



Financial Report

October 31, 2018

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Independent Auditors' Report

Board of Directors
Camp Sunshine at Sebago Lake, Inc.
Casco, Maine

We have audited the accompanying financial statements of Camp Sunshine at Sebago Lake, Inc. (a Maine nonprofit organization), which comprise the statement of financial position as of October 31, 2018, and the related statement of activities, functional expense, and cash flow for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camp Sunshine at Sebago Lake, Inc. as of October 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Camp Sunshine at Sebago Lake, Inc.

Prior Period Financial Statements

The financial statements of Camp Sunshine at Sebago Lake, Inc. as of October 31, 2017, were audited by Macpage LLC, who merged with Wipfli LLP as of August 1, 2018, and whose report, dated February 28, 2018, expressed an unmodified opinion on those statements.

Wipfli LLP

South Portland, Maine
March 8, 2019

Statements of Financial Position

October 31,

ASSETS	2018	2017
Current Assets		
Cash	\$ 1,939,308	\$ 502,673
Accounts receivable	178,199	1,029,166
Inventory	74,327	73,389
Total Current Assets	<u>2,191,834</u>	<u>1,605,228</u>
Property and Equipment		
Buildings	10,708,986	9,988,784
Land improvements	1,514,486	1,514,486
Automobiles	182,501	217,351
Equipment	1,492,760	1,387,047
	<u>13,898,733</u>	<u>13,107,668</u>
Less accumulated depreciation	6,748,236	6,252,776
	<u>7,150,497</u>	<u>6,854,892</u>
Land	400,257	400,257
Construction-in-progress	107,705	42,480
	<u>7,658,459</u>	<u>7,297,629</u>
Other Assets		
Investments	21,776,600	20,512,874
Cash - restricted	299,109	1,128,764
Contributions receivable - endowment (net)	9,668	117,743
	<u>22,085,377</u>	<u>21,759,381</u>
Total Assets	<u>\$ 31,935,670</u>	<u>\$ 30,662,238</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 101,514	\$ 105,291
Accrued expenses	82,730	82,689
Deferred gift annuity	35,943	37,162
Total Current Liabilities	<u>220,187</u>	<u>225,142</u>
Total Liabilities	<u>220,187</u>	<u>225,142</u>
Net Assets		
Unrestricted	9,630,106	8,677,716
Unrestricted - Board-designated	5,330,078	4,986,953
Total unrestricted net assets	<u>14,960,184</u>	<u>13,664,669</u>
Temporarily restricted	6,708,327	6,768,316
Permanently restricted	10,046,972	10,004,111
Total Net Assets	<u>31,715,483</u>	<u>30,437,096</u>
Total Liabilities and Net Assets	<u>\$ 31,935,670</u>	<u>\$ 30,662,238</u>

Statements of Activities

Years Ended October 31,

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Support and Revenue								
Contributions	\$ 2,536,741	\$ 331,229		\$ 2,867,970	\$ 2,114,174	\$ 291,062		\$ 2,405,236
Donated goods, services, and facilities	176,820			176,820	174,903			174,903
Special events income	1,431,195			1,431,195	1,310,679			1,310,679
Special events expense	(274,809)			(274,809)	(296,115)			(296,115)
Net assets released from restrictions	455,589	(455,589)			285,585	(285,585)		
Total Operating Support and Revenue	4,325,536	(124,360)		4,201,176	3,589,226	5,477		3,594,703
Operating Expenses								
Program services	3,428,116			3,428,116	3,236,115			3,236,115
Management and general	254,208			254,208	258,393			258,393
Fund raising	296,510			296,510	278,461			278,461
Total Operating Expenses	3,978,835			3,978,835	3,772,969			3,772,969
Gain (Loss) from Operations	346,701	(124,360)		222,341	(183,743)	5,477		(178,266)
Non-Operating Support, Revenue, Gains and (Expenses)								
Contributions		359,872	\$ 42,861	402,733		\$ 575,676	\$ 88,759	664,435
Loss on disposal of assets	(9,915)			(9,915)				
Investment income - endowment	224,085	200,869		424,954	192,240	229,413		421,653
Net realized and unrealized gains on investments	124,835	113,439		238,274	986,466	1,176,417		2,162,883
Net assets released from restrictions	609,809	(609,809)			55,677	(55,677)		
Total Non-Operating Support, Revenue Gains and (Expenses)	948,814	64,371	42,861	1,056,046	1,234,383	1,925,829	88,759	3,248,971
Change in Net Assets	1,295,515	(59,989)	42,861	1,278,387	1,050,640	1,931,306	88,759	3,070,705
Net Assets, Beginning of Year	13,664,669	6,768,316	10,004,111	30,437,096	12,614,029	4,837,010	9,915,352	27,366,391
Net Assets, End of Year	\$ 14,960,184	\$ 6,708,327	\$ 10,046,972	\$ 31,715,483	\$ 13,664,669	\$ 6,768,316	\$ 10,004,111	\$ 30,437,096

