

SHERWOOD FOREST CAMP, INC.

FINANCIAL STATEMENTS

December 31, 2015 and 2014

SHERWOOD FOREST CAMP, INC.

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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, 2015 and 2014, 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.

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, 2015 and 2014, 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 10 to the financial statements, an error resulting in an understatement of amounts previously reported for contributions and grants receivable and revenue as of December 31, 2014, was discovered by management of Sherwood Forest Camp, Inc. during the current year. Accordingly, amounts reported for contributions and grants receivable and revenue have been restated in the 2014 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.

Kerber, Eick & Braendel LLP

St. Louis, Missouri
May 4, 2016

SHERWOOD FOREST CAMP, INC.

STATEMENTS OF FINANCIAL POSITION December 31,

ASSETS	2015	(restated) 2014
Current assets		
Cash and cash equivalents	\$ 39,742	\$ 229,763
Certificates of deposit	175,000	-
Investments	9,000	17,199
Contributions and grants receivable, net		
United Way	404,844	404,844
Capital campaign	147,705	-
Other	91,573	101,217
Prepaid expenses	32,359	12,027
Inventories	7,143	7,081
Total current assets	907,366	772,131
Cash and cash equivalents restricted for:		
Acquisition of property and equipment	508,003	70,410
Endowment	3,500	-
Property and equipment, net	1,271,487	1,167,466
Long-term portion of capital campaign contributions receivable, net	428,928	-
Total assets	<u>\$ 3,119,284</u>	<u>\$ 2,010,007</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 613	\$ 7,595
Accrued expenses	41,700	40,150
Total current liabilities	42,313	47,745
Net assets		
Unrestricted		
Undesignated	1,434,733	1,354,691
Designated by Board of Directors	10,500	10,500
Temporarily restricted	1,613,014	597,071
Permanently restricted	18,724	-
Total net assets	3,076,971	1,962,262
Total liabilities and net assets	<u>\$ 3,119,284</u>	<u>\$ 2,010,007</u>

See notes to financial statements.

SHERWOOD FOREST CAMP, INC.

STATEMENTS OF ACTIVITIES

Year ended December 31,

	2015			2014 (restated)			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Total
Support and revenue							
Public support							
United Way allocation	\$ -	\$ 404,844	\$ -	\$ 404,844	\$ -	\$ 404,844	\$ 404,844
Contributions	406,563	1,140,820	18,724	1,566,107	331,824	54,063	385,887
Special events, net of direct donor benefit of \$46,068 in 2015 and \$43,386 in 2014	106,538	-	-	106,538	159,494	-	159,494
Grants	159,900	72,444	-	232,344	210,445	2,403	212,848
USDA food service program	48,898	-	-	48,898	49,252	-	49,252
Total public support	721,899	1,618,108	18,724	2,358,731	751,015	461,310	1,212,325
Other support and revenue							
Program fees	173,559	-	-	173,559	105,837	-	105,837
Sales - Camp store	5,111	-	-	5,111	3,971	-	3,971
Interest income	1,692	-	-	1,692	3,372	-	3,372
Other income	55	-	-	55	5,325	-	5,325
Total other support and revenue	180,417	-	-	180,417	118,505	-	118,505
Net assets released from restrictions	602,165	(602,165)	-	-	840,308	(840,308)	-
Total support and revenue	1,504,481	1,015,943	18,724	2,539,148	1,709,828	(378,998)	1,330,830
Expenses							
Program services	1,123,586	-	-	1,123,586	1,020,598	-	1,020,598
Management and general	127,008	-	-	127,008	84,939	-	84,939
Fundraising	173,845	-	-	173,845	113,046	-	113,046
Total expenses	1,424,439	-	-	1,424,439	1,218,583	-	1,218,583
INCREASE (DECREASE) IN NET ASSETS	80,042	1,015,943	18,724	1,114,709	491,245	(378,998)	112,247
Net assets at beginning of year	1,365,191	597,071	-	1,962,262	873,946	976,069	1,850,015
Net assets at end of year	\$ 1,445,233	\$ 1,613,014	\$ 18,724	\$ 3,076,971	\$ 1,365,191	\$ 597,071	\$ 1,962,262

See notes to financial statements.

