



COMFORT ZONE CAMP

Financial Statements

June 30, 2019



4401 Dominion Boulevard
Glen Allen, Virginia 23060
Tel: 804.747.0000
www.keitercpa.com

COMFORT ZONE CAMP, INC.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
Comfort Zone Camp, Inc.
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Comfort Zone Camp, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2019, and the related statement of activities, functional expenses, and cash flows 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; 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

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. 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 Comfort Zone Camp, Inc. as of June 30, 2019, 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.

Other Matter

As discussed in Note 11 to the financial statements, the beginning balance of net assets has been restated to correct an error. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink, appearing to read "Keita", with a long, sweeping horizontal stroke extending to the right.

January 23, 2020
Glen Allen, Virginia

COMFORT ZONE CAMP, INC.

Statement of Financial Position
June 30, 2019

Assets

Current assets:

| | |
|-------------------------------------|-------------------|
| Cash and cash equivalents | \$ 529,350 |
| Contributions and grants receivable | 18,250 |
| Prepaid expenses | <u>33,598</u> |
| | <u>\$ 581,198</u> |

Liabilities and Net Assets

Current liabilities:

| | |
|---------------------|---------------|
| Accounts payable | \$ 34,262 |
| Accrued liabilities | 35,980 |
| Deferred revenue | <u>58,000</u> |

Total current liabilities 128,242

Noncurrent liabilities:

| | |
|---------------|---------------|
| Deferred rent | <u>33,336</u> |
|---------------|---------------|

Total liabilities 161,578

Net assets:

| | |
|----------------------------|----------------|
| Without donor restrictions | 95,445 |
| With donor restrictions | <u>324,175</u> |

Total net assets 419,620

\$ 581,198

See accompanying notes to financial statements.

COMFORT ZONE CAMP, INC.

Statement of Activities Year Ended June 30, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|----------------------------|-------------------|
| Revenue and other support: | | | |
| Contributions and grants | \$ 853,433 | \$ 383,752 | \$ 1,237,185 |
| Special event revenue | 379,026 | - | 379,026 |
| Donated goods and services | 154,942 | - | 154,942 |
| Camp background check fees | 17,545 | - | 17,545 |
| Other income | 12,994 | - | 12,994 |
| | <u>1,417,940</u> | <u>383,752</u> | <u>1,801,692</u> |
| Total revenue and other support | | | |
| | <u>1,417,940</u> | <u>383,752</u> | <u>1,801,692</u> |
| Net assets released from restrictions | <u>477,997</u> | <u>(477,997)</u> | <u>-</u> |
| Expenses: | | | |
| Program services | 1,178,757 | - | 1,178,757 |
| Management and general | 84,285 | - | 84,285 |
| Fundraising | 353,593 | - | 353,593 |
| | <u>1,616,635</u> | <u>-</u> | <u>1,616,635</u> |
| Total expenses | | | |
| | <u>1,616,635</u> | <u>-</u> | <u>1,616,635</u> |
| Change in net assets | 279,302 | (94,245) | 185,057 |
| Net assets (deficit), beginning of year, as restated | <u>(183,857)</u> | <u>418,420</u> | <u>234,563</u> |
| Net assets, end of year | <u>\$ 95,445</u> | <u>\$ 324,175</u> | <u>\$ 419,620</u> |

See accompanying notes to financial statements.

COMFORT ZONE CAMP, INC.

Statement of Functional Expenses
Year Ended June 30, 2019

| | Program Services | Management and General | Fundraising | Total |
|---|---------------------|---------------------------|-------------------|---------------------|
| Salaries | \$ 411,813 | \$ 10,837 | \$ 119,209 | \$ 541,859 |
| Payroll taxes and benefits | 87,418 | 2,300 | 25,305 | 115,023 |
| Facilities expense | 184,316 | - | - | 184,316 |
| Clinical services | 154,942 | - | - | 154,942 |
| Special events | - | - | 113,460 | 113,460 |
| Occupancy | 46,470 | 6,640 | 13,277 | 66,387 |
| Office supplies and equipment | 49,448 | 1,575 | 4,404 | 55,427 |
| Information technology | 45,724 | 6,533 | 13,064 | 65,321 |
| Travel, transportation and meals | 45,934 | 465 | 6,895 | 53,294 |
| Insurance | 23,481 | 3,354 | 6,709 | 33,544 |
| Merchant and bank fees | - | 9,108 | 9,109 | 18,217 |
| Printing | 5,836 | 608 | 2,802 | 9,246 |
| Volunteer expenses | 19,921 | - | - | 19,921 |
| Professional services | 40,847 | 4,985 | 13,939 | 59,771 |
| Communication | 8,638 | 1,235 | 2,468 | 12,341 |
| Postage and shipping | 11,222 | 1,467 | 3,890 | 16,579 |
| Public relations, marketing, and advertising | 23,668 | 1,098 | 10,514 | 35,280 |
| Conference, dues and subscriptions | 380 | - | - | 380 |
| Licenses and taxes | 760 | 27 | 300 | 1,087 |
| Depreciation and amortization | 16,123 | 2,015 | 2,015 | 20,153 |
| Miscellaneous | 1,816 | 32,038 | 6,233 | 40,087 |
| | <u>1,178,757</u> | <u>84,285</u> | <u>353,593</u> | <u>1,616,635</u> |
| Total expenses | <u>\$ 1,178,757</u> | <u>\$ 84,285</u> | <u>\$ 353,593</u> | <u>\$ 1,616,635</u> |

See accompanying notes to financial statements.