Statements of Cash Flows

Years Ended October 31,

	2018	2017
Cash flows from operating activities:		
Change in total net assets	<u>\$ 1,278,387</u>	<u>\$ 3,070,705</u>
Adjustments to reconcile change in total net assets to net cash from operating activities:		
Depreciation	520,395	514,608
Gain on sale of property and equipment	9,915	
Net realized and unrealized gain on investments	(238,274)	(2,162,883)
Contribution for long-lived purposes	(42,861)	(88,759)
Contribution of stock	(97,112)	(24,863)
(Increase) decrease in operating assets:		
Accounts receivable	850,967	(857,036)
Inventory	(938)	(19,843)
Contributions receivable	108,075	56,037
Increase (decrease) in operating liabilities:		
Accounts payable	(3,777)	46,165
Accrued expenses	41	19,934
Deferred gift annuity	(1,219)	(1,183)
Total adjustments	<u>1,105,212</u>	<u>(2,517,823)</u>
Net cash provided by operating activities	<u>2,383,599</u>	<u>552,882</u>
Cash flows from investing activities:		
Purchase of investments	(928,340)	(420,467)
Cash paid (to)/from restricted accounts	829,655	(645,895)
Purchase of property and equipment	(891,140)	(303,776)
Net cash used in investing activities	<u>(989,825)</u>	<u>(1,370,138)</u>
Cash flows from financing activities:		
Contributions for long-lived purposes	42,861	88,759
Net cash provided by financing activities	<u>42,861</u>	<u>88,759</u>
Net increase (decrease) in cash	1,436,635	(728,497)
Cash at beginning of year	<u>502,673</u>	<u>1,231,170</u>
Cash at end of year	<u><u>\$ 1,939,308</u></u>	<u><u>\$ 502,673</u></u>

Statements of Functional Expenses

Years Ended October 31,

	2018				2017			
	Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising	Total
Expenses:								
Salaries	\$ 733,313	\$ 112,034	\$ 173,143	\$ 1,018,490	\$ 760,645	\$ 126,775	\$ 169,032	\$ 1,056,452
Payroll taxes	59,290	9,058	13,999	82,347	59,938	11,131	14,556	85,625
Employee benefits	121,917	18,626	28,786	169,329	113,855	21,144	27,651	162,650
Contracted services		11,416		11,416				
Professional services	124,160	31,507	25,095	180,762	128,000	30,023	20,195	178,218
Medical program support	299,629			299,629	357,910			357,910
Utilities	166,085	3,424	1,712	171,221	128,262	2,645	1,322	132,229
Telephone	25,992	536	268	26,796	25,643	529	264	26,436
Postage	11,699	1,460	6,749	19,908	7,263	1,474	7,656	16,393
Maintenance	418,231	8,623	4,312	431,166	345,195	7,117	3,559	355,871
Supplies	91,036	793	1,349	93,178	71,573	562	1,092	73,227
Printing and publications	59,303	912	15,914	76,129	65,741	1,553	20,327	87,621
Travel	371,834	93	18,390	390,317	265,747	260	4,705	270,712
Entertainment	17,025			17,025	21,242			21,242
Food and supplies	238,465			238,465	220,527			220,527
Equipment rental/maintenance	36,622	755	378	37,755	25,192	519	259	25,970
Insurance	101,640	2,096	1,048	104,784	94,463	1,948	974	97,385
Lease expense	10,118	209	104	10,431	11,107	228	115	11,450
Dues and subscriptions	31,770	2,564	59	34,393	29,496		1,608	31,104
Miscellaneous		44,899		44,899		47,339		47,339
Total Expenses Before Depreciation and Special Event	2,918,129	249,004	291,306	3,458,440	2,731,799	253,247	273,315	3,258,361
Depreciation	509,987	5,204	5,204	520,395	504,316	5,146	5,146	514,608
Special event expense			274,809	274,809			296,115	296,115
Total Expenses	3,428,116	254,208	571,319	4,253,644	3,236,115	258,393	574,576	4,069,084
Less expenses included in revenues (special events)			274,809	274,809			296,115	296,115
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 3,428,116	\$ 254,208	\$ 296,510	\$ 3,978,835	\$ 3,236,115	\$ 258,393	\$ 278,461	\$ 3,772,969

