



FINANCIAL STATEMENTS

Year Ended June 30, 2018

CAMP FIRE COLUMBIA

Table of Contents

| | Page |
|-------------------------------------|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |



CERTIFIED PUBLIC ACCOUNTANTS

3 Centerpointe Drive, Suite 300 • Lake Oswego, Oregon 97035-8663

Telephone: (503) 220-5900 • Facsimile: (503) 220-8836

Independent Auditors' Report

The Board of Directors
Camp Fire Columbia

Report on the Financial Statements

We have audited the accompanying financial statements of Camp Fire Columbia (the Council), which comprise the statement of financial position as of June 30, 2018, and the related statements 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 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 auditors' 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 Fire Columbia as of June 30, 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.

Report on Summarized Comparative Statements

We have previously audited Camp Fire Columbia's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Huffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon
October 10, 2018

CAMP FIRE COLUMBIA
Statement of Financial Position

| June 30, 2018 <i>(With Comparative Amounts for 2017)</i> | 2018 | 2017 |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,363,841 | \$ 281,962 |
| Accounts receivable, net | 102,687 | 137,596 |
| Government contract receivable | 159,532 | 123,258 |
| Inventory | 35,956 | 42,495 |
| Prepaid expenses and deposits | 118,460 | 167,269 |
| Investments | 1,809,261 | 1,851,256 |
| Beneficial interest in perpetual trust | 227,138 | 226,643 |
| Property and equipment, net | <u>1,631,018</u> | <u>1,691,019</u> |
| Total assets | <u>\$ 5,447,893</u> | <u>\$ 4,521,498</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expense | \$ 292,835 | \$ 263,822 |
| Deferred revenue | 1,148,400 | 1,157,721 |
| Capital lease obligation | <u>33,263</u> | <u>44,051</u> |
| Total liabilities | 1,474,498 | 1,465,594 |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated | (494,034) | (775,854) |
| Board designated | 1,809,261 | 1,851,256 |
| Net property and equipment | <u>1,597,755</u> | <u>1,646,968</u> |
| Total unrestricted | 2,912,982 | 2,722,370 |
| Temporarily restricted | 833,275 | 106,891 |
| Permanently restricted | <u>227,138</u> | <u>226,643</u> |
| Total net assets | <u>3,973,395</u> | <u>3,055,904</u> |
| Total liabilities and net assets | <u>\$ 5,447,893</u> | <u>\$ 4,521,498</u> |

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

CAMP FIRE COLUMBIA

Statement of Activities

Year Ended June 30, 2018 (With Comparative Totals for 2017)

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | |
|---|---------------------|---------------------------|---------------------------|---------------------|---------------------|
| | | | | 2018 | 2017 |
| Support and revenue: | | | | | |
| Contributions | \$ 318,976 | \$ 773,025 | \$ - | \$ 1,092,001 | \$ 514,646 |
| Donated goods | 11,879 | - | - | 11,879 | 1,321 |
| Special events, net of direct expenses of \$45,289 and \$79,638, respectively | 75,933 | - | - | 75,933 | 43,824 |
| Net assets released from restrictions | 46,641 | (46,641) | - | - | - |
| Total public support | 453,429 | 726,384 | - | 1,179,813 | 559,791 |
| Camping and related fees | 1,175,577 | - | - | 1,175,577 | 1,147,261 |
| School programs | 2,398,550 | - | - | 2,398,550 | 2,069,936 |
| Government contracts | 414,236 | - | - | 414,236 | 363,593 |
| Sales, net of cost of sales of \$23,448 and \$7,776, respectively | 27,286 | - | - | 27,286 | 32,743 |
| Other revenue | 181,156 | - | - | 181,156 | 100,703 |
| Total support and revenue | 4,650,234 | 726,384 | - | 5,376,618 | 4,274,027 |
| Operating expenses: | | | | | |
| Program services: | | | | | |
| Camping | 1,377,800 | - | - | 1,377,800 | 1,348,258 |
| School programs | 2,304,059 | - | - | 2,304,059 | 2,331,656 |
| Total program services | 3,681,859 | - | - | 3,681,859 | 3,679,914 |
| Management and general | 631,471 | - | - | 631,471 | 686,424 |
| Fundraising | 285,476 | - | - | 285,476 | 203,885 |
| Total supporting services | 916,947 | - | - | 916,947 | 890,309 |
| National charter fees | 66,241 | - | - | 66,241 | 57,990 |
| Total operating expenses | 4,665,047 | - | - | 4,665,047 | 4,628,213 |
| Increase (decrease) in net assets from operations | (14,813) | 726,384 | - | 711,571 | (354,186) |
| Loss on disposal of property and equipment | (2,447) | - | - | (2,447) | - |
| Interest and dividends | 26,031 | - | - | 26,031 | 23,115 |
| Realized and unrealized gain on investments | 181,841 | - | - | 181,841 | 249,920 |
| Change in value of beneficial interest in perpetual trust | - | - | 495 | 495 | 9,224 |
| Increase (decrease) in net assets | 190,612 | 726,384 | 495 | 917,491 | (71,927) |
| Net assets, beginning of year | 2,722,370 | 106,891 | 226,643 | 3,055,904 | 3,127,831 |
| Net assets, end of year | \$ 2,912,982 | \$ 833,275 | \$ 227,138 | \$ 3,973,395 | \$ 3,055,904 |