SHERWOOD FOREST CAMP, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31,

	2015				2014			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
Salaries and stipends	\$ 502,161	\$ 63,640	\$ 127,496	\$ 693,297	\$ 455,728	\$ 44,239	\$ 74,692	\$ 574,659
Employee benefits	73,866	14,861	19,057	107,784	74,411	5,406	14,545	94,362
Payroll taxes	57,897	4,889	9,558	72,344	60,210	3,368	5,650	69,228
Recruiting	480	161	-	641	704	100	-	804
Professional fees	17,200	15,468	2,601	35,269	22,211	15,050	-	37,261
Food and supplies	142,646	8,297	219	151,162	126,698	6,186	498	133,382
Communication	9,508	-	-	9,508	8,916	-	-	8,916
Postage	4,216	2,426	2,160	8,802	3,062	1,339	3,230	7,631
Occupancy	38,442	5,391	6,570	50,403	36,488	5,388	5,405	47,281
Transportation	56,875	1,855	-	58,730	58,577	975	-	59,552
Conferences, conventions and meetings	80	1,365	-	1,445	1,339	635	-	1,974
Dues and subscriptions	4,097	1,516	-	5,613	6,888	451	-	7,339
Printing	9,733	401	5,825	15,959	1,838	564	5,321	7,723
Individual assistance	3,666	-	-	3,666	4,469	-	-	4,469
Insurance	57,286	-	-	57,286	48,765	-	-	48,765
Repairs and maintenance	46,361	-	-	46,361	34,330	289	-	34,619
Miscellaneous	9,449	6,708	-	16,157	8,895	891	3,643	13,429
Depreciation	89,623	30	359	90,012	67,069	58	62	67,189
Total expenses	<u>\$ 1,123,586</u>	<u>\$ 127,008</u>	<u>\$ 173,845</u>	<u>\$ 1,424,439</u>	<u>\$ 1,020,598</u>	<u>\$ 84,939</u>	<u>\$ 113,046</u>	<u>\$ 1,218,583</u>

See notes to financial statements.

SHERWOOD FOREST CAMP, INC.

STATEMENTS OF CASH FLOWS

Year ended December 31,

	2015	(restated) 2014
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Increase in net assets	\$ 1,114,709	\$ 112,247
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	90,012	67,189
Contributions restricted for long-term purposes	(1,129,544)	-
Contributions of property and equipment	(120,940)	(139,032)
Contributions of investments	8,199	(8,199)
(Increase) decrease in assets		
Contributions and grants receivable	9,644	5,906
Other receivable	-	1,478
Prepaid expenses	(20,332)	5,245
Inventories	(62)	(1,064)
Increase (decrease) in liabilities		
Accounts payable	(6,982)	(3,497)
Accrued expenses	1,550	2,513
Net cash provided by operating activities	(53,746)	42,786
Cash flows from investing activities		
Purchase of property and equipment	(73,093)	(477,093)
Loss on asset disposal	-	2,058
Purchase of investments	(175,000)	-
Sales of investments	-	125,000
Net cash used in investing activities	(248,093)	(350,035)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	552,911	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	251,072	(307,249)
Cash and cash equivalents at beginning of year	300,173	607,422
Cash and cash equivalents at end of year	\$ 551,245	\$ 300,173
Reconciliation of cash and cash equivalents to the statement of financial position		
Cash and cash equivalents	\$ 39,742	\$ 229,763
Cash and cash equivalents restricted for:		
Acquisition of property and equipment	508,003	70,410
Endowment	3,500	-
	\$ 551,245	\$ 300,173
Supplemental disclosures		
Noncash investing and financing activities:		
Donation of vehicle	\$ 30,000	\$ 29,017
Donation of construction materials and services	\$ 90,940	\$ 110,015
Donation of investments	\$ 162,839	\$ 26,687

See notes to financial statements.