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Camp Sunshine at Sebago Lake, Inc. (hereinafter called “Organization”), located in Casco, Maine, is a nonprofit organization that provides respite and support services for children with life-threatening illnesses and their families. The Organization is supported primarily by donor contributions and a vast force of volunteers.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, support, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported, as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Unrestricted Net Assets – Board-Designated

Net unrestricted assets that have been designated by the Board of Directors to be part of the endowment fund.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization but permits the Organization to expend all or part of the income earned on the assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Interpretation of Relevant Law

The State of Maine Uniform Prudent Management Institutional Funds Act (UPMIFA) requires the preservation of the historic 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 Act, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining 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 Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers a number of factors in making a determination to appropriate or accumulate donor-restricted endowment funds which are designed to safeguard the principal.

Investments

Investments are carried at estimated fair value and realized and unrealized gains and losses are reflected in the statement of activities. Investments consist of funds designated by the Board of Trustees and permanent endowment assets, which are held for the long-term.

The Organization's investment policy for permanently restricted and Board-designated investments is, as follows:

Purpose

The Organization's Investment Portfolio holds and invests such funds as are deemed to be temporarily surplus to the current operating requirements of the Organization. These funds must be available to finance any annual operating shortfall, should such a shortfall occur. At the discretion of the Board, and on recommendation of the Finance Committee, funds deemed to be excess in this investment portfolio may be transferred to the Board-designated Camp Sunshine Endowment Fund. The Camp Sunshine Endowment and designated endowment holds and invests funds for the purpose of generating income and capital appreciation that can be applied to:

- a. Capital improvement at the Organization.
- b. Specific programs as per terms designated by donors.
- c. Emergency repairs at the Organization.
- d. Curing a shortfall in the annual operating account at the Organization if all other sources are exhausted.

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments - continued

Investment Performance Review and Evaluation Criteria

Performance reports generated by the Investment Advisor will be compiled at least quarterly and will be delivered to the Finance Committee for review within six weeks after the end of each calendar quarter.

The Finance Committee will meet at least quarterly (in person or telephonically), and any Committee member may request a meeting of the Finance Committee at their discretion for the purpose of discussing the affairs of the investment portfolio or endowment.

The performance of the endowments' investments in aggregate, as well as individual asset class components, will be measured against commonly accepted investment performance benchmarks. Consideration will be given to the extent to which investment performance results are consistent with the investment objectives, goals, and guidelines as set forth in the Investment Policy.

The Finance Committee will review investment managers, funds and/or Investment Advisor regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other quantitative and qualitative factors that may impact its ability to achieve the desired investment results.

Investment Portfolio

The Organization Investment Portfolio – permissible investment, risk and asset allocation is, as follows:

Permissible investments include U.S. Common stocks traded on major exchanges, U.S. Government and Government Agency notes and bonds, investment grade state and local notes and bonds, investment grade corporate bonds, investment grade mortgage-backed securities, alternative investments, public real estate investment trusts, energy MLPs and commodities.

