SHERWOOD FOREST CAMP, INC.

FINANCIAL STATEMENTS

December 31, 2016 and 2015

Kerber, Eck & Braeckel LLP

CPAs and
Management Consultants

One South Memorial Drive, Ste. 900
St. Louis, MO 63102-2439
ph. 314.231.6232
fax 314.880.9307

www.kebcpa.com

Independent Auditors' Report

Board of Directors
Sherwood Forest Camp, Inc.

We have audited the accompanying financial statements of Sherwood Forest Camp, Inc. (a Missouri Corporation, not-for-profit), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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.

SHERWOOD FOREST CAMP, INC.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sherwood Forest Camp, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 12 to the financial statements, an error in the classification of net assets in the 2015 financial statements was discovered by management of Sherwood Forest Camp, Inc. during the current year. Accordingly, amounts reported for net assets and net assets released from restriction have been restated in the 2015 financial statements now presented, and an adjustment has been made to net assets as of December 31, 2014, to correct the error. Our opinion is not modified with respect to that matter.

Kuber, Eck & Braeckel LLP

St. Louis, Missouri
May 15, 2017

SHERWOOD FOREST CAMP, INC.

STATEMENTS OF FINANCIAL POSITION
December 31,

ASSETS	2016	(Restated) 2015
Cash and cash equivalents	$ 404,867	$ 551,245
Certificates of deposit	-	175,000
Investments	46,499	9,000
Contributions and grants receivable, net		
United Way	404,844	404,844
Capital campaign	512,809	576,633
Other	63,269	91,573
Prepaid expenses	77,086	32,359
Inventories	6,278	7,143
Property and equipment, net	1,761,897	1,271,487
Total assets	$ 3,277,549	$ 3,119,284
LIABILITIES AND NET ASSETS		
Accounts payable	$ 3,597	$ 613
Accrued expenses	43,299	41,700
Total liabilities	46,896	42,313
Net assets		
Unrestricted		
Undesignated	1,107,377	1,064,798
Designated by Board of Directors	27,999	10,500
	1,135,376	1,075,298
Temporarily restricted	2,064,053	1,982,949
Permanently restricted	31,224	18,724
Total net assets	3,230,653	3,076,971
Total liabilities and net assets	$ 3,277,549	$ 3,119,284

See notes to financial statements.

SHERWOOD FOREST CAMP, INC.

STATEMENTS OF ACTIVITIES
Year ended December 31,

	2016				2015 (Restated)			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenue								
Public support								
United Way allocation	$ -	$ 404,844	$ -	$ 404,844	$ -	$ 404,844	$ -	$ 404,844
Contributions	201,186	575,829	12,500	789,515	406,563	1,140,820	18,724	1,566,107
Special events, net of direct donor benefit of $52,252 in 2016 and $46,068 in 2015	181,975	-	-	181,975	106,538	-	-	106,538
Grants	157,188	101,107	-	258,295	159,900	72,444	-	232,344
USDA food service program	53,714	-	-	53,714	48,898	-	-	48,898
Total public support	594,063	1,081,780	12,500	1,688,343	721,899	1,618,108	18,724	2,358,731
Other support and revenue								
Program fees	156,187	-	-	156,187	173,559	-	-	173,559
Sales - Camp store	5,710	-	-	5,710	5,111	-	-	5,111
Interest income	36,141	-	-	36,141	1,692	-	-	1,692
Other income	5,357	-	-	5,357	55	-	-	55
Total other support and revenue	203,395	-	-	203,395	180,417	-	-	180,417
Net assets released from restrictions	1,000,676	(1,000,676)	-	-	658,279	(658,279)	-	-
Total support and revenue	1,798,134	81,104	12,500	1,891,738	1,560,595	959,829	18,724	2,539,148
Expenses								
Program services	1,400,812	-	-	1,400,812	1,123,586	-	-	1,123,586
Management and general	107,845	-	-	107,845	127,008	-	-	127,008
Fundraising	229,399	-	-	229,399	173,845	-	-	173,845
Total expenses	1,738,056	-	-	1,738,056	1,424,439	-	-	1,424,439
INCREASE IN NET ASSETS	60,078	81,104	12,500	153,682	136,156	959,829	18,724	1,114,709
Net assets at beginning of year, as restated	1,075,298	1,982,949	18,724	3,076,971	939,142	1,023,120	-	1,962,262
Net assets at end of year	$ 1,135,376	$ 2,064,053	$ 31,224	$ 3,230,653	$ 1,075,298	$ 1,982,949	$ 18,724	$ 3,076,971

See notes to financial statements.

