305             | 763              | 1,349                       | 2,412                        | 3,734                       | 3,064             | 18,627              | 3,493                  | 1,164             | 23,284              |
| Miscellaneous                      | 9,780             | 440              | 778                         | 1,390                        | 2,153                       | 5,447             | 19,988              | 2,013                  | 671               | 22,672              |
| Total expenses before depreciation | <u>675,480</u>    | <u>70,413</u>    | <u>124,627</u>              | <u>222,661</u>               | <u>152,878</u>              | <u>286,572</u>    | <u>1,532,631</u>    | <u>195,274</u>         | <u>196,100</u>    | <u>1,924,005</u>    |
| Depreciation                       | <u>50,370</u>     | <u>5,258</u>     | <u>9,307</u>                | <u>16,628</u>                | <u>25,745</u>               | <u>21,126</u>     | <u>128,434</u>      | <u>24,081</u>          | <u>8,027</u>      | <u>160,542</u>      |
|                                    | <u>\$ 725,850</u> | <u>\$ 75,671</u> | <u>\$ 133,934</u>           | <u>\$ 239,289</u>            | <u>\$ 178,623</u>           | <u>\$ 307,698</u> | <u>\$ 1,661,065</u> | <u>\$ 219,355</u>      | <u>\$ 204,127</u> | <u>\$ 2,084,547</u> |

**See Notes to Consolidated Financial Statements**

## Camp Sunshine, Inc. and Subsidiary

*Notes to Consolidated Financial Statements – Modified Cash Basis  
December 31, 2021 and 2020*

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### **Note 1. Nature of Business and Significant Accounting Policies**

Camp Sunshine, Inc. enriches the lives of Georgia's children with cancer and their families through recreational, educational and support programs. From the Organization's formation as a traditional summer camp for children and adolescents who have cancer, the Organization has grown programming to include year round activities for these individuals impacted by cancer along with other programs to offer support for their siblings and families. In addition to providing this programming in the traditional camp setting, the Organization also provides activities at its facility in Atlanta as well as directly within Georgia hospitals.

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 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. These consolidated financial statements are not intended to represent the assets, liabilities and net assets, revenue and expenses in accordance with accounting principles generally accepted in the United States of America. 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 at their fair market value 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 recorded at fair value.

#### Financial statement presentation:

The Organization is required to report information according to two classes of net assets:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

## **Camp Sunshine, Inc. and Subsidiary**

*Notes to Consolidated Financial Statements – Modified Cash Basis*

*December 31, 2021 and 2020*

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

#### *Net assets released from restrictions:*

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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, liabilities and net assets – modified cash basis amounts due to outstanding checks.

#### *Investment securities:*

Investments are reported at their fair values in the consolidated statements of assets, liabilities and net assets – modified cash basis. 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. 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 are 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. Certificates of deposit included in investments have an original maturity greater than three months and are valued at amortized cost, which approximates fair value.

The Organization's investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes will occur in the near term that could materially affect the Organization's investment account balances and the amounts reported in the accompanying consolidated financial statements.

#### *Property and equipment:*

Property and equipment are stated at cost less accumulated depreciation. 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 which generally range from 3 to 39 years.

#### *Contributions:*

Contributions received are classified as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

## **Camp Sunshine, Inc. and Subsidiary**

*Notes to Consolidated Financial Statements – Modified Cash Basis*

*December 31, 2021 and 2020*

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

#### Contributions, continued:

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions.

#### 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 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.

#### Functional allocation of expenses:

The costs of program and supporting services activities have been summarized on the functional basis in the consolidated statements of revenues, expenses and net assets – modified cash basis. The consolidated statements of functional expenses – modified cash basis present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, employee benefits, payroll taxes, office supplies, telephone, postage and shipping, repairs and maintenance, travel, printing and publications, conferences and meetings, insurance, utilities, miscellaneous and depreciation and are allocated based on time and effort and direct cost.

#### Measure of operations:

The consolidated statements of revenues, expenses and net assets – modified cash basis report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing programmatic services. Nonoperating activities are limited to resources that generate return from investments, change in interest in Camp Sunshine Supporting Fund, Inc. (see Note 5) and other activities considered to be of a more unusual or nonrecurring nature.

## Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2021 and 2020

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

#### Subsequent events:

The Organization has evaluated subsequent events for potential recognition and disclosure through June 16, 2022, the date the consolidated financial statements were available to be issued.

### Note 2. Availability and Liquidity

The following represents the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available within one year:

|   | <u>2021</u>          | <u>2020</u>          |
|---|----------------------|----------------------|
| Financial assets at year-end:   |                      |                      |
| Cash and cash equivalents   | \$ 1,801,605         | \$ 1,760,305         |
| Investment securities   | <u>12,471,441</u>    | <u>10,530,776</u>    |
| Total financial assets  | <u>14,273,046</u>    | <u>12,291,081</u>    |
| Less amounts not available to be used within one year:                              |                      |                      |
| Endowment net assets with donor restrictions  | 1,000,000            | 1,000,000            |
| Net assets restricted for repairs and maintenance                                   | <u>1,404,672</u>     | <u>1,279,345</u>     |
| Total amount not available to be used within one year                               | <u>2,404,672</u>     | <u>2,279,345</u>     |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 11,868,374</u> | <u>\$ 10,011,736</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization seeks to maintain liquid reserves targeted as one year's annual budgeted expenditures. In addition, the Organization invests cash in excess of such requirements in short-term investments. Income from donor restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditures.