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

CAMP FIRE COLUMBIA

Statement of Functional Expenses

Year Ended June 30, 2018 (With Comparative Totals for 2017)

| | Program Services | | | Supporting Services | | Total | |
|--------------------------------------|---------------------|---------------------|------------------------|------------------------|-------------------|---------------------|---------------------|
| | Camping | School Programs | Total Program Services | Management and General | Fundraising | 2018 | 2017 |
| Salaries and related costs | \$ 564,822 | \$ 1,749,675 | \$ 2,314,497 | \$ 361,308 | \$ 237,419 | \$ 2,913,224 | \$ 2,966,324 |
| Education, conferences, and meetings | 12,814 | 14,297 | 27,111 | 33,626 | 1,700 | 62,437 | 60,786 |
| Food | 98,955 | 65,390 | 164,345 | 1,113 | 1,085 | 166,543 | 176,802 |
| Horse expenses | 46,667 | - | 46,667 | - | - | 46,667 | 48,709 |
| Insurance | 48,633 | 33,236 | 81,869 | 2,881 | 505 | 85,255 | 76,082 |
| Maintenance and equipment rental | 76,730 | 3,217 | 79,947 | 8,984 | - | 88,931 | 40,342 |
| Occupancy | 68,824 | 130,946 | 199,770 | 17,318 | 9,183 | 226,271 | 213,796 |
| Outside printing and publicity | 13,626 | 11,083 | 24,709 | - | 3,552 | 28,261 | 24,830 |
| Other operating costs | 10,556 | 27,986 | 38,542 | 7,788 | 5,090 | 51,420 | 64,178 |
| Professional services | 120,458 | 118,719 | 239,177 | 155,183 | 20,690 | 415,050 | 394,876 |
| Supplies | 71,798 | 119,773 | 191,571 | 11,127 | 1,788 | 204,486 | 197,481 |
| Telephone | 13,996 | 15,793 | 29,789 | 5,108 | 2,990 | 37,887 | 58,973 |
| Transportation | 54,555 | 13,690 | 68,245 | 6,671 | 1,474 | 76,390 | 59,030 |
| Donated goods and services | 11,625 | 254 | 11,879 | - | - | 11,879 | 1,321 |
| Depreciation and amortization | 163,741 | - | 163,741 | 10,788 | - | 174,529 | 176,840 |
| Interest | - | - | - | 9,576 | - | 9,576 | 9,853 |
| | 1,377,800 | 2,304,059 | 3,681,859 | 631,471 | 285,476 | 4,598,806 | 4,570,223 |
| National charter fees | - | - | - | - | - | 66,241 | 57,990 |
| Total expenses | \$ 1,377,800 | \$ 2,304,059 | \$ 3,681,859 | \$ 631,471 | \$ 285,476 | \$ 4,665,047 | \$ 4,628,213 |

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

CAMP FIRE COLUMBIA

Statement of Cash Flows

| Year Ended June 30, 2018 <i>(With Comparative Totals for 2017)</i> | 2018 | 2017 |
|---|---------------------|-------------------|
| Cash flows from operating activities: | | |
| Increase (decrease) in net assets | \$ 917,491 | \$ (71,927) |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities: | | |
| Net realized and unrealized gain on investments | (181,841) | (249,920) |
| Change in value of beneficial interest in perpetual trusts | (495) | (9,224) |
| Depreciation and amortization | 174,529 | 176,840 |
| Loss on disposal of property and equipment | 2,447 | - |
| Net changes in: | | |
| Accounts receivable, net | 34,909 | (30,672) |
| Government contract receivable | (36,274) | 59,587 |
| Inventory | 6,539 | (19,108) |
| Prepaid expenses and deposits | 48,809 | (126,013) |
| Accounts payable and accrued expenses | 29,013 | 71,621 |
| Deferred revenue | (9,321) | 141,766 |
| Net cash provided (used) by operating activities | 985,806 | (57,050) |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (118,975) | (104,104) |
| Proceeds from sale of property and equipment | 2,000 | - |
| Proceeds from note receivable | - | 193,172 |
| Purchase of investments | (26,059) | (194,434) |
| Proceeds from the sale of investments | 249,895 | 174,294 |
| Net cash provided by investing activities | 106,861 | 68,928 |
| Cash flows from financing activities: | | |
| Payments on capital lease obligation | (10,788) | (17,369) |
| Net cash used by financing activities | (10,788) | (17,369) |
| Net increase (decrease) in cash and cash equivalents | 1,081,879 | (5,491) |
| Cash and cash equivalents, beginning of year | 281,962 | 287,453 |
| Cash and cash equivalents, end of year | \$ 1,363,841 | \$ 281,962 |
| Supplemental cash flow information | | |
| Cash paid for interest | \$ 9,576 | \$ 9,853 |