Excluded investments include derivatives and synthetic securities, illiquid fixed income securities, explicit and implicit leveraged transactions, direct real property investments as part of managed portfolios.

Diversification Parameters

Generally, not more than 7% of the market value of the equity portfolio (original cost basis) shall be invested in the securities of a single issuer. Generally, not more than 7% of the market value of the fixed income portfolio (original cost basis) shall be in the securities of a single issuer, with the exception of the U.S. Government and its Agencies.

Risk

The estimated volatility of the equity portfolio should generally not exceed the volatility of the S&P 500 by more than 10%. The duration of the fixed income portfolio should generally not exceed the duration of the Barclay's Capital U.S. Aggregate Bond Index by more than 10%.

Asset Allocation

The Organization Investment Portfolio asset allocation target for fixed income is 40%, with an acceptable range of 35% to 45%, and the asset allocation target for equities is 60%, with an acceptable range of 55% to 65%.

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments – Continued

Alternate Investments (all other permissible investments) up to 5% of asset allocation.

Fair Value Measurements

Fair value is 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. In determining fair value, the Organization uses various methods, including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs.

The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities. At each reporting period, if applicable, all assets and liabilities, for which the fair value measurement is based on significant unobservable inputs, are classified as Level 3.

For the years ended October 31, 2018 and 2017, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment Securities

The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Accounts Receivable

Accounts receivable represent revenues due for events held near year-end and paid the following month. Management determined that no allowance for uncollectible accounts receivable was necessary.

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventory

Inventory is valued at the lower of cost or net realizable value with cost determined on the first in, first out (FIFO) basis and consists primarily of t-shirts, hats and other small camp souvenirs.

Property and Equipment

Property and equipment are capitalized at cost or, in the case of donated property, at estimated fair value at date of receipt. The Organization's policy is to capitalize property and equipment with a cost of \$10,000 or greater, while lesser amounts are expensed. Depreciation is calculated on a straight-line method over useful lives of two to forty years.

Contributions Receivable

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization is subject to federal and state examinations by taxing authorities for the years ended October 31, 2015 through October 31, 2018.

Statements of Cash Flows

For purposes of the statements of cash flows, the Organization considers all cash and other highly liquid investments, with initial maturities of three months or less to be cash and cash equivalents.

Revenue Recognition

All contributions are considered available for the Organization's general programs, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Contributions receivable and charitable remainder trusts in the accompanying statement of financial position consist of unconditional promises to give, which are recorded at their net realizable value at the time the promises are received. These promises to give are reflected as either current or long-term receivables on the statement of financial position. With the exception of the charitable remainder trusts, all long-term receivables are expected to be collected within five years.

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Operating and Non-Operating Activities

The Organization classifies activities that relate directly to its mission as operating activities. Those activities that relate to the development of the endowment, gains and losses from the endowment and other non-operating activities, are classified as non-operating activities.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standard (IFRS).

The core principle of the guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for all nonpublic entities' annual periods beginning after December 15, 2018, but management presently does not expect a significant change in revenue recognition.

Leasing

In February 2016, FASB issued ASU 2016 – 2, Leases. This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of entities that lease. The proposal is for a dual-model approach; a lessee would account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both would be reported on the balance sheet of the entity. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic companies, the new leasing standard would apply for fiscal years beginning after December 15, 2019. The standard requires retroactive application to previously issued financial statements for 2019 and 2018, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Not-for-Profit Entities

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities, to amend current reporting requirements to make several improvements including reducing complexities of information presented within Not-for-Profit financial statements. A main provision of this update is that a Not-for-Profit entity will report two classes of net assets (amounts for net assets with donor restrictions and net assets without donor restrictions), rather than the currently required three classes.