SHERWOOD FOREST CAMP, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Year ended December 31,

	2016				2015			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
Salaries and stipends	$ 564,155	$ 47,864	$ 122,388	$ 734,407	$ 502,161	$ 63,640	$ 127,496	$ 693,297
Employee benefits	103,246	12,619	25,862	141,727	73,866	14,861	19,057	107,784
Payroll taxes	71,529	3,022	9,508	84,059	57,897	4,889	9,558	72,344
Recruiting	909	150	600	1,659	480	161	-	641
Professional fees	33,903	23,352	37,434	94,689	17,200	15,468	2,601	35,269
Food and supplies	273,579	2,821	4,969	281,369	142,646	8,297	219	151,162
Communication	5,579	287	1,112	6,978	9,508	-	-	9,508
Postage	5,916	141	4,714	10,771	4,216	2,426	2,160	8,802
Occupancy	45,743	3,481	5,712	54,936	38,442	5,391	6,570	50,403
Transportation	47,473	135	2,876	50,484	56,875	1,855	-	58,730
Conferences, conventions and meetings	223	-	246	469	80	1,365	-	1,445
Dues and subscriptions	3,641	600	648	4,889	4,097	1,516	-	5,613
Printing	5,328	-	5,259	10,587	9,733	401	5,825	15,959
Individual assistance	8,898	13	-	8,911	3,666	-	-	3,666
Insurance	74,554	-	-	74,554	57,286	-	-	57,286
Repairs and maintenance	34,583	217	-	34,800	46,361	-	-	46,361
Miscellaneous	25,268	7,224	8,071	40,563	9,449	6,708	-	16,157
Depreciation	96,285	5,919	-	102,204	89,623	30	359	90,012
Total expenses	$ 1,400,812	$ 107,845	$ 229,399	$ 1,738,056	$ 1,123,586	$ 127,008	$ 173,845	$ 1,424,439

See notes to financial statements.

SHERWOOD FOREST CAMP, INC.

STATEMENTS OF CASH FLOWS
Year ended December 31,

	2016	2015
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Increase in net assets	$ 153,682	$ 1,114,709
Adjustments to reconcile increase in net assets		
to net cash provided by (used in) operating activities		
Depreciation	102,204	90,012
Loss on disposal of asset	596	-
Contributions restricted for long-term purposes	(148,600)	(1,129,544)
Contributions of property and equipment	(40,384)	(120,940)
Contributions of investments	(12,500)	8,199
(Increase) decrease in assets		
Contributions and grants receivable	12,730	9,644
Prepaid expenses	(44,727)	(20,332)
Inventories	865	(62)
Increase (decrease) in liabilities		
Accounts payable	2,984	(6,982)
Accrued expenses	1,599	1,550
Net cash provided by (used in) operating activities	28,449	(53,746)
Cash flows from investing activities		
Purchase of property and equipment	(522,825)	(73,093)
Purchase of investments	(25,000)	(175,000)
Sales of investments	175,000	-
Net cash used in investing activities	(372,825)	(248,093)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	197,998	552,911
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(146,378)	251,072
Cash and cash equivalents at beginning of year	551,245	300,173
Cash and cash equivalents at end of year	$ 404,867	$ 551,245
Supplemental disclosures		
Noncash investing and financing activities:		
Donation of vehicle	$ -	$ 30,000
Donation of construction materials and services	$ 40,384	$ 90,940
Donation of investments	$ 294,242	$ 162,839

See notes to financial statements.

NOTE 1 – NATURE OF ENTITY

Sherwood Forest Camp, Inc. (the "Camp") is a not-for-profit charitable organization whose principal activities are to provide residential summer camps in which outdoor education and weekend retreats are offered to financially disadvantaged children and certain qualified families in the St. Louis metropolitan area. The Camp's largest individual source of revenue is through contributions from the United Way and other public support. Fundraisers are also held to generate revenues.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements follows.

Cash and Cash Equivalents

The Camp considers all liquid investments with original maturities of 90 days or less to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value with gains and losses reported in the statements of activities. Certificates of deposit are reported at amortized cost, which approximates fair value. Donated investments are recorded at market value at the date of donation and thereafter carried in conformity with the stated policy.

Contributions and Grants Receivable

The Camp provides an allowance for uncollectible contributions and grants receivable based on management's judgement, considering such factors as prior collection history, type of contribution, relationship with the donor, and other relevant factors.

Inventory

Inventories consist of non-perishable food, clothing, and supplies. Inventories are stated at the lower of cost or market. Costs are determined using the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment are recorded at cost if purchased. Contributed property and equipment is recorded at fair value at the date of donation. Expenditures which extend the useful lives of the assets are capitalized, while maintenance and repairs are expensed. Depreciation of buildings and equipment is provided on a straight-line basis over their estimated useful lives as follows:

	Years
Buildings and improvements	20
Land improvements	15
Equipment	3 - 15

Contributions

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

The Camp recognizes the release of restrictions on contributions related to state tax credits awarded through the Neighborhood Assistance Program (NAP) administered by the Missouri Department of Economic Development that was restricted for capital purposes, generally over a five year period.