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

CAMP FIRE COLUMBIA

Notes to Financial Statements

1. Nature of Activities

Camp Fire Columbia (the Council) is organized to provide, through a program of informal education, opportunities for youth to realize their potential and to function effectively as caring, self-directed individuals responsible to themselves and to others; and, as an organization, to seek to improve those conditions in society which affect youth. The Council's revenues are primarily received through program fees and contributions.

The Council is affiliated with Camp Fire National Headquarters, and paid charter fees of \$66,241 for the year ended June 30, 2018.

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 of America (GAAP).

Basis of Presentation - The Council reports information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Council and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Council.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires the Council's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure 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 Council considers all highly liquid investment securities purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are recorded at estimated net realizable value as the related revenues are earned. Receivables are written off when the Council determines an account is uncollectible. Past due status is determined based on how recently payments have been received. An allowance for uncollectible accounts receivable is provided based on management's judgement and totaled \$4,482 and \$3,473 at June 30, 2018 and 2017, respectively.

CAMP FIRE COLUMBIA

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Pledges Receivable - Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Council is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. At June 30, 2018, the Council had conditional promises to give totaling \$20,000 that are not reflected in the accompanying statement of financial position. Bequests are recorded as revenue at the time the Council has an established right to the bequest and the proceeds are measurable. An allowance for uncollectible contributions receivable is provided based on management's judgement, including such factors as prior collections history, type of contribution, and nature of fundraising activity. Pledges expected to be received over a period exceeding one year are discounted to present value.

Inventory - Inventory consists primarily of items available for sale at the camp store, and is carried at the lower of cost and net realizable value.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. The investment in a limited partnership has been estimated by management in the absence of readily determinable fair values based on information provided by the fund manager or the general partner determined based upon their most recent financial statements. Realized and unrealized gains and losses are included in the statement of activities.

Fair Value of Financial Instruments - The Council's financial instruments, none of which are held for trading purposes, include cash equivalents, accounts receivable, pledges receivable, grants and contracts receivable, investments, and accounts payable. The Council estimates that the fair value of all these non-derivative financial instruments at June 30, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Property and Equipment - Land, buildings, and equipment with a minimum cost of \$5,000 are capitalized. Property and equipment purchased are recorded at cost. Donated property and equipment are reflected as contributions at their estimated values on the date received. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets beginning at the date the asset is placed in service.

| Asset Type: | Depreciable Life: |
|-------------------------------------|-------------------|
| Land improvements | 5 years |
| Building and leasehold improvements | 3-20 years |
| Furniture and equipment | 3-15 years |

Maintenance and repairs are charged to expense as incurred and betterments and major renewals are capitalized. Amortization of leasehold improvements is provided using the straight-line method over the estimated useful lives of the assets or the lease term, whichever is shorter. When land, buildings, and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation and amortization account are relieved, and any gain or loss is included in the statement of activities.

CAMP FIRE COLUMBIA

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Program Revenue and Deferred Revenue - Revenue from product sales, school programs, and camping related fees (exchange transactions) is recognized at the time the goods or services are provided and the revenue is earned. Funds received in advance of being earned are recorded as deferred revenue.

Government Contract Revenue - Revenue from government contracts is recognized as earned based on the provisions contained in the underlying agreements. Government contracts receivable are all expected to be collected within one year.

Restricted and Unrestricted Revenue and Support - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Assets and Services - Gifts of property and equipment are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Council recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers also provide program leader, fundraising, and administration services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Income Taxes - The Council is a nonprofit corporation exempt from Federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law as it is included in a group ruling issued to Camp Fire National Headquarters. No provision for income taxes is made in the accompanying financial statements. In any year in which the Council has gross receipts from unrelated business activities of \$1,000 or more, it must file Form 990-T with the Internal Revenue Service (IRS) and pay tax on such income less any related deductions. The Council is not a private foundation.