The guidance is effective for annual periods beginning after December 15, 2017, with early application permitted. This standard requires retroactive application to previously issued financial statements for 2018 and 2017, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 2 – CASH

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

NOTE 3 – CONTRIBUTIONS RECEIVABLE – ENDOWMENT

Included in contributions receivable are the following unconditional promises to give at October 31:

	2018	2017
Endowment Fund-net	\$ 9,668	\$ 119,668
Less unamortized discount		(1,925)
Net endowment fund	<u>\$ 9,668</u>	<u>\$ 117,743</u>
Amounts due in:		
Less than one year	\$ 9,668	\$ 70,000
One to five years		49,668
	<u>\$ 9,668</u>	<u>\$ 119,668</u>

The discount rate approximated 4% for 2108 and 2017.

NOTE 4 – RESTRICTED CASH AND INVESTMENTS

Investments at approximate fair value based on quoted market prices at October 31:

	2018	2017
Bonds	\$ 2,001,906	\$ 107,083
U.S. Treasuries		445,929
Mortgage-Backed Securities	27,192	59,914
Mutual Funds	19,130,870	19,452,121
Cash and Money Market Funds	915,741	1,576,591
	<u>\$22,075,709</u>	<u>\$ 21,641,638</u>

The Organization incurred \$5,263 in investment related custodial and advisory expenses for the year ended October 31, 2018. The Organization incurred no investment related custodial and advisory expenses for the year ended October 31, 2017.

Restricted cash of \$299,109 for 2018 and \$1,128,764 for 2017 that are to be transferred to the investment account have been segregated on the statement of financial position under other assets.

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 4 – RESTRICTED CASH AND INVESTMENTS – CONTINUED

Donor-restricted and Board-designated endowment investment composition by type of fund as of October 31, 2018 is, as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		\$ 6,708,327	\$ 10,037,304	\$ 16,745,631
Board-designated endowment funds	\$ 5,330,078			5,330,078
	<u>\$ 5,330,078</u>	<u>\$ 6,708,327</u>	<u>\$ 10,037,304</u>	<u>\$ 22,075,709</u>

Donor-restricted and Board-designated endowment investment composition by type of fund as of October 31, 2017 is, as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		\$ 6,768,316	\$ 9,886,368	\$ 16,654,684
Board-designated endowment funds	\$ 4,986,954			4,986,954
	<u>\$ 4,986,953</u>	<u>\$ 6,768,316</u>	<u>\$ 9,886,368</u>	<u>\$ 21,641,638</u>

Changes in endowment investment for the year ended October 31, 2018 are, as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ 4,986,953	\$ 6,768,316	\$ 9,886,368	\$ 21,641,637
Investment return:				
Investment income	224,085	200,869		424,954
Net appreciation	124,835	113,439		238,274
Contributions		691,101	150,936	842,037
Appropriation for expenditure	(5,795)	(1,065,398)		(1,071,193)
	<u>\$ 5,330,078</u>	<u>\$ 6,708,327</u>	<u>\$ 10,037,304</u>	<u>\$ 22,075,709</u>

Changes in endowment investment for the year ended October 31, 2017 are, as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ 3,808,949	\$ 4,837,010	\$ 9,741,572	\$ 18,387,531
Investment return:				
Investment income	192,240	229,413		421,653
Net appreciation	985,795	1,177,088		2,162,883
Contributions		866,067	144,796	1,010,863
Appropriation for expenditure	(30)	(341,262)		(341,292)
	<u>\$ 4,986,954</u>	<u>\$ 6,768,316</u>	<u>\$ 9,886,368</u>	<u>\$ 21,641,638</u>

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 4 – RESTRICTED CASH AND INVESTMENTS – CONTINUED

The Organization's investments are categorized as follows as of October 31, 2018:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Investments – endowment				
Bonds	\$ 2,001,906		\$ 2,001,906	
Mortgage-Backed Securities	27,192		27,192	
Mutual Funds	19,130,870	\$ 19,130,870		
Cash and Money Market Funds	915,741	915,741		
	<u>\$ 22,075,709</u>	<u>\$ 20,046,611</u>	<u>\$ 2,029,098</u>	<u>\$ -</u>

The Organization's investments are categorized as follows as of October 31, 2017:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Investments – endowment				
Bonds	\$ 107,083		\$ 107,083	
U.S. Treasuries	445,929	\$ 445,929		
Mortgage-Backed Securities	59,914		59,914	
Mutual Funds	19,452,121	19,452,121		
Cash and Money Market Funds	1,576,591	1,576,591		
	<u>\$ 21,641,638</u>	<u>\$ 21,474,641</u>	<u>\$ 166,997</u>	<u>\$ -</u>

The Organization invests in various investment securities and money market funds. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amount reported in the statement of financial position.