In-Kind Contributions

Contributed services are recognized at fair value if the services create or enhance long-lived assets or require specialized skills and would need to be purchased if not donated. For the year ended December 31, 2016 and 2015, donated construction services were $49,874 and $58,000 respectively, and were recognized in the financial statements as contribution revenue.

The Camp also receives contributed services from a variety of unpaid volunteers assisting the Camp in its charitable programs and fundraising activities. However, these contributed services are not reflected in the financial statements because they do not meet the criteria for recognition.

The Camp receives contributions of furniture, clothing, equipment, and construction materials and recognizes support and revenue based on the contributions estimated fair value. Absent any explicit restrictions by the donor, the Camp reports the contribution of property and equipment as unrestricted support and revenue.

Fair Value Measurements

The Camp uses a three tier hierarchy established by generally accepted accounting principles to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that the Camp 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, or inputs other than quoted prices that are observable, either directly or indirectly, 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 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.

Income Taxes

The Camp qualifies as a charitable organization as defined by Internal Revenue Code 501(c)(3), and, accordingly, it is exempt from Federal income taxes under Internal Revenue Code Section 501(a) and similar provisions of state law. The Camp files federal information returns. The information returns are generally subject to examination by the Internal Revenue Service and state taxing authorities for a period of three years from the date they are to be filed.

Functional Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on the supporting services benefited.

Use of Estimates

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

Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

NOTE 3 – INVESTMENTS

Investments consist of the following at December 31:,

	2016	2015	Fair value level
Pooled investment - YouthBridge	$ 37,499	$ -	2
Oil and gas interest	9,000	9,000	3
	$ 46,499	$ 9,000	

In accordance with Agency Fund Agreement, the pooled investment is the property of YouthBridge, but held in its corporate capacity for the designated purpose to benefit the Camp. Annual distributions may be made from the pooled investment up to 5% of the pooled investment balance. Distributions in excess of 5% are subject to the approval of the YouthBridge's Board of Directors.

NOTE 4 – CAPITAL CAMPAIGN CONTRIBUTIONS RECEIVABLE

Capital campaign contributions receivable consist of the following at December 31,:

	2016	2015
Due in less than one year	$ 200,078	$ 155,710
Due in one to five years	362,811	469,238
	562,889	624,948
Less discount to present value	(20,854)	(17,068)
Less allowance for uncollectible amounts	(29,226)	(31,247)
Net unconditional promises to give	$ 512,809	$ 576,633

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31,

	2016	2015
Property and equipment, at cost		
Land improvements	$ 816,454	$ 532,036
Buildings and improvements	1,227,429	1,019,912
Equipment	580,682	562,638
	2,624,565	2,114,586
Less accumulated depreciation	1,201,853	1,129,279
	1,422,712	985,307
Land	165,545	165,545
Construction in progress	173,640	120,635
Total property and equipment	$ 1,761,897	$ 1,271,487

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Camp maintains its cash balances in two financial institutions. The balances may at times exceed federally insured limits. The Camp has not experienced any losses in cash accounts and believes it is not exposed to any significant credit risk on cash.

The Camp received 21% and 16% of its support and revenue from United Way during 2016 and 2015, respectively. The Camp's United Way allocation for 2017 is $404,844.

NOTE 7 – LINE OF CREDIT

The Camp has a line of credit with Great Southern Bank that expires October 15, 2017 and provides for maximum borrowings of $100,000. Interest on the revolving line of credit is payable monthly based on the prime rate with an interest rate floor of 3.50%. The line of credit is secured by all bank and investment accounts, inventory and equipment. There was no balance outstanding on the line of credit at December 31, 2016 and 2015.

NOTE 8 – CONSTRUCTION LOAN

In November 2016, the Camp entered into a construction loan with IFF that provides maximum borrowings of $318,250. The proceeds of the loan will be used to finance renovations to the Camp. The interest rate on the loan is 5% per annum. Principal and interest on the loan is payable monthly beginning January 2017 in varying amounts through maturity on December 1, 2019. The loan is secured by a mortgage on the Camp property. As of December 31, 2016, there were no draws on the loan.

NOTE 9 – PENSION PLAN

The Camp has a defined contribution annuity plan that covers all eligible employees. The Camp contributes 8% of salaries for eligible employees. The Camp also matches employee deferrals up to 50% of the first 4% of eligible employee compensation. Full vesting occurs after three years of service. Pension expense was $48,324 and $35,790 for the years ended December 31, 2016 and 2015, respectively.