COMFORT ZONE CAMP, INC.

Statement of Cash Flows
Year Ended June 30, 2019

| | |
|--|--------------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ 185,057 |
| Adjustments to reconcile change in net assets to net cash flow from operating activities: | |
| Depreciation and amortization | 20,153 |
| Loss on sale of property and equipment | 2,515 |
| Changes in assets and liabilities: | |
| Contributions and grants receivable | 38,164 |
| Prepaid expenses | (19,078) |
| Accounts payable | (71,721) |
| Accrued liabilities | (5,407) |
| Deferred revenue | <u>58,000</u> |
| Net cash provided by operating activities | 207,683 |
| Cash flow from investing activities: | |
| Proceeds from sale of property and equipment | <u>4,000</u> |
| Change in cash and cash equivalents | 211,683 |
| Cash and cash equivalents, beginning of year | <u>317,667</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 529,350</u></u> |

See accompanying notes to financial statements.

COMFORT ZONE CAMP, INC.

Notes to Financial Statements

1. Nature of Organization:

Comfort Zone Camp, Inc. (the "Organization") was organized to provide grief and bereavement services in a camp environment for children who have experienced the loss of a parent, sibling, or primary caregiver. The Organization receives its revenue primarily from national and local contributions, foundation grants, and fundraising events. The operating headquarters of the Organization is located in Virginia.

2. Summary of Significant Accounting Policies:

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Financial Statement Presentation: The Organization is required to report amounts separately by class of net assets as follows:

Net Assets Without Donor Restrictions: Net assets currently available at the discretion of the Board of Directors for use in the Organization's operations.

Net Assets With Donor Restrictions: Net assets which are stipulated by donors for specific operating purposes, or are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. When a donor restriction expires meaning the Organization satisfied the donor restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. There were no restrictions required to be held in perpetuity at June 30, 2019.

Use of Estimates: The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Organization considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

Contributions and Grants Receivable: Contributions and grants receivable are reported net of an allowance for uncollectible contributions and grants based on management's estimate of the amount of grants and contributions receivable that will actually be collected. Management believes that contributions and grants receivable are fully collectible and no allowance is considered necessary at June 30, 2019. Contributions and grants receivable that are expected to be collected beyond one year are reported at the present value of estimated future cash flows.

COMFORT ZONE CAMP, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Concentrations of Credit Risk: Financial instruments which potentially subject the Organization to concentrations of credit risk primarily consist of cash and cash equivalents and contributions and grants receivable.

Cash and cash equivalents are held in multiple financial institutions with balances that periodically exceed the Federal Deposit Insurance Corporation limit of \$250,000. The financial institutions have high credit ratings which the Organization believes serves to limit its credit risk.

The Organization believes its credit risk related to contributions and grants receivable is limited due to the nature of these donors, which are primarily larger companies and foundations located throughout the United States. At June 30, 2019, one donor accounted for 67% of contributions and grants receivable. One donor accounted for 11% of contributions and grant revenue for the year ended June 30, 2019.

Property and Equipment: Property and equipment are stated at cost, less accumulated depreciation. The Organization capitalizes all expenditures for property and equipment over \$1,000. Depreciation of property and equipment is computed using accelerated and straight-line methods over the estimated useful lives of 3 to 5 years. Leasehold improvements are depreciated over the shorter of the lease term or their estimated useful life. Donated assets are recorded at fair market value at the date of the donation. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred.

Recognition of Contributions and Grants: Contributions and grants are recorded as support without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor 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 the statement of activities as net assets released from restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions.

Donated Materials and Services: The value of contributed materials and the value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and are a type that would have been purchased if not contributed, are recognized in the financial statements. The Organization recognized materials and services meeting these criteria totaling \$154,942 for 2019, and this amount is recorded as revenue without donor restrictions and related expenditures as expenses in the related expense accounts in the accompanying statement of activities. In the accompanying statement of functional expenses, the expenses are allocated 100% to program services.

COMFORT ZONE CAMP, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Donated Materials and Services, Continued: Individuals volunteer their time and perform a variety of tasks that assist the Organization to achieve its mission. The value of these services could not be estimated and is not recognized in the financial statements.

Deferred Revenue: From time to time, the Organization receives payments for contributions and grants that remain conditional under the contribution or grant agreement. Until such time that the contributions and grants become unconditional, these payments are held as deferred revenue.

Income Taxes: The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax exempt purpose could be subject to taxation as unrelated business income.

Income Tax Uncertainties: The Organization follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax position and concluded that the Organization had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. The Organization is not currently under audit by any tax jurisdiction.