### Note 3. Investment Securities

Investment securities, at fair value, as of December 31, 2021 and 2020, consist of the following:

|                         | <u>2021</u>         |                      | <u>2020</u>         |                      |
|-------------------------|---------------------|----------------------|---------------------|----------------------|
|                         | <u>Cost</u>         | <u>Fair value</u>    | <u>Cost</u>         | <u>Fair value</u>    |
| Fixed income            | \$ 3,660,713        | \$ 3,681,423         | \$ 2,653,187        | \$ 2,753,894         |
| Equity securities       | 2,149,069           | 4,086,742            | 1,931,590           | 3,517,519            |
| Mutual funds            | 3,594,524           | 4,547,636            | 3,153,495           | 4,104,475            |
| Certificates of deposit | <u>155,640</u>      | <u>155,640</u>       | <u>154,888</u>      | <u>154,888</u>       |
|                         | <u>\$ 9,559,946</u> | <u>\$ 12,471,441</u> | <u>\$ 7,893,160</u> | <u>\$ 10,530,776</u> |

## Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2021 and 2020

### Note 3. Investment Securities, Continued

Net gain on investments in the consolidated statements of revenues, expenses and net assets – modified cash basis is reported net of investment fees paid to a third-party investment advisor. There was no allocation of internal costs to investment expenses for the years ended December 31, 2021 and 2020. Proceeds from sales of securities totaled \$3,311,453 and \$2,717,619 for the years ended December 31, 2021 and 2020, respectively. The sales of securities resulted in realized gain of \$1,166,917 and \$63,753 for the years ended December 31, 2021 and 2020, respectively, reported in net gain on investments.

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, and cash management vehicles and individually owned equities.

### Note 4. Property and Equipment

Property and equipment consist of the following major classifications:

|                          | <u>2021</u>         | <u>2020</u>         |
|--------------------------|---------------------|---------------------|
| Land                     | \$ 812,211          | \$ 812,211          |
| Land improvements        | 979,893             | 973,035             |
| Buildings                | 2,693,873           | 2,693,873           |
| Furniture and equipment  | 450,109             | 444,183             |
| Software                 | 72,889              | 67,939              |
| Automobiles              | <u>139,668</u>      | <u>139,668</u>      |
|                          | 5,148,643           | 5,130,909           |
| Accumulated depreciation | <u>(2,853,013)</u>  | <u>(2,693,942)</u>  |
|                          | <u>\$ 2,295,630</u> | <u>\$ 2,436,967</u> |

Depreciation expense for 2021 and 2020 totaled \$159,071 and \$160,542, 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 appropriations to/from the Foundation are at the discretion of the Foundation's Board. The Foundation's Board has no variance power over the use of the assets.

## Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2021 and 2020

### Note 5. Camp Sunshine Supporting Fund, Inc., Continued

The Organization accounts for its beneficial interest in the assets held by the Foundation at fair value in the consolidated financial statements, as shown below:

|  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| <b>Beneficial interest in assets held by others, beginning of year</b> | \$ 2,126,908        | \$ 1,867,894        |
| <b>Revenues</b>  |                     |                     |
| Investment income  | 34,628              | 31,119              |
| Net gain on investments  | <u>294,395</u>      | <u>271,193</u>      |
|  | 329,023             | 302,312             |
| <b>Expenses</b>  |                     |                     |
| Administrative expenses  | <u>1,251</u>        | <u>10,872</u>       |
| Revenues over expenses   | <u>327,772</u>      | <u>291,440</u>      |
| <b>Transfer to Camp Sunshine, Inc.</b>                                 | <u>(25,346)</u>     | <u>(32,426)</u>     |
| <b>Beneficial interest in assets held by others, end of year</b>       | <u>\$ 2,429,334</u> | <u>\$ 2,126,908</u> |

### Note 6. Net Assets

Total restricted net assets are comprised of an endowment, unused income generated by the endowment and the net assets of the Foundation. 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. Net assets with donor restrictions as of December 31, 2021 and 2020, are summarized as follows:

|  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| Subject to expenditure for specified purpose |                     |                     |
| Capital repair and maintenance               | \$ 1,404,672        | \$ 1,279,345        |
| Camp Sunshine Supporting Fund, Inc.          | 2,429,334           | 2,126,908           |
| Subject to permanent restriction of corpus   | <u>1,000,000</u>    | <u>1,000,000</u>    |
|  | <u>\$ 4,834,006</u> | <u>\$ 4,406,253</u> |

