

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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 4, 2017

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 941,762	\$ 928,713
Accounts and contributions, net	85,432	42,022
Federal and State Grants receivable	522,656	-
Other receivables	12,879	7,825
Prepaid expenses	100	2,155
Fixed assets, at cost, less accumulated depreciation of \$1,846,368 and \$1,696,308 for September 30, 2017 and 2016	2,939,906	2,812,454
Construction in progress	<u>14,811</u>	<u>8,133</u>
 Total assets	 <u>\$ 4,517,546</u>	 <u>\$ 3,801,302</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 6,649	\$ 5,336
Accrued liabilities	<u>106,046</u>	<u>97,193</u>
 Total liabilities	 <u>112,695</u>	 <u>102,529</u>
Net assets		
Unrestricted	3,882,195	3,698,773
Temporarily restricted	<u>522,656</u>	<u>-</u>
 Total net assets	 <u>4,404,851</u>	 <u>3,698,773</u>
 Total liabilities and net assets	 <u>\$ 4,517,546</u>	 <u>\$ 3,801,302</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, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support and Revenues						
Public Support						
United Way of the Great Salt Lake Area	\$ 19,055	\$ -	\$ 19,055	\$ 19,620	\$ -	\$ 19,620
United Way of Northern Utah	54	-	54	348	-	348
Fundraising activities	313,751	-	313,751	255,798	-	255,798
State and Federal Grants	-	548,906	548,906	-	-	-
State Contracts for Services	376,101	-	376,101	319,012	-	319,012
Foundations and Corporations	368,750	-	368,750	359,750	233,598	593,348
Contributions	32,320	-	32,320	31,449	-	31,449
Contributed services, materials and securities	739,467	-	739,467	338,015	-	338,015
Total Public Support	1,849,498	548,906	2,398,404	1,323,992	233,598	1,557,590
Revenue						
Program service fees	345,977	-	345,977	405,849	-	405,849
Facilities rental income	155,805	-	155,805	111,428	-	111,428
Miscellaneous	1,634	-	1,634	26,852	-	26,852
Interest and dividend income	734	-	734	792	-	792
Gain (loss) on assets sale or disposal	360	-	360	(7,887)	-	(7,887)
Total revenue	504,510	-	504,510	537,034	-	537,034
Total public support and revenue	2,354,008	548,906	2,902,914	1,861,026	233,598	2,094,624
Net assets released from restrictions						
Satisfaction of grant restrictions	26,250	(26,250)	-	235,515	(235,515)	-
Total net assets released from restrictions	26,250	(26,250)	-	235,515	(235,515)	-
Total public support, revenue and other support	2,380,258	522,656	2,902,914	2,096,541	(1,917)	2,094,624
EXPENSES						
Program services						
Community based recreation	652,017	-	652,017	480,446	-	480,446
Camp	1,241,964	-	1,241,964	823,656	-	823,656
Equestrian	186,099	-	186,099	153,858	-	153,858
Total program services	2,080,080	-	2,080,080	1,457,960	-	1,457,960
Supporting services						
Fund raising	47,803	-	47,803	58,511	-	58,511
Administration and general	68,953	-	68,953	66,331	-	66,331
Total supporting services:	116,756	-	116,756	124,842	-	124,842
Total expenses	2,196,836	-	2,196,836	1,582,802	-	1,582,802
Change in net assets	183,422	522,656	706,078	513,739	(1,917)	511,822
Net assets - beginning of year	3,698,773	-	3,698,773	3,185,034	1,917	3,186,951
Net assets - end of year	\$ 3,882,195	\$ 522,656	\$ 4,404,851	\$ 3,698,773	\$ -	\$ 3,698,773

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Change in net assets	\$ 706,078	\$ 511,822
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	151,105	141,987
Loss or (gain) on assets sale or disposal	(360)	7,887
Noncash contributed fixed assets and construction in progress	(108,401)	(111,811)
Changes in operating assets and liabilities		
Accounts receivables	(43,410)	5,254
Federal and State grants receivable	(522,656)	-
Other receivables	(5,054)	(3,663)
Prepaid expenses	2,055	(1,655)
Accounts payable and accrued expenses	<u>10,166</u>	<u>20,164</u>
 Net cash provided by operating activities:	 <u>189,523</u>	 <u>569,985</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Cash from sale of fixed assets	1,665	-
Construction in progress	(402)	(8,133)
Purchase of fixed assets	<u>(177,737)</u>	<u>(123,102)</u>
 Net cash (used) by investing activities	 <u>(176,474)</u>	 <u>(131,235)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	 <u>-</u>	 <u>-</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 13,049	 438,750
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>928,713</u>	<u>489,963</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 941,762</u>	 <u>\$ 928,713</u>
 SUPPLEMENTAL DATA:		
Noncash investing activities	<u>\$ 108,401</u>	<u>\$ 111,811</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