The Council follows the provisions of FASB ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of the Topic.

CAMP FIRE COLUMBIA

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Unemployment Insurance - The Council is self-insured for unemployment and makes periodic payments to a trust company in an amount equal to estimated future claims. Deposits to the trust are recorded as prepaid expense. Unemployment claims paid reduce the trust asset and are expensed. Unpaid claims outstanding at year end represent a liability of the Council.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Summarized Financial Information for 2017 - The accompanying financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Subsequent Events - The Council has evaluated all subsequent events through October 10, 2018, the date the financial statements were available to be issued.

3. Fair Value Measurements and Investments

The Council follows FASB ASC Topic 820, *Fair Value Measurement*. This Topic applies to all assets and liabilities that are being measured and reported on a fair value basis and requires disclosure that establishes a framework for measuring fair value under GAAP, and expands disclosure about fair value measurements. This Topic enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Topic requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CAMP FIRE COLUMBIA

Notes to Financial Statements - Continued

3. Fair Value Measurements and Investments - Continued

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement valuation techniques used, need to maximize the use of observable inputs, and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018.

Mutual funds: Valued at the closing price reported on the active market on which the funds are traded.

Limited Partnership: Valued at the partner's reported capital account balance, which is management's best estimate of fair value.

Beneficial interest in perpetual trust: Valued at the amount of the underlying investments, which approximates fair value.

The following table sets forth, by level within the fair value hierarchy, the Council's investments and beneficial interest in perpetual trust at fair value as of June 30, 2018:

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------------|-------------|-------------------|---------------------|
| Mutual funds: | | | | |
| Bond funds | \$ 401,939 | \$ - | \$ - | \$ 401,939 |
| Domestic equities: | | | | |
| Large cap | 498,959 | - | - | 498,959 |
| Small cap | 219,118 | - | - | 219,118 |
| International equities | 320,467 | - | - | 320,467 |
| Limited partnership | - | - | 368,778 | 368,778 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total investments | 1,440,483 | - | 368,778 | 1,809,261 |
| Beneficial interest in perpetual trust | - | - | 227,138 | 227,138 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total investments, at fair value | <u>\$ 1,440,483</u> | <u>\$ -</u> | <u>\$ 595,916</u> | <u>\$ 2,036,399</u> |

CAMP FIRE COLUMBIA

Notes to Financial Statements - Continued

3. Fair Value Measurements and Investments - Continued

The following is a summary of changes in the fair value of the Council's level 3 investments:

| | Beneficial Interest in Perpetual Trust | Investment in Limited Partnership |
|--------------------------|---|--|
| Balance at June 30, 2017 | \$ 226,643 | \$ 298,671 |
| Investment return | 11,799 | 70,107 |
| Distributions | <u>(11,304)</u> | <u>-</u> |
| Balance at June 30, 2018 | <u><u>\$ 227,138</u></u> | <u><u>\$ 368,778</u></u> |

During the year ended June 30, 2018, the Council paid approximately \$4,000 in investment management fees.

4. Beneficial Interest in Perpetual Trust

The Council has a 20 percent beneficial interest in perpetual trust that is held and administered by a third-party trustee. Under the terms of the agreement, the Council receives periodic distributions from the trustee and retains an irrevocable right to such future distributions. The council has recorded its 20 percent interest in this trust as a component of the permanently restricted net assets, since the Council does not have access to the principal of the trust. Any change in the value is recorded and reported in the statement of activities as a revaluation gain or loss in permanently restricted net assets. In accordance with the trust agreement, distributions from the trust are restricted for use in specific Council programs. See *Note 3* for fair value disclosure.

CAMP FIRE COLUMBIA

Notes to Financial Statements - Continued

5. Property and Equipment, Net

Property and equipment consist of the following at June 30:

| | 2018 | 2017 |
|--|---------------------|---------------------|
| Land | \$ 91,035 | \$ 91,035 |
| Land improvements | 149,100 | 204,860 |
| Buildings and leasehold improvements | 3,752,163 | 3,655,907 |
| Furniture and equipment | 451,697 | 928,456 |
| Construction in progress | - | 103,262 |
| | <u>4,443,995</u> | <u>4,983,520</u> |
| Less accumulated depreciation and amortization | <u>(2,812,977)</u> | <u>(3,292,501)</u> |
| | <u>\$ 1,631,018</u> | <u>\$ 1,691,019</u> |

6. Capital Lease

The Council is the lessee of office equipment under a capital lease, expiring in August 2021. The asset and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over its estimated useful life. Amortization of the asset under a capital lease is included in depreciation and amortization expense and totaled \$9,889 for the year ended June 30, 2018.