Net assets released from donor restrictions consist of:

|  | <u>2021</u>      | <u>2020</u>      |
|--|------------------|------------------|
| Spending allocation from Camp Sunshine Supporting Fund, Inc. | <u>\$ 25,346</u> | <u>\$ 32,426</u> |

## Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2021 and 2020

### Note 6. Net Assets, Continued

Net assets without donor restrictions 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. Net assets without donor restrictions as of December 31, 2021 and 2020, are summarized as follows:

|                             | <u>2021</u>          | <u>2020</u>          |
|-----------------------------|----------------------|----------------------|
| Cash and cash equivalents   | \$ 1,801,605         | \$ 1,760,305         |
| Investment securities       | 10,066,769           | 8,251,431            |
| Property and equipment, net | <u>2,295,630</u>     | <u>2,436,967</u>     |
|                             | <u>\$ 14,164,004</u> | <u>\$ 12,448,703</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. The 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.

#### 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 net assets with donor restrictions at the original value of the gift donated to the permanent endowment. The donor-restricted endowment fund is classified as net assets with donor restrictions 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. Deficiencies of this nature are reported in net assets with donor restriction. During 2021 and 2020, there were no funds with such deficiencies.



## Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2021 and 2020

### Note 7. Endowment, Continued

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.

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.

Changes in endowment net assets are as follows:

|  | <u>With donor restrictions</u> |                     |
|--|--------------------------------|---------------------|
|  | <u>2021</u>                    | <u>2020</u>         |
| <b>Endowment net assets, beginning of year</b> | \$ <u>2,279,345</u>            | \$ <u>2,152,640</u> |
| Investment income                              | 16,810                         | 17,420              |
| Net gain on investments                        | <u>108,517</u>                 | <u>109,285</u>      |
|  | <u>125,327</u>                 | <u>126,705</u>      |
| <b>Endowment net assets, end of year</b>       | \$ <u>2,404,672</u>            | \$ <u>2,279,345</u> |

### Note 8. Fundraising

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

|                           | <u>2021</u>       | <u>2020</u>       |
|---------------------------|-------------------|-------------------|
| <b>Revenues</b>           |                   |                   |
| Keencheefoone road race   | \$ 256,903        | \$ 256,138        |
| Signature event           | 271,835           | 45,845            |
| Special events            | 48,473            | 61,275            |
| T-Shirt sales             | <u>763</u>        | <u>534</u>        |
|                           | 577,974           | 363,792           |
| <b>Direct expenses</b>    | <u>45,164</u>     | <u>17,686</u>     |
|                           | 532,810           | 346,106           |
| <b>Allocated expenses</b> | <u>215,592</u>    | <u>204,127</u>    |
|                           | \$ <u>317,218</u> | \$ <u>141,979</u> |

## Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2021 and 2020

### Note 9. Payroll Protection Program

In April 2020, the Organization entered into a loan with Truist Bank for a principal amount of \$187,045 pursuant to the Paycheck Protection Program (“PPP loan”) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The PPP loan is unsecured and guaranteed by the United States Small Business Administration (SBA). The Organization may apply to the financial institution for forgiveness of the PPP loan, with the amount which may be forgiven equal to the sum of payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization during the twenty-four week period beginning on April 15, 2020, calculated in accordance with the terms of the CARES Act. The proceeds of the PPP loan were recognized as income on the consolidated statement of revenues, expenses and net assets – modified cash basis in 2020 because management determined that the Organization had met the conditions for loan forgiveness and received the loan proceeds as of December 31, 2020. In March 2021, the Organization’s PPP loan forgiveness application was approved by the SBA.

### Note 10. Donated Products and Services

The Organization receives substantial fundraising and operating services from volunteers. The value of many of these services did not meet the recognition criteria and is not reflected in these consolidated financial statements. The Organization has recognized revenue from contributions for the following donated products and services, which were allocated to the various activities:

|                               | <u>2021</u>      | <u>2020</u>      |
|-------------------------------|------------------|------------------|
| House programs                | \$ 8,037         | \$ 10,820        |
| Summer camp                   | 1,660            | 1,587            |
| Accounting and legal services | 7,300            | 10,235           |
| Graphics and printing         | <u>3,919</u>     | <u>5,555</u>     |
|                               | <u>\$ 20,916</u> | <u>\$ 28,197</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 \$56,958 for 2021 and \$55,149 for 2020, respectively.

### Note 12. COVID-19

The 2019 novel coronavirus (or COVID-19) has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. As expected, the Organization saw contributions and fundraising impacted due to the disruption during 2021 and 2020. Additionally, the Organization suspended its spring and summer camp programs and transitioned to virtual programming. It is unknown the extent to which COVID-19 may continue to spread, have an increasingly destabilizing effect on financial and economic activity and to negatively impact the Organization and the U.S. economy. The extent of the adverse impact of the COVID-19 outbreak on the Organization cannot be predicted at this time.