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, 2017

	Program Services			Supporting Services		2017 Total Expenses
	Community Based Recreation	Camp	Equestrian	Fund Raising	Administration and General	
Salaries	\$ 283,389	\$ 369,506	\$ 86,310	\$ 13,114	\$ 59,858	\$ 812,177
Employee benefits	14,789	17,874	3,910	527	2,618	39,718
Payroll taxes	24,841	28,731	7,831	894	4,022	66,319
			Total		Total	
Total employee expenses	323,019	416,111	98,051	14,535	66,498	918,214
Professional fees	1,634	2,450	545	408	701	5,738
Insurance	15,791	24,815	4,512	-	-	45,118
Occupancy expense	14,156	9,625	5,556	95	95	29,527
Repairs and maintenance	9,988	19,154	237	-	-	29,379
Telephone	5,817	4,517	667	527	761	12,289
Office supplies and postage	8,429	19,421	333	237	237	28,657
Printing	1,154	610	155	155	155	2,229
Marketing and outreach	17,191	26,647	4,958	-	-	48,796
Program and fund raising supplies	6,032	51,670	-	31,340	-	89,042
Program costs	199,413	494,772	60,259	56	56	754,556
Auto expense	7,748	8,779	519	-	-	17,046
Staff development	20,464	35,728	247	-	-	56,439
Taxes, fees and licenses	2,681	5,460	560	-	-	8,701
Depreciation	18,500	122,205	9,500	450	450	151,105
			Total		Total	
Total expenses	\$ 652,017	\$ 1,241,964	\$ 186,099	\$ 47,803	\$ 68,953	\$ 2,196,336

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, 2016

	Program Services			Supporting Services			2016 Total Expenses
	Community Based Recreation	Camp	Equestrian	Fund Raising	Administration and General	Total	
Salaries	\$ 258,123	\$ 319,932	\$ 94,552	\$ 10,947	\$ 56,224	\$ 67,171	\$ 739,778
Employee benefits	12,606	13,891	3,026	471	2,358	2,829	32,352
Payroll taxes	21,044	26,617	9,190	969	4,663	5,632	62,483
Total employee expenses	291,773	360,440	106,768	12,387	63,245	75,632	834,613
Professional fees	1,108	1,662	369	277	1,277	1,554	4,693
Insurance	14,196	22,309	4,056	-	-	-	40,561
Occupancy expense	14,814	10,155	5,093	132	122	254	30,316
Repairs and maintenance	14,021	11,675	679	-	-	-	26,375
Telephone	4,957	4,040	595	530	708	1,238	10,830
Office supplies and postage	5,854	13,054	307	238	238	476	19,691
Printing	1,465	1,143	129	129	129	258	2,995
Marketing and outreach	1,375	2,255	425	-	-	-	4,055
Program and fund raising supplies	6,391	31,583	-	44,206	-	44,206	82,180
Program costs	79,576	223,797	24,215	-	-	-	327,588
Auto expense	8,772	6,961	227	-	-	-	15,960
Staff development	11,907	20,496	-	-	-	-	32,403
Taxes, fees and licenses	2,887	4,899	445	162	162	324	8,555
Depreciation	21,350	109,187	10,550	450	450	900	141,987
Total expenses	\$ 480,446	\$ 823,656	\$ 153,858	\$ 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.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016

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, 2017 and 2016, 95% and 94% 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, 2017 and 2016 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, 2017 and 2016. Many individuals volunteer their time and perform a variety of tasks that assist the Camp. The Camp receives substantial volunteer hours per year. During 2017, specific community groups, agencies and corporations provided general volunteer services and program service hours valued at \$111,525 (7,435 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 2017 and 2016, the value of noncash fixed assets and construction in progress (CIP) donated to the Camp that was included as fixed assets and CIP in its records was \$108,401 and \$111,811 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, 2017 and 2016

**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, 2017 and 2016.

NOTE B - FIXED ASSETS

Property and equipment and estimated useful lives are as follows:

	<u>Years</u>	2017 <u>Amount</u>	2016 <u>Amount</u>
Buildings	10-40	\$2,267,959	\$2,267,959
Leasehold improvement	10	738,950	711,376
Cabins, shed and corrals	15	784,545	583,208
Vehicles	5	342,323	342,323
Furniture and equipment	5-10	515,002	466,451
Swimming pool	20	122,045	122,045
Horses and animals	7	<u>15,450</u>	<u>15,400</u>
		4,786,274	4,508,762
Less accumulated depreciation and amortization		<u>(1,846,368)</u>	<u>(1,696,308)</u>
		<u>\$2,939,906</u>	<u>\$2,812,454</u>

Depreciation expense was \$151,105 for 2017 and \$141,987 for 2016. 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, 2017 and 2016

NOTE C - CONTRIBUTED SERVICES AND MATERIAL

Donations-in-kind are summarized as follows:

	<u>2017</u>	<u>2016</u>
Program supplies, camp supplies and R&M	\$ 521	\$ 15,559
Food	21,566	25,136
Land improvements / Buildings	24,460	40,531
Fundraising materials / gala room	20,938	23,183
Cabins / Sheds / Corrals	42,105	14,642
Program services	49,567	21,662
Camp counselors	82,800	59,240
Nurses	3,535	5,747
Furniture equipment	35,560	47,053
Advertising / Promotion	8,351	65,846
Equestrian supplies and equipment	4,131	5,948
Tax preparation / Legal services	1,900	8,383
Vehicles	-0-	85
Repairs and maintenance	7,757	-0-
Community program development and outreach	430,000	-0-
Construction in Progress	6,276	-0-
Pool	<u>-0-</u>	<u>5,000</u>
	<u>\$739,467</u>	<u>\$ 338,015</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 \$483,751 and \$428,713 existed at September 30, 2017 and 2016. The receivables of \$85,432 and \$47,022 at September 30, 2017 and 2016 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, 2017 and 2016.

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.

KOSTOPULOS DREAM FOUNDATION / CAMP KOSTOPULOS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016

NOTE F – PROPERTY LEASE - CONTINUED

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.

NOTE G – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 4, 2017, the date on which the financial statements were available to be issued.

NOTE H - RESTRICTIONS ON NET ASSETS

The Camp had \$522,656 of restrictions on net assets at the end of 2017 and \$-0- for 2016. The restrictions in 2017 were for van purchases of \$472,656 and parking lot paving of \$50,000.