Following is a summary of property held under a capital lease and included in *Note 5* above as of June 30, 2018:

| | |
|-------------------------------|------------------|
| Furniture and equipment | \$ 53,940 |
| Less accumulated amortization | <u>(19,778)</u> |
| | <u>\$ 34,162</u> |

CAMP FIRE COLUMBIA

Notes to Financial Statements - Continued

6. Capital Lease - Continued

Minimum future lease payments under the capital lease are as follows:

| Years Ending June 30, | Amount |
|----------------------------------|-------------------------|
| 2019 | \$ 10,788 |
| 2020 | 10,788 |
| 2021 | 10,788 |
| 2022 | 899 |
| | <u> </u> |
| | <u><u>\$ 33,263</u></u> |

Due to the interest portion being insignificant, management has recorded the liability as the full amount of payments due under the terms of the lease and no amount has been recorded for interest.

7. Operating Lease

The Council leases its office space under an operating lease agreement through April 2021 with base monthly rent of \$5,158 subject to annual increases of three percent. Rent paid during the year ended June 30, 2018, totaled approximately \$64,200.

Minimum future lease payments under this lease are as follows:

| Years Ending June 30, | Amount |
|----------------------------------|--------------------------|
| 2019 | \$ 66,200 |
| 2020 | 68,100 |
| 2021 | 52,300 |
| | <u> </u> |
| | <u><u>\$ 186,600</u></u> |

8. Line of Credit

The Council has a line of credit with a bank up to \$300,000 which matures in February 2020. Amounts under this agreement will accrue interest at the prime rate plus one percent (6 percent at June 30, 2018). The line is secured by approximately \$500,000 of investments held in accounts at a separate financial institution. There was no outstanding balance on the line of credit at June 30, 2018 and 2017.

CAMP FIRE COLUMBIA

Notes to Financial Statements - Continued

9. Designated and Restricted Net Assets

Board Designated Net Assets - It is the practice of the Board of Directors of the Council to review its plans for operations and designate appropriate sums of the unrestricted net assets to assure adequate funding of programs and operations. Net assets designated by the Board are called Unrestricted - Board Designated. Net assets not designated by the Board are considered unrestricted and are available for the general operations of the Council.

Temporarily Restricted Net Assets - Temporarily restricted net assets are comprised of the following at June 30:

| | 2018 | 2017 |
|----------------------|-------------------|-------------------|
| Property improvement | \$ 64,500 | \$ 53,500 |
| Camperships | 14,555 | 3,391 |
| Camp Namanu | 703,443 | 50,000 |
| School programs | 50,777 | - |
| | <u>\$ 833,275</u> | <u>\$ 106,891</u> |

During the year ended June 30, 2018, net assets of \$46,641 were released from restriction, either due to the passage of time or specific program accomplishments.

10. Retirement Plan

The Council has established a 401(k) plan and will match 100 percent of an employee's contribution to this plan up to three percent of their salary. Vesting occurs after five years of service. Contributions made by the Council to this plan totaled \$27,047 for the year ended June 30, 2018.

The Council adopted a defined contribution plan (the Plan) on July 1, 1988, covering full-time employees. Employees become eligible to participate in the Plan at the age of 21 and after completion of one year of full-time service. An amount equal to 5 percent of an employee's salary is contributed annually and vests after five years of employment. During the fiscal year ended June 30, 2009, the Council suspended contributions to the Plan. The Plan was discontinued in 2015.

11. Contingencies

Amounts received or receivable from various contracting and granting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Council if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.

CAMP FIRE COLUMBIA

Notes to Financial Statements - Continued

12. Concentrations of Credit Risk

The Council maintains its cash balances in one financial institution. Balances in this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. The Council has not experienced any losses in such accounts and has taken adequate measures to limit exposure to any significant risk on cash and cash equivalents.

The Council's investments described in *Note 3* are exposed to various risks, such as interest rate, market, and credit risk. The value, liquidity, and related income of these investments are sensitive to changes in economic conditions, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates. Due to the level of risk associated with certain investment securities, it is at least reasonable possible changes in the values of investment securities will occur in the near term, and such changes could materially affect account balances and amounts reported in the financial statements.

During 2018, contributions from one donor accounted for 60 percent of total contributions. At June 30, 2018, one organization accounted for 32 percent of outstanding accounts receivable.

In addition, government contract revenue was received or due from one agency as of and for the year ended June 30, 2018.