



Financial Statements  
September 30, 2016

# Lions Camp Tatiyee, Inc.

Independent Accountant’s Review Report .....	1
Financial Statements	
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis .....	2
Statement of Support, Revenue, and Expenses – Modified Cash Basis .....	3
Statement of Functional Expenses – Modified Cash Basis .....	4
Notes to Financial Statements .....	5



## Independent Accountant's Review Report

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

We have reviewed the accompanying financial statements of Lions Camp Tatiyee, Inc. (the Organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of September 30, 2016, and the related statements of support, revenue, and expenses – modified cash basis, and functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements. 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

### Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

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

Phoenix, Arizona  
December 13, 2016

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Lions Camp Tatiyee, Inc.  
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis  
September 30, 2016

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Assets	
Cash	\$ 43,933
Investments	18,046
Related party note receivable	100,000
Property and equipment, net	<u>530,006</u>
Total assets	<u><u>\$ 691,985</u></u>
Liabilities and Net Assets	
Net Assets	
Unrestricted	\$ 671,985
Permanently restricted	<u>20,000</u>
Total net assets	<u>691,985</u>
Total liabilities and net assets	<u><u>\$ 691,985</u></u>

Lions Camp Tatiyee, Inc.  
Statement of Support, Revenue, and Expenses – Modified Cash Basis  
Year Ended September 30, 2016

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	Unrestricted	Permanently Restricted	Total
Support and Revenue			
Contributions	\$ 535,885	\$ -	\$ 535,885
Fundraising events	28,745	-	28,745
Miscellaneous revenue	12,387	-	12,387
	<u>577,017</u>	<u>-</u>	<u>577,017</u>
Total Support and Revenue			
Expenses			
Program services	579,218	-	579,218
Administrative	34,294	-	34,294
Fundraising	46,008	-	46,008
	<u>659,520</u>	<u>-</u>	<u>659,520</u>
Total Expenses			
Change in Net Assets	(82,503)	-	(82,503)
Net Assets, Beginning of Year	<u>754,488</u>	<u>20,000</u>	<u>774,488</u>
Net Assets, End of Year	<u>\$ 671,985</u>	<u>\$ 20,000</u>	<u>\$ 691,985</u>

Lions Camp Tatiyee, Inc.  
Statement of Functional Expenses – Modified Cash Basis  
Year Ended September 30, 2016

	<u>Camp Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grant and contract expenses	\$ -	\$ -	\$ 12,060	\$ 12,060
Salaries	207,320	8,163	19,048	234,531
Payroll taxes	36,246	1,427	3,330	41,003
Fundraising events	-	-	11,570	11,570
Accounting and other professional fees	-	15,631	-	15,631
Supplies	32,730	-	-	32,730
Telephone	7,533	-	-	7,533
Postage and printing	6,767	-	-	6,767
Rentals and maintenance	45,832	-	-	45,832
Meals	29,651	-	-	29,651
Dues and subscriptions	-	9,063	-	9,063
Utilities	46,462	-	-	46,462
Mileage	5,152	-	-	5,152
Lodging	427	-	-	427
Depreciation	53,540	-	-	53,540
Interest paid on Koshewer note	-	10	-	10
Insurance	55,357	-	-	55,357
Other expense	44,115	-	-	44,115
Travel	253	-	-	253
Recruitment and training	7,833	-	-	7,833
	<u>\$ 579,218</u>	<u>\$ 34,294</u>	<u>\$ 46,008</u>	<u>\$ 659,520</u>

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

### **Nature of Operations**

Lions Camp Tatiyee, Inc. (the Organization) was formed as a nonprofit organization in December 1957. The Organization is structured to operate and maintain a summer camp in Eastern Arizona for special needs 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 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, 2016.

### **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. There were no temporarily restricted net assets as of September 30, 2016.

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. No significant contributions of such goods or services were received during the year ended September 30, 2016.

### **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 nonprofit 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) and has been determined not to be a private foundation under Section 509(a)(1). Accordingly, contributions to it qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi). 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 generally 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 has no taxable unrelated business income and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS, or its Arizona equivalent, Form 99-T.

Management believes that it has appropriate support for any income tax positions taken, 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 the modified cash basis of accounting 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.

### Subsequent Events

Lions Camp Tatiyee, Inc. has evaluated subsequent events through December 13, 2016, the date which the financial statements were available to be issued.

### Note 2 - Investments

Investments consisted of the following at September 30, 2016:

Mutual Funds	\$ 18,046
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FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a common definition for fair value to be applied to the modified cash basis of accounting 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, 2016:

	(Level 1)	(Level 2)	(Level 3)
Mutual Funds - Prime Fund Capital Reserve	\$ 18,046	\$ -	\$ -

### Note 3 - Related Party Transactions

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. Management notes that negotiations regarding a note extension are ongoing. The balance remaining outstanding at September 30, 2016 was \$100,000.

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, 2016 was \$75,000.

**Note 4 - Property and Equipment**

Property and equipment consisted of the following at September 30, 2016:

Buildings and structures	\$ 1,208,453
Furniture and fixtures	326,009
Leasehold improvements	644,392
	2,178,854
Accumulated depreciation and amortization	(1,648,848)
	\$ 530,006

**Note 5 - 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, 2016.

Changes in endowment net assets for the year ended September 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, September 30, 2015	\$ (416)	\$ -	\$ 20,000	\$ 19,584
Interest income	2	-	-	2
Appropriation of endowment assets for expenditure	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(3)</u>
Balance, September 30, 2016	<u>\$ (417)</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 19,583</u>

## **Note 6 - 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 current year, fees for this use have been exempted or waived in full through December 31, 2016.

### **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.