NOTE 5 – NET ASSETS

Temporarily restricted assets at October 31 are available for the following purposes:

	2018	2017
Other restricted contributions	\$ 703,217	\$ 1,075,009
Endowment earnings – to support future operations	6,005,110	5,693,307
	<u>\$ 6,708,327</u>	<u>\$ 6,768,316</u>

Permanently restricted net assets at October 31 are restricted for the following purposes:

	2018	2017
Endowment - to support future operations	<u>\$ 10,046,972</u>	<u>\$ 10,004,111</u>

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 6 – NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose.

Purpose restrictions accomplished for the years ended October 31:

	2018	2017
Kitchen – capital fund		\$ 2,500
Van – capital fund		24,767
Futon – capital fund		5,000
Ice rink – capital fund	\$ 13,598	7,661
Sports Center – capital fund	563,871	
Tractor – capital fund	10,000	
Computer equipment – capital fund	10,000	
Other releases – capital fund	12,340	15,749
Other releases	455,589	285,585
	<u>\$ 1,065,398</u>	<u>\$ 341,262</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

During 2018 and 2017, two Board members were paid a combined total of \$280,971 and \$340,016, respectively, for medical and psychosocial consulting services, which include family evaluation screening, management of on-site medical clinic, the supervision of on-site doctors and management of psychosocial program. While desiring to be competitive, Camp Sunshine is also committed to good stewardship of public funds. Therefore, an in-depth labor market analysis, with the aid of an external independent compensation consulting firm, has been conducted and the results of the labor market analysis was used to determine compensation levels for the medical and psychosocial consultants.

NOTE 8 – DONATED SERVICES

Only donated services that meet the criteria under generally accepted accounting principles are recorded. The Organization recorded \$124,160 and \$128,000 in volunteer services for the years ended October 31, 2018 and 2017, respectively. These amounts include the equivalent of 12,400 and 12,800 hours for the respective years for donated services from a variety of unpaid volunteers who receive specialized training from the Organization and who assist the Organization in its programs and services.

Additionally, for each of the years ended October 31, 2018 and 2017, the Organization received approximately 62,000 and 64,000 hours, respectively, of donated services from a variety of unpaid volunteers who assisted the Organization in its programs and services. No amounts for these services were recognized in the accompanying statements of activities because the criteria for recognition of such volunteer services were not satisfied.

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 9 – SPECIAL EVENTS

During the years ended October 31, the Organization solicited contributions through the following special events:

	2018		
	Revenues	Expenses	Net
Bingo	\$ 50,757	\$ 39,041	\$ 11,716
Games of chance	4,358	233	4,125
Auction	86,632	6,466	80,166
PSE golf tournament	38,709	11,035	27,674
Golf	55,650	100	55,550
Raffle	250		250
Coin boxes	4,102	82	4,020
Bottle redemption	4,790		4,790
Watermelon Festival	32,951	10,572	22,379
Souvenirs	98,104	42,567	55,537
Pumpkin Fest	122,947	29,958	92,989
AJ's Polar Plunge	58,129	4,753	53,376
VA Polar Plunge	53,961	6,296	47,665
Wachusett Plunge	42,778	3,271	39,507
Portland Plunge	11,261	939	10,322
Oxford Plunge	15,573	3,685	11,888
Long Island Plunge	4,905	956	3,949
Central NY Plunge	20,489	1,018	19,471
Bangor Plunge	2,949	292	2,657
Rhode Island Plunge	7,814	835	6,979
Maine Suitcase Party	184,616	52,949	131,667
SEALS for Sunshine	96,575	21,496	75,079
Angel walkway	21,550		21,550
Brick walkway	9,015	2,834	6,181
Miscellaneous	402,330	35,431	366,899
	\$ 1,431,195	\$ 274,809	\$ 1,156,386