Functional Allocation of Expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents expenses by function and natural classification. Program services expenses represents the various costs associated with operating camps. Fundraising expenses include the effort of various personnel to receive contributions and grants and operate special events. Management and general expenses reflect a variety of overhead functions including accounting, human resources, and other business related expense. When possible, the Organization uses direct allocation; however, certain costs require allocation among the programs and supporting services benefited (see Note 8).

COMFORT ZONE CAMP, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Adoption of New Accounting Principles: In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, “*Presentation of Financial Statements of Not-for-Profit Entities*” (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Organization has adopted this ASU as of and for the year ended June 30, 2019.

Subsequent Events: Management has evaluated subsequent events through January 23, 2020, the date the financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying financial statements.

3. Contributions and Grants Receivable:

Contributions and grants receivable represent unconditional promises to give which have been made by donors but have not yet been received by the Organization.

Unconditional contributions and grants receivable expected to be collected in less than one year were \$18,250 at June 30, 2019.

4. Property and Equipment:

Property and equipment consisted of the following at June 30, 2019:

| | |
|-------------------------------|--------------------|
| Furniture and equipment | \$ 4,495 |
| Software | <u>145,095</u> |
| | 149,590 |
| Less accumulated depreciation | <u>(149,590)</u> |
| | <u><u>\$ -</u></u> |

Depreciation expense was \$20,153 for 2019.

COMFORT ZONE CAMP, INC.

Notes to Financial Statements, Continued

5. Net Assets With Donor Restrictions:

At June 30, 2019, net assets with donor restrictions amounted to \$324,175, all of which was restricted to partnership programs and related camp activities. Net assets released from restrictions amounted to \$477,997 for 2019 and related primarily to camp activities.

6. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date of June 30, 2019, comprise of the following:

| | |
|--|-------------------|
| Financial assets available within one year: | |
| Cash and cash equivalents | \$ 529,350 |
| Contributions and grants receivable | <u>18,250</u> |
| Total | 547,600 |
| Less those unavailable for general expenditure within one year: | |
| Net assets with donor restrictions | <u>(324,175)</u> |
| Financial assets available within one year for general expenditure | <u>\$ 223,425</u> |

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

7. Leases:

The Organization leases multiple copiers and postage machines under non-cancelable operating leases with monthly payments ranging from \$136 to \$448 and expire at various dates through March 2023. Rental expense from these leases was approximately \$15,796 for 2019.

The Organization leases office space in Virginia under a non-cancelable operating lease. This lease term expires on October 31, 2026, and the lease contains a renewal option. The lease includes periods of free rent and scheduled rent increases at specific intervals during the term of the lease. Under this lease, the Organization pays other expenses.

COMFORT ZONE CAMP, INC.

Notes to Financial Statements, Continued

7. Leases, Continued:

The Organization recognizes rent expense on a straight-line basis over the life of the related lease. Rental expense from office leases was \$66,387 for 2019.

Minimum future payments under non-cancellable operating leases as of June 30, 2019 are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|-------------------|
| 2020 | \$ 69,365 |
| 2021 | 70,720 |
| 2022 | 71,138 |
| 2023 | 71,859 |
| 2024 | 73,296 |
| Thereafter | <u>176,606</u> |
| | <u>\$ 532,984</u> |

8. Allocation of Joint Costs:

The Organization incurs joint costs as a result of various camps and fundraising events. The joint costs included personnel, advertising, depreciation, postage, telephone, travel, meals and entertainment, computer expenses, communications, occupancy, office expense and supplies and professional services. These costs are allocated by management on an invoice by invoice basis based on management's understanding of the costs and its purpose. The allocations were as follows for 2019:

| | |
|------------------------|---------------------|
| Program services | \$ 819,198 |
| Management and general | 75,177 |
| Fundraising | <u>353,593</u> |
| Total joint costs | <u>\$ 1,247,968</u> |

9. Retirement Plan:

The Organization has a 403(b) plan to provide retirement benefits for its employees. Under the plan, eligible employees may contribute a portion of their salary on a pre-tax basis. The Organization has the option to match employee's contributions up to 3% of salary. No matching contribution was made for 2019.

COMFORT ZONE CAMP, INC.

Notes to Financial Statements, Continued

10. Indemnification:

In accordance with the terms of the Organization's bylaws, the Organization has certain obligations to indemnify its current and former directors and officers for certain events or occurrences while the directors and officers are, or were serving, at the Organization's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia and the Organization has insurance policies in place to further limit its exposure. The Organization is not aware of any claims and believes the likelihood of any future claims to be minimal.

11. Correction of an Error:

During 2019, it was determined that partnership agreements should be treated as contingent contributions based on the timing of the camp occurrence and the stated cancellation dates within the agreements. As a result, the Organization recorded an adjustment of \$152,625 to beginning net assets as originally stated of \$387,188 to remove contributions that were previously recorded as unconditional. As a result, the restated beginning net assets as of July 1, 2018 was \$234,563.