

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 and 2015

AND

INDEPENDENT AUDITOR'S REPORT

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kostopulos Dream Foundation / Camp Kostopulos, Inc.

I have audited the accompanying financial statements of the Kostopulos Dream Foundation / Camp Kostopulos, Inc. (a nonprofit corporation) which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities and net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kostopulos Dream Foundation / Camp Kostopulos, Inc. as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

David T. Thomson, CPA

Salt Lake City, Utah
December 28, 2016

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 928,713	\$ 489,963
Accounts, contributions and grants receivable, net	42,022	47,276
Other receivables	7,825	4,162
Prepaid expenses	2,155	500
Fixed assets, at cost, less accumulated depreciation of \$1,696,308 and \$1,561,935 for September 30, 2016 and 2015	2,812,454	2,727,415
Construction in progress	<u>8,133</u>	<u>-</u>
Total assets	<u>\$ 3,801,302</u>	<u>\$ 3,269,316</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 5,336	\$ 9,715
Accrued liabilities	<u>97,193</u>	<u>72,650</u>
Total liabilities	<u>102,529</u>	<u>82,365</u>
Net assets		
Unrestricted	3,698,773	3,185,034
Temporarily restricted	<u>-</u>	<u>1,917</u>
Total net assets	<u>3,698,773</u>	<u>3,186,951</u>
Total liabilities and net assets	<u>\$ 3,801,302</u>	<u>\$ 3,269,316</u>

The accompanying notes are an integral part of these financial statements.

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.
STATEMENTS OF ACTIVITIES AND NET ASSETS
Years Ended September 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support and Revenues						
Public Support						
United Way of the Great Salt Lake Area	\$ 19,620	\$ -	\$ 19,620	\$ 18,105	\$ -	\$ 18,105
United Way of Northern Utah	348	-	348	384	-	384
Fundraising activities	255,798	-	255,798	292,107	-	292,107
State Contracts for Services	319,012	-	319,012	296,768	-	296,768
Foundations and Corporations	359,750	233,598	593,348	69,000	274,733	343,733
Contributions	31,449	-	31,449	24,058	-	24,058
Contributed services, materials and securities	336,015	-	336,015	288,419	-	288,419
Total Public Support	<u>1,323,992</u>	<u>233,598</u>	<u>1,557,590</u>	<u>988,841</u>	<u>274,733</u>	<u>1,263,574</u>
Revenue						
Program service fees	405,849	-	405,849	278,006	-	278,006
Facilities rental income	111,428	-	111,428	92,932	-	92,932
Miscellaneous	26,852	-	26,852	1,983	-	1,983
Interest and dividend income	792	-	792	292	-	292
Gain (loss) on assets sale or disposal	(7,887)	-	(7,887)	(4,464)	-	(4,464)
Total revenue	<u>537,034</u>	<u>-</u>	<u>537,034</u>	<u>368,749</u>	<u>-</u>	<u>368,749</u>
Total public support and revenue	<u>1,861,026</u>	<u>233,598</u>	<u>2,094,624</u>	<u>1,357,590</u>	<u>274,733</u>	<u>1,632,323</u>
Net assets released from restrictions						
Satisfaction of grant restrictions	235,515	(235,515)	-	277,816	(277,816)	-
Total net assets released from restrictions	<u>235,515</u>	<u>(235,515)</u>	<u>-</u>	<u>277,816</u>	<u>(277,816)</u>	<u>-</u>
Total public support, revenue and other support	<u>2,096,541</u>	<u>(1,917)</u>	<u>2,094,624</u>	<u>1,635,406</u>	<u>(3,083)</u>	<u>1,632,323</u>
EXPENSES						
Program services						
Community based recreation	480,446	-	480,446	399,532	-	399,532
Camp	823,656	-	823,656	724,815	-	724,815
Equestrian	153,858	-	153,858	128,550	-	128,550
Total program services	<u>1,457,960</u>	<u>-</u>	<u>1,457,960</u>	<u>1,252,897</u>	<u>-</u>	<u>1,252,897</u>
Supporting services						
Fund raising	58,511	-	58,511	64,925	-	64,925
Administration and general	66,331	-	66,331	58,618	-	58,618
Total supporting services:	<u>124,842</u>	<u>-</u>	<u>124,842</u>	<u>123,543</u>	<u>-</u>	<u>123,543</u>
Total expenses	<u>1,582,802</u>	<u>-</u>	<u>1,582,802</u>	<u>1,376,440</u>	<u>-</u>	<u>1,376,440</u>
Change in net assets	513,739	(1,917)	511,822	258,966	(3,083)	255,883
Net assets - beginning of year	3,185,034	1,917	3,186,951	2,926,068	5,000	2,931,068
Net assets - end of year	<u>\$ 3,698,773</u>	<u>\$ -</u>	<u>\$ 3,698,773</u>	<u>\$ 3,185,034</u>	<u>\$ 1,917</u>	<u>\$ 3,186,951</u>