SHERWOOD FOREST CAMP, INC

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:

SHERWOOD FOREST CAMP, INC

NOTES TO FINANCIAL STATEMENTS

	<u>Years</u>
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.

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, 2015 and 2014, donated construction services were \$58,000 and \$59,660 respectively, and were recognized in the financial statements as contribution revenue and property and equipment.

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.

SHERWOOD FOREST CAMP, INC

NOTES TO FINANCIAL STATEMENTS

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.

Reclassification

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

SHERWOOD FOREST CAMP, INC

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS

Investments consist of the following at December 31.:

	<u>2015</u>	<u>2014</u>	<u>Fair value level</u>
Equity	-	8,199	1
Oil and gas interest	<u>9,000</u>	<u>9,000</u>	3
	<u>\$ 9,000</u>	<u>\$ 17,199</u>	

NOTE 4 – CAPITAL CAMPAIGN CONTRIBUTIONS RECEIVABLE

Capital campaign contributions receivable at December 31, 2015 consist of the following:

Due in less than one year	\$ 155,710
Due in one to five years	<u>469,238</u>
	624,948
Less discount to present value	(17,068)
Less allowance for uncollectible amounts	<u>(31,247)</u>
	<u>\$ 576,633</u>

The following schedule summarizes the presentation of capital campaign contributions receivable in the statement of financial position at December 31, 2015:

Current assets	
Contributions and grants receivable, net	
Capital campaign	\$ 147,705
Long-term portion of capital	
campaign contributions receivable, net	<u>428,928</u>
	<u>\$ 576,633</u>

SHERWOOD FOREST CAMP, INC

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30,

	<u>2015</u>	<u>2014</u>
Property and equipment, at cost		
Land improvements	\$ 532,036	\$ 527,732
Buildings and improvements	1,019,912	953,581
Equipment	562,638	520,869
	<u>2,114,586</u>	<u>2,002,182</u>
Less accumulated depreciation	1,129,279	1,072,517
	<u>985,307</u>	<u>929,665</u>
Land	165,545	165,545
Construction in progress	120,635	72,256
	<u>1,271,487</u>	<u>1,167,466</u>
Total property and equipment	<u>\$ 1,271,487</u>	<u>\$ 1,167,466</u>

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 16% and 30% of its support and revenue from United Way during 2015 and 2014, respectively. The Camp's United Way allocation for 2015 is \$404,844.

NOTE 7 – LINE OF CREDIT

The Camp has a line of credit with Great Southern Bank that expires on October 5, 2016 and provides for maximum borrowings of \$100,000. Interest on the revolving line of credit is payable monthly based on the prime rate. The line of credit agreement is secured by all bank and investment accounts, inventory, and equipment.

NOTE 8 – PENSION PLAN

The Camp has a defined contribution annuity plan that covers all eligible employees. The Camp contributes 8% of salaries for eligible employees and full vesting occurs after three years of service. Pension expense was \$35,790 and \$31,824 for the years ended December 31, 2015 and 2014, respectively.

SHERWOOD FOREST CAMP, INC

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are those which 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,:

	<u>2015</u>	<u>2014</u>
Restricted for purpose		
Neighborhood Assistance Program	\$ 362,119	\$ -
Reading program	7,500	8,054
Leadership	-	12,546
Support for Success	50,000	-
Capital projects	754,829	70,410
Restricted for time	<u>438,566</u>	<u>506,061</u>
	<u>\$ 1,613,014</u>	<u>\$ 597,071</u>

NOTE 10 – RESTATEMENT

An error resulting in an understatement of amounts previously reported for contributions and grants receivable and revenue as of December 31, 2014, was discovered by management of Sherwood Forest Camp, Inc. during the current year. Accordingly, the 2014 financial statements have been restated to increase contributions and grants receivable and revenue by \$29,017.

NOTE 11 – SUBSEQUENT EVENTS

In preparing these financial statements, the Camp has evaluated events and transactions for potential recognition or disclosure through May 4, 2016, the date the financial statements were available to be issued.