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 9 – SPECIAL EVENTS – CONTINUED

	2017		
	Revenues	Expenses	Net
Bingo	\$ 48,868	\$ 37,270	\$ 11,598
Games of chance	9,915	351	9,564
Auction	72,829	6,621	66,208
PSE golf tournament	35,345	10,876	24,469
Golf	27,989	138	27,851
Coin boxes	3,458		3,458
Bottle redemption	156		156
Sunnies	800		800
Watermelon Festival	39,650	11,084	28,566
Souvenirs	92,135	41,393	50,742
Pumpkin Fest	101,437	23,199	78,238
Weston Pumpkin Fest	11,862		11,862
Coney Island Plunge	84,413	24,031	60,382
AJ's Polar Plunge	41,267	6,467	34,800
VA Polar Plunge	82,248	7,952	74,296
Wachusett Plunge	41,072	1,813	39,259
Portland Plunge	12,588	2,033	10,555
Colin's Crew Plunge	5,256	1,469	3,787
Maryland Plunge	14,394	2,364	12,030
Long Island Plunge	9,011	518	8,493
Central NY Plunge	16,404	1,545	14,859
Bangor Plunge	1,730		1,730
Maine Suitcase Party	141,929	61,802	80,127
SEALS for Sunshine	111,535	20,469	91,066
Angel walkway	13,685		13,685
Brick walkway	12,975	2,491	10,484
Miscellaneous	277,728	32,229	245,499
	<u>\$ 1,310,679</u>	<u>\$ 296,115</u>	<u>\$ 1,014,564</u>

Included in Bingo expense are prizes given to participants totaling \$37,633 and \$36,250 for the years ended October 31, 2018 and 2017, respectively.

NOTE 10 – OPERATING LEASE

The Organization leases various office equipment on a monthly basis. Lease expense for the years ended October 31, 2018 and 2017 was \$10,431 and \$11,450, respectively.

NOTE 11 – PENSION PLAN

The Organization sponsors a 403(b) Tax-sheltered Account covering all eligible employees. Contributions to the Plan are at management's discretion. For the years ended October 31, 2018 and 2017, the Organization's contributions were based on 5% of the employee's salary. The contributions by the Organization for the years ended October 31, 2018 and 2017 were \$41,136 and \$35,542, respectively.

Notes to Financial Statements

October 31, 2018 and 2017

NOTE 12 – SPLIT-INTEREST AGREEMENT

The Organization administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Organization's use. The portion of the trust attributable to the present value of the future benefits to be received by the Organization is recorded in the Statement of Activities as a permanently restricted contribution in the period the trust is established. No contributions were received in fiscal years ended 2018 and 2017. The initial assets allocated to the charitable remainder trusts totaled \$75,000. State of Maine law does not require these assets to be maintained in separate accounts and are included as part of the Organization's total investment balance, which is reported at fair market value in the Organization's Statement of Financial Position at October 31, 2018 and 2017. On an annual basis, the Organization revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$35,943 at October 31, 2018 and \$37,162 at October 31, 2017) is calculated using a discount rate of 3% and applicable mortality tables.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

During 2018, with the consent of the Board of Directors, Management began planning to build a clubhouse on property owned by the Organization. The project is set to begin in early 2019.

Management obtained bids from various qualified general contractors and has awarded the contract to Bartow Construction. Based on architecture and contractor research performed by management, it is expected that the construction of the facility will take approximately 6-8 months and will have a total cost of approximately \$1.8 million. The project is expected to be completed by the end of June of 2019.

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

Management of the Organization has made an evaluation of subsequent events up to March 8, 2019, the date the financial statements were available to be issued and determined that any subsequent events that require recognition or disclosure have been considered in the preparation of these financial statements.