The accompanying notes are an integral part of these financial statements.

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Change in net assets	\$ 511,822	\$ 255,883
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	141,987	138,042
Loss or (gain) on assets sale or disposal	7,887	4,464
Contributed fixed assets	(111,811)	(74,612)
Changes in operating assets and liabilities		
Accounts receivables	5,254	(20,477)
Other receivables	(3,663)	(912)
Prepaid expenses	(1,655)	(500)
Accounts payable and accrued expenses	<u>20,164</u>	<u>21,880</u>
Net cash provided by operating activities:	<u>569,985</u>	<u>323,768</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash from sale of fixed assets	-	3,500
Construction in progress	(8,133)	-
Purchase of fixed assets	<u>(123,102)</u>	<u>(118,251)</u>
Net cash (used) by investing activities	<u>(131,235)</u>	<u>(114,751)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	438,750	209,017
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>489,963</u>	<u>280,946</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 928,713</u>	<u>\$ 489,963</u>
SUPPLEMENTAL DATA:		
Noncash investing and financing activities	\$ 111,811	\$ 74,612
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

KOSTOPOULOS DREAM FOUNDATION / CAMP KOSTOPOULOS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2016

	Program Services			Supporting Services		2016 Total Expenses			
	Community Based Recreation	Camp		Equestrian	Total		Fund Raising	Administration	
								General	Total
Salaries	\$ 258,123	\$ 319,932	\$ 94,552	\$ 672,607	\$ 10,947	\$ 56,224	\$ 67,171	\$ 739,778	
Employee benefits	12,606	13,891	3,026	29,523	471	2,358	2,829	32,352	
Payroll taxes	21,044	26,617	9,190	56,851	969	4,663	5,632	62,483	
Total employee expenses	291,773	360,440	106,768	758,981	12,387	63,245	75,632	834,613	
Professional fees	1,108	1,662	369	3,139	277	1,277	1,554	4,693	
Insurance	14,196	22,309	4,056	40,561	-	-	-	40,561	
Occupancy expense	14,814	10,155	5,093	30,062	132	122	254	30,316	
Repairs and maintenance	14,021	11,675	679	26,375	-	-	-	26,375	
Telephone	4,957	4,040	595	9,592	530	708	1,238	10,830	
Office supplies and postage	5,854	13,054	307	19,215	238	238	476	19,691	
Printing	1,465	1,143	129	2,737	129	129	258	2,995	
Marketing and outreach	1,375	2,255	425	4,055	-	-	-	4,055	
Program and fund raising supplies	6,391	31,583	-	37,974	44,206	-	44,206	82,180	
Program costs	79,576	223,797	24,215	327,588	-	-	-	327,588	
Auto expense	8,772	6,961	227	15,960	-	-	-	15,960	
Staff development	11,907	20,496	-	32,403	-	-	-	32,403	
Taxes, fees and licenses	2,887	4,899	445	8,231	162	162	324	8,555	
Depreciation	21,350	109,187	10,550	141,087	450	450	900	141,987	
Total expenses	\$ 480,446	\$ 823,656	\$ 153,858	\$ 1,457,960	\$ 58,511	\$ 66,331	\$ 124,842	\$ 1,582,802	

