

CAMPERSHIPS FOR NEBAGAMON, INC.

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**

CAMPERSHIPS FOR NEBAGAMON, INC.
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Patrick W. Romenesko, S.C.
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

To the Board of Directors
Camperships for Nebagamon, Inc.
East Troy, Wisconsin

I have audited the accompanying financial statements of the Camperships for Nebagamon, Inc. which comprise the statements of net assets as of December 31, 2018 and 2017, and the related statements of activities and changes in 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 the Camperships for Nebagamon, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Patrick W. Romenesko, S.C.

PATRICK W. ROMENESKO, S.C.
CERTIFIED PUBLIC ACCOUNTANT

Lake Geneva, Wisconsin
August 26, 2019

CAMPERSHIPS FOR NEBAGAMON, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Petty cash fund	\$ 300	\$ 300
Cash and cash equivalents	140,628	167,044
Investments	1,648,338	1,783,592
Accrued dividends receivable	248	-
Cash value of life insurance policy	27,976	30,850
	<u>1,817,490</u>	<u>1,981,786</u>
Total assets		
<u>Liabilities and Net Assets</u>		
Accounts payable	<u>1,667</u>	<u>5,753</u>
Net Assets:		
Unrestricted:		
Available for program and supporting activities	282,700	462,626
Temporarily restricted	<u>1,533,123</u>	<u>1,513,407</u>
Total net assets	<u>1,815,823</u>	<u>1,976,033</u>
Total Liabilities and Net Assets	<u>\$ 1,817,490</u>	<u>\$ 1,981,786</u>

See accompanying notes to financial statements.

CAMPERSHIPS FOR NEBAGAMON, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>Revenues</u>						
Contributions	\$ 212,665	\$ -	\$ 212,665	\$ 171,428	\$ -	\$ 171,428
Fundraising income	11,220	-	11,220	16,340	-	16,340
Investment income	30,901	19,994	50,895	17,976	10,293	28,269
Realized and unrealized investment gains (losses)	(156,777)	(278)	(157,055)	44,870	94,811	139,681
Total revenues	98,009	19,716	117,725	250,614	105,104	355,718
<u>Expenses</u>						
Program services - camperships paid	254,833	-	254,833	230,371	-	230,371
Management and general	13,246	-	13,246	18,931	-	18,931
Fundraising	6,982	-	6,982	3,970	-	3,970
Decrease in cash value of life insurance	2,874	-	2,874	2,229	-	2,229
Total expenses	277,935	-	277,935	255,501	-	255,501
Change in net assets	(179,926)	19,716	(160,210)	(4,887)	105,104	100,217
Net assets, beginning of year	462,626	1,513,407	1,976,033	467,513	1,408,303	1,875,816
Net assets, end of year	\$ 282,700	\$ 1,533,123	\$ 1,815,823	\$ 462,626	\$ 1,513,407	\$ 1,976,033

See accompanying notes to financial statements.

CAMPERSHIPS FOR NEBAGAMON, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities:</u>		
Change in net assets	\$ (160,210)	\$ 112,734
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease in cash value of life insurance	2,874	1,709
Decrease in other assets:		
Accrued interest receivable	(248)	-
Decrease in liabilities:		
Accounts payable	<u>(4,086)</u>	<u>218</u>
Net cash provided by operating activities	<u>(161,670)</u>	<u>114,661</u>
<u>Cash Flows from Investing Activities:</u>		
Net redemption (purchase) of investments	<u>135,254</u>	<u>(152,809)</u>
Change in cash and cash equivalents	(26,416)	(38,148)
Cash and cash equivalents - beginning of year	<u>167,344</u>	<u>165,672</u>
Cash and cash equivalents - end of year	<u>\$ 140,928</u>	<u>\$ 167,344</u>

See accompanying notes to financial statements.

CAMPERSHIPS FOR NEBAGAMON, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018				2017			
	Program	Supporting Services		Total	Program	Supporting Services		Total
	Services Camperships	Fundraising Activities	Management and General		Services Camperships	Fundraising Activities	Management and General	
Camperships paid	\$ 249,307	\$ -	\$ -	\$ 249,307	\$ 219,021	\$ -	\$ -	\$ 219,021
Auditing fees	-	3,210	-	3,210	-	-	3,200	3,200
Computer support	-	685	-	685	-	-	544	544
Printing, design and supplies	2,565	855	-	3,420	5,049	-	-	5,049
Office administration	1,458	729	728	2,915	4,662	2,331	2,331	9,324
Office expense and merchant fees	1,503	1,503	1,503	4,509	1,639	1,639	1,639	4,917
Filing fees	-	-	30	30	-	-	225	225
Investment management fees	-	-	10,985	10,985	-	-	10,992	10,992
Decrease in cash value of life insurance	-	-	2,874	2,874	-	-	2,229	2,229
Total expenses	\$ 254,833	\$ 6,982	\$ 16,120	\$ 277,935	\$ 230,371	\$ 3,970	\$ 21,160	\$ 255,501

See accompanying notes to financial statements.

