



Financial Statements  
September 30, 2014

# Lions Camp Tatiyee, Inc.

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## Independent Accountant's Review Report

To the Board of Directors  
Lions Camp Tatiyee, Inc.  
Phoenix, Arizona

We have reviewed the accompanying statement of assets, liabilities, and net assets – modified cash basis of Lions Camp Tatiyee, Inc. as of September 30, 2014, and the related statement of support, revenue, and expenses – modified cash basis, and functional expenses – modified cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Phoenix, Arizona  
December 29, 2014

Lions Camp Tatiyee, Inc.  
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis  
September 30, 2014

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Assets

Cash	\$ 11,381
Investments	18,508
Related party note receivable	100,000
Property and equipment, net	<u>619,449</u>
Total assets	<u><u>\$ 749,338</u></u>

Liabilities and Net Assets

Note Payable	<u>\$ 15,000</u>
Net Assets	
Unrestricted	714,338
Permanently restricted	<u>20,000</u>
Total net assets	<u>734,338</u>
Total liabilities and net assets	<u><u>\$ 749,338</u></u>

Lions Camp Tatiyee, Inc.  
Statement of Support, Revenue, and Expenses – Modified Cash Basis  
Year Ended September 30, 2014

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	Unrestricted	Permanently Restricted	Total
Support and Revenue			
Contributions	\$ 412,543	\$ -	\$ 412,543
Fundraising events	66,316	-	66,316
Miscellaneous revenue	22,909	-	22,909
	501,768	-	501,768
General and Administrative Expenses			
Program services	482,703	-	482,703
Administrative	27,804	-	27,804
Fundraising	55,445	-	55,445
	565,952	-	565,952
Change in Net Assets	(64,184)	-	(64,184)
Net Assets, Beginning of Year	778,522	20,000	798,522
Net Assets, End of Year	\$ 714,338	\$ 20,000	\$ 734,338

Lions Camp Tatiyee, Inc.  
Statement of Functional Expenses – Modified Cash Basis  
Year Ended September 30, 2014

	<u>Camp Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grant and contract expenses	\$ -	\$ -	\$ 3,431	\$ 3,431
Salaries	198,335	7,350	17,150	222,835
Payroll taxes	16,734	620	1,447	18,801
Fundraising events	-	-	33,417	33,417
Accounting and other professional fees	-	12,382	-	12,382
Supplies	25,982	-	-	25,982
Telephone	6,014	-	-	6,014
Postage and printing	7,196	-	-	7,196
Rentals and maintenance	22,655	-	-	22,655
Meals	29,398	-	-	29,398
Dues and subscriptions	-	7,452	-	7,452
Utilities	35,750	-	-	35,750
Mileage	4,339	-	-	4,339
Lodging	210	-	-	210
Depreciation	63,290	-	-	63,290
Insurance	41,978	-	-	41,978
Other expense	27,600	-	-	27,600
Recruitment and training	3,222	-	-	3,222
	<u>\$ 482,703</u>	<u>\$ 27,804</u>	<u>\$ 55,445</u>	<u>\$ 565,952</u>

## **Note 1 - Nature of Operations and Significant Accounting Policies**

### **Nature of Operations**

Lions Camp Tatiyee, Inc. (the Organization) was formed as a not-for-profit organization in December 1957. The Organization is structured to operate and maintain a summer camp in Eastern Arizona for challenged individuals.

### **Basis of Accounting and Presentation**

The financial statements of the Organization have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Modifications to the cash basis of accounting include the capitalization of property and equipment and related depreciation expense.

### **Cash and Cash Equivalents**

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Organization are excluded from this definition.

### **Property and Equipment**

Property and equipment are stated at cost and depreciated over their estimated useful lives. Donated assets are valued at their estimated fair value on the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. The Organization has established a threshold of \$1,000 for capitalization of depreciable assets.

The Organization reviews its property and equipment whenever events indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recorded when the sum of the future cash flows is less than the carrying amount of the asset. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. No impairment loss was recorded for the year ended September 30, 2014.