The accompanying notes are an integral part of these financial statements

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2015

	Program Services			Supporting Services		2015 Total Expenses
	Community Based Recreation	Camp	Equestrian	Fund Raising	Administration and General	
Salaries	\$ 227,448	\$ 278,333	\$ 73,304	\$ 579,085	\$ 61,333	\$ 640,418
Employee benefits	10,480	12,390	2,237	25,107	1,682	27,209
Payroll taxes	19,619	28,549	6,948	55,116	3,229	59,101
Total employee expenses	257,547	319,272	82,489	659,308	67,420	726,728
Professional fees	1,421	2,137	470	4,028	579	4,943
Insurance	13,290	20,884	3,797	37,971	-	37,971
Occupancy expense	13,357	7,355	4,555	25,267	107	25,481
Repairs and maintenance	8,089	16,995	1,711	26,795	-	26,795
Telephone	4,440	3,697	584	8,721	618	9,835
Office supplies and postage	9,258	11,150	541	20,949	218	21,377
Printing	1,290	1,276	207	2,773	207	3,187
Marketing and outreach	303	1,063	140	1,506	-	1,506
Program and fund raising supplies	2,429	22,696	-	25,125	-	25,125
Program costs	48,712	182,390	20,776	251,878	48	251,974
Auto expense	10,768	7,236	457	18,461	54	18,515
Staff development	7,378	15,993	1,986	25,357	-	25,357
Taxes, fees and licenses	1,100	5,339	687	7,126	237	7,363
Depreciation	20,150	107,332	10,150	137,632	205	138,042
Total expenses	\$ 399,532	\$ 724,815	\$ 128,550	\$ 1,252,897	\$ 64,925	\$ 1,376,440
					\$ 58,618	\$ 123,543

The accompanying notes are an integral part of these financial statements.

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 and 2015

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Kostopulos Dream Foundation / Camp Kostopulos, Inc. (the Camp) is a nonprofit organization incorporated under the laws of the State of Utah for the principal purpose of planning and providing programs and counseling for the education, social, and physical betterment of persons with disabilities. The Camp operates facilities located at 4180 Emigration Canyon, Salt Lake City, Utah, for the benefit of disabled persons. Most of its participants are from the Wasatch Front of Utah. For the years ended September 30, 2016 and 2015, 94% and 95% of its revenue was from fund raising, program fees, and foundations and corporations.

Contributions - Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily or permanently restricted net assets are reclassified to unrestricted net assets.

Net assets and revenue, gains, expenses, and losses are classified as unrestricted and temporarily restricted, as follows:

- Unrestricted net assets represent the portion of expendable funds that is available for support of the operations of the Camp.
- Temporarily restricted net assets consist of contributions that are subject to specific donor imposed stipulations that can be fulfilled by actions of the Camp pursuant to those stipulations or that expire by the passage of time.

Contributed Services, Materials and Assets - During the years ended September 30, 2016 and 2015 the value of contributed facilities meeting the requirements for recognition in the financial statements was not material and were not recognized in the financial statements. Note C details the contributed specialized skill services, materials and assets for the years ended September 30, 2016 and 2015. Many individuals volunteer their time and perform a variety of tasks that assist the Camp. The Camp receives substantial volunteer hours per year. During 2016, specific community groups, agencies and corporations provided general volunteer services and program service hours valued at \$109,320 (7,288 hours).

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. Accordingly, actual results could differ from those estimates.

Fixed Assets - Purchased property and equipment is recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Camp reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Camp reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over lives of 5 to 40 years. During fiscal years 2016 and 2015, the value of fixed assets donated to the Camp that was included as fixed assets in its records was \$111,811 and \$74,612 respectively. (See Note C for details). The Camp has a \$500 capitalization policy.

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 and 2015

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

Income Taxes - The Camp is a not-for-profit Organization that is exempt from income taxes under provisions of the Internal Revenue Code.

Cash and Cash Equivalents - For the purposes of the statements of cash flows, the Camp considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Advertising - Advertising costs are charged to operations when incurred. The Camp has no direct-response advertising.