NOTE 10 – NET ASSETS

Unrestricted net assets designated by the Camp's Board of Directors for specific purposes consist of the following at December 31,:

	2016	2015
Nature Center	$ 10,000	$ 10,000
Homestead cabin	500	500
Endowment	17,499	-
	$ 27,999	$ 10,500

Temporarily restricted net assets are subject to donor-imposed stipulations that will be met, either by actions of the Camp and/or the passage of time. Temporarily restricted net assets consist of the following at December 31,:

	2016	2015
Restricted for purpose		
Neighborhood Assistance Program	$ -	$ 362,119
Youth Opportunity Program	183,448	-
Reading program	8,009	7,500
Leadership	20,000	-
Equipment	10,656	-
Support for Success	50,000	50,000
Capital projects	731,562	754,829
Restricted for time	1,060,378	808,501
	$ 2,064,053	$ 1,982,949

Temporarily restricted net assets include property and equipment subject to restriction of time of $651,347 and $369,935 for the years ended December 31, 2016 and 2015, respectively.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently and are included in the Camp's endowment.

NOTE 11 – ENDOWMENT

The Camp's endowment consists of donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Camp has interpreted the Missouri Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Camp classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Camp in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Camp considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund, the purposes of the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investment, other resources of the Camp, and the Camp's investment policies.

During the years ended December 31, 2016 and 2015, the Camp's endowment had the following activity:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at January 1, 2015	$ -	$ -	$ -	$ -
Contributions	-	-	18,724	18,724
Balance at December 31, 2015	-	-	18,724	18,724
Contributions	17,500	-	12,500	30,000
Investment income	109	-	-	109
Appropriated for expenditure	(110)	-	-	(110)
Balance at December 31, 2016	$ 17,499	$ -	$ 31,224	$ 48,723

Endowment net assets composition by type of fund as of December 31, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated endowment	$ 17,499	$ -	$ -	$ 17,499
Donor restricted endowment	-	-	31,224	31,224
	$ 17,499	$ -	$ 31,224	$ 48,723

Endowment net assets composition by type of fund as of December 31, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment	$ -	$ -	$ 18,724	$ 18,724

Investment Objective

The purpose of the endowment fund is to maximize the use of investment assets over time, and if required, provide a predictable contribution to the annual operating budget of the Camp. The primary investment objective is to produce an average annual total return of 4% to 8%. To achieve this, the Camp will make an investment recommendation based on the Camp's risk tolerance and long-term objective.

Spending Policy

In order to preserve the corpus of the endowment over the long term, the Camp shall decide annually whether or not to withdraw any portion of the investment income, including capital appreciation, of the endowment fund. Any annual distribution cannot exceed 5% of the balance of the endowment fund without approval of the Camp's Board of Directors as set forth below.

The Board may authorize distribution of endowment fund assets in excess of the annual distribution for extraordinary circumstances, under these two conditions:

1. The excess distributions must be approved by an affirmative vote by two-thirds of the Board and should be paid back to the endowment fund in a timely manner not to exceed a three-year term. This term may be extended by one additional three-year term with a two-thirds vote of the Board.

2. The Board must implement an endowment marketing strategy to recoup those spent capital assets and to increase the net endowment total with new contributions.

Distributions in excess of 5% of the endowment fund balance must also be approved by YouthBridge's Board of Directors as described in Note 3.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The Camp participates in the Neighborhood Assistance Program (NAP) administered by the Missouri Department of Economic Development (DED). Subject to the terms of NAP Participation Agreement, the DED awards state tax credits to eligible donors who make contributions to the Camp. Constructed or renovated assets funded by contributions solicited through NAP must be used exclusively for the purposes outlined in the Participation Agreement for a minimum of five years after the operational date of the asset. If the constructed or renovated assets are sold within five years, a percentage of the state tax credits approved must be repaid to the DED.
The 2015 financial statements have been restated to recognize a time restriction on contributions from the Neighborhood Assistance Program (NAP) as follows:

- Decreased unrestricted net assets and increased temporarily restricted net assets at January 1, 2015 by $426,049.

- Increased net assets released from restriction by $56,114 for the year ended December 31, 2015.

- Decreased unrestricted net assets and increased temporarily restricted net asset at December 31, 2015 by $369,935.

The restatement had no effect on total net assets.

NOTE 13 – SUBSEQUENT EVENTS

In preparing these financial statements, the Camp has evaluated events and transactions for potential recognition or disclosure through May 15, 2017, the date the financial statements were available to be issued.