### **Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

*Unrestricted Net Assets* – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and quasi-endowment.

*Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Organization's Board of Directors.

The Organization reports contributions as temporarily 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 to unrestricted net assets and reported in the statement of support, revenue, and expenses as net assets released from restrictions.

*Permanently Restricted Net Assets* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to Lions Camp Tatiyee, Inc.'s program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by the modified cash basis of accounting. Contributed goods are recorded at fair value at the date of donation.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of support, revenue, and expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### **Income Taxes**

Lions Camp Tatiyee, Inc. is organized as an Arizona non-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for charitable contributions deductible under Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that it has appropriate support for any tax positions taken affecting the organization's annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.



**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Subsequent Events**

Lions Camp Tatiyee, Inc. has evaluated subsequent events through December 29, 2014, the date which the financial statements were available to be issued.

**Note 2 - Investments**

Investments consisted of the following at September 30, 2014:

Mutual Funds	<u>\$ 18,508</u>
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FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values by requiring 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.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents assets measured at fair value on a recurring basis at September 30, 2014:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Mutual Funds	<u>\$ 18,508</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 3 - Related Party Note Receivable**

During the year ended September 30, 2009, the Organization entered into a note receivable with a related party. The principal balance of the note is \$100,000 with an interest rate of 5%. The entire amount of the unpaid principal and interest is due and payable on December 31, 2014. The balance outstanding at September 30, 2014 was \$100,000. During the year ended September 30, 2014, the Organization recognized approximately \$15,000 of interest income related to the note receivable.

The Organization has also pledged its dining hall as collateral on a \$75,000 note between a related party and another nonprofit organization. The balance on the note payable at September 30, 2014 was \$75,000.

**Note 4 - Property and Equipment**

Property and equipment consisted of the following at September 30, 2014:

Buildings and structures	\$ 1,186,858
Furniture and fixtures	320,847
Leasehold improvements	644,392
	2,152,097
Accumulated depreciation and amortization	(1,532,648)
	\$ 619,449

**Note 5 - Related Party Note Payable**

During the year ended September 30, 2014, the Organization entered into a note payable with a related party. The principal balance of the note is \$15,000 with an interest rate of 4%. The entire amount of the outstanding principal and interest is due on December 31, 2014. The outstanding balance at September 30, 2014 was \$15,000. There was no interest expense related to this note payable for the year ended September 30, 2014.

**Note 6 - Endowments**

The Organization's endowment (the Endowment) consists of a \$20,000 contribution to be invested in U.S. Treasury Bills. Interest and dividend income generated from the Endowment is to be used for the Organization's summer camp program. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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, Lions Camp Tatiyee, Inc. classifies as permanently restricted net assets: (a) the original value of 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 Organization in a manner consistent with the

standard of prudence prescribed by SPMIFA. The Organization 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 organization and 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 investments
- Other resources of the organization
- The investment policies of the organization

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in money market funds to assume a low level of investment risk.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends). The Organization targets an asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Permanently restricted net assets are the portion of perpetual endowment assets that are required to be retained permanently, either by explicit donor stipulation or by SPMIFA. Endowment assets are composed entirely of donor permanently restricted funds at September 30, 2014.

Changes in endowment net assets for the year ended September 30, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, September 30, 2013	\$ -	\$ -	\$ 20,000	\$ 20,000
Interest income	525	-	-	525
Appropriation of endowment assets for expenditure	<u>(479)</u>	<u>-</u>	<u>-</u>	<u>(479)</u>
Balance, September 30, 2014	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 20,046</u>

## Note 7 - Commitments and Contingencies

### United States Forest Service Permit

The Organization has a permit with the United States Forest Service to operate the camp. During the prior year, the permit was extended until 2014. Fees for this use have been exempted or waived in full through December 31, 2014.

**Legal Actions**

The Organization may be a party to various legal actions arising from the normal course of business. In management's opinion, the Organization has adequate legal defenses and/or insurance coverage and does not believe the outcome of such legal actions will materially affect the Organization's operation and/or financial position.