Fair Values of Financial Instruments - The carrying amounts reported in the statement of financial position for cash, short-term investments, and promises to give in less than one year approximate fair values because of the short maturities of those instruments.

Investments - Investments, if any, are composed of equity securities and are carried at fair value. If investments are donated they are recorded at their fair value at the time of donation.

Accounts Receivable - Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance base 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 the applicable receivable. The Camp had no allowance for doubtful accounts at September 30, 2016 and 2015.

NOTE B - FIXED ASSETS

Property and equipment and estimated useful lives are as follows:

	<u>Years</u>	<u>2016 Amount</u>	<u>2015 Amount</u>
Buildings	10-40	\$2,267,959	\$2,267,959
Leasehold improvement	10	711,376	668,280
Cabins, shed and corrals	15	583,208	553,467
Vehicles	5	342,323	240,395
Furniture and equipment	5-10	466,451	418,804
Swimming pool	20	122,045	117,045
Horses and animals	7	<u>15,400</u>	<u>23,400</u>
		4,508,762	4,289,350
Less accumulated depreciation and amortization		<u>(1,696,308)</u>	<u>(1,561,935)</u>
		<u>\$2,812,454</u>	<u>\$2,727,415</u>

Depreciation expense was \$141,987 for 2016 and \$138,042 for 2015. Leasehold improvements identified above have been made on property located in Emigration Canyon, Salt Lake City, Utah, which property is leased to the Camp by Salt Lake City Corporation. A new lease was signed June of 2003 (See Note F). Depreciation provided for leasehold improvements is based upon their estimated useful lives.

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 and 2015

NOTE C - CONTRIBUTED SERVICES AND MATERIAL

Donations-in-kind are summarized as follows:

	<u>2016</u>	<u>2015</u>
Program supplies, camp supplies and R&M	\$ 15,559	\$ 39,416
Food	25,136	23,233
Land improvements / Buildings	40,531	46,961
Fundraising materials / gala room	23,183	26,210
Cabins / Sheds / Corrals	14,642	15,281
Program services	21,662	30,300
Camp counselors	59,240	73,650
Nurses	5,747	8,925
Furniture equipment	47,053	5,122
Advertising / Promotion	65,846	-0-
Horses	5,948	2,369
Tax preparation / Legal services	8,383	10,704
Vehicles	85	6,248
Pool	<u>5,000</u>	<u>-0-</u>
	<u>\$338,015</u>	<u>\$ 288,419</u>

NOTE D - CONCENTRATION OF CREDIT RISK

The Camp maintains cash at two financial institution using checking and savings accounts. Cash at the institutions are secured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured amounts of \$428,713 and \$190,042 existed at September 30, 2016 and 2015. The receivables of \$42,022 and \$47,279 at September 30, 2016 and 2015 are from participants in the Camp's Summer Camp and other related programs for the disabled, city and county block grants, foundation and corporate contributions and other miscellaneous receivables. All program participants are individuals living throughout the State of Utah and the majority of the rest of the receivables are from entities based in Utah.

NOTE E - INVESTMENT IN MARKETABLE SECURITIES

Investments in marketable securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. The Camp had no investment in marketable securities at September 30, 2016 and 2015.

NOTE F - PROPERTY LEASE

In June of 2003, the Camp entered into a new property lease with Salt Lake City Corporation. The lease period is for 50 years with an option to renew for another 25 years. The fee charged for this lease is one dollar per year. The Camp elected to prepay the \$75 for the entire 75 year period.

All particular restrictions and uses are outlined in the lease. Basically the Camp must maintain its mission statement, notify the City property management when the Camp makes major land improvements and adds facilities, and will not engage in any unsound environmental activities. The City has the right to come onto the property during regular business hours as long as it doesn't disrupt daily operations. The City personnel will notify the Camp prior to visiting the property.

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 and 2015

NOTE G – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 28, 2016, the date on which the financial statements were available to be issued.

NOTE H - RESTRICTIONS ON NET ASSETS

The Camp had \$-0- of restrictions on net assets at the end of 2016 and \$1,917 for 2015. The restriction in 2015 was for van detailing.