CAMPERSHIPS FOR NEBAGAMON, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 1 - Summary Of Significant Accounting Policies

Nature of Operations - Camperships for Nebagamon, Inc. (the Organization) was established to assist needy children in attending summer camp by underwriting the expenses of their camp stays.

Basis of Accounting - The Organization's financial statements are prepared on the accrual basis of accounting.

Income Taxes - The Organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization accounts for uncertainties in accounting for income taxes using the guidance provided for in FASB Accounting Standards Codification Topic 740, *Income Taxes*. The Organization has evaluated its income tax positions and determined that all positions taken are more likely than not of being sustained. Tax years ending December 31, 2015 and after are currently open to potential audits.

Cash and Investments - Investments are stated at fair value. For purposes of financial statement reporting and the statement of cash flows, the Organization considers its petty cash fund and brokerage account cash balance as cash and cash equivalents.

Net Assets Classifications - Net assets, revenues and expenses are classified based on existence or absence of donor-imposed restrictions. Therefore, the net assets of the Organization and related changes are classified as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specified purposes. The Organization does not report any permanently restricted assets.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Note 2 - Investments

The fair value of the Organization's investments at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Common stock equity funds	\$ 862,162	\$ - - -
Fixed income funds	534,875	- - -
Exchange traded funds	251,301	1,516,874
U.S. treasury fund	<u>- - -</u>	<u>266,718</u>
Totals	<u>\$ 1,648,338</u>	<u>\$ 1,783,592</u>

Note 3 - Fair Value Measurement

FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* ("ASC 820") provides the framework for measuring and reporting fair value. The fair value framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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 that are 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 substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Note 3 - Fair Value Measurement - Continued

The significance of transfers between levels was evaluated based on the nature of the financial instrument and size of the transfer relative to total net assets. For the years ended December 31, 2018 and 2017, there were no significant transfers in or out of Levels 1, 2 or 3.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies from December 31, 2017.

Securities listed on national and international exchanges are principally valued at the regular trading session closing price on the exchange or market in which such securities are principally traded on the last business day or each period presented using the market approach.

Government obligations (including those loaned under securities lending program) are valued on the basis of evaluated prices provided by independent pricing services.

Corporate obligations, pooled mortgage backed securities, and other fixed income securities are valued on the basis of evaluated prices provided by independent pricing services.

Investments in common collective trusts are generally valued using the market approach on the basis of the relative interest of each participating investor (including each participant) in the fair value of the underlying net assets of each of the respective common collective trusts.

The valuation methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets and liabilities as of December 31, 2018 and 2017. As required by FASB ASC 820, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Assets measured at fair value on a recurring basis as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 140,628	\$ ---	\$ ---	\$ 140,628
Common stock equity funds	---	862,162	---	862,162
Fixed income funds	---	534,875	---	534,875
Exchange traded funds	---	251,301	---	251,301
Total assets at fair value	<u>\$ 140,628</u>	<u>\$ 1,648,338</u>	<u>\$ ---</u>	<u>\$ 1,788,966</u>

	Assets measured at fair value on a recurring basis as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 167,044	\$ ---	\$ ---	\$ 167,044
Exchange traded funds	---	1,516,874	---	1,516,874
U.S. treasury fund	---	266,718	---	266,718
Total assets at fair value	<u>\$ 167,044</u>	<u>\$ 1,783,592</u>	<u>\$ ---</u>	<u>\$ 1,950,636</u>

Note 4 - Life Insurance Policy

The Organization is the owner and beneficiary of an insurance policy on the life of a former key member of the board of directors. The policy had cash values of \$27,976 and \$30,850 at December 31, 2018 and 2017, respectively. The base death benefit of the policy is \$103,854.

Note 5 - Temporarily Restricted Net Assets

The board of directors adopted a resolution effective December 31, 2005 recognizing and temporarily restricting the Muggs and Janet Lorber Endowment Fund in the amount of \$1,100,000. The fund's corpus is adjusted for one-half of its investments earnings or losses and the remaining one-half may be used for the award of camperships to approved campers or for operating expenses of the Organization. The principal of the fund may only be spent upon approval of the board of directors. The endowment balances at December 31, 2018 and 2017 were \$1,533,123 and \$1,513,407, respectively.

Note 6 - Subsequent Events

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through August 26, 2019, the date the financial statements were available to be issued; and concluded there were no matters to be disclosed.