

Camp Sunshine, Inc. and Subsidiary

***Report on Consolidated Financial Statements –
Modified Cash Basis***

For the years ended December 31, 2023 and 2022

Camp Sunshine, Inc. and Subsidiary

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Independent Auditor's Report

To the Board of Directors
Camp Sunshine, Inc.
Decatur, Georgia

Opinion

We have audited the consolidated financial statements of Camp Sunshine, Inc. and its subsidiary (the "Organization"), which comprise the consolidated statements of assets, liabilities and net assets – modified cash basis as of December 31, 2023 and 2022, and the related consolidated statements of revenues, expenses and net assets – modified cash basis and functional expenses – modified cash basis for the years then ended, and the related notes to the consolidated financial statements, (collectively, the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities and net assets of the Organization as of December 31, 2023 and 2022, and its revenues, expenses and changes in its net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on 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 opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Elliott Davis, LLC

Chattanooga, Tennessee
April 30, 2024

Camp Sunshine, Inc. and Subsidiary

Consolidated Statements of Assets, Liabilities and Net Assets – Modified Cash Basis

As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 2,017,417	\$ 1,950,569
Investment securities, at fair value	12,620,009	11,240,106
Property and equipment, net	2,297,579	2,193,653
Beneficial interest in assets held by others, at fair value	1,599,328	1,438,179
Total assets	<u>\$ 18,534,333</u>	<u>\$ 16,822,507</u>
Liabilities and Net Assets		
Liabilities		
	\$ -	\$ -
Net assets		
Without donor restrictions	14,893,564	13,576,746
With donor restrictions	3,640,769	3,245,761
Total liabilities and net assets	<u>\$ 18,534,333</u>	<u>\$ 16,822,507</u>

See Notes to Consolidated Financial Statements – Modified Cash Basis

Camp Sunshine, Inc. and Subsidiary

Consolidated Statement of Revenues, Expenses and Net Assets – Modified Cash Basis

For the year ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
Revenues and other support			
Contributions	\$ 2,445,729	\$ 22,800	\$ 2,468,529
Fundraising revenue - less direct expenses of \$54,665	347,190	-	347,190
Miscellaneous income	59,280	-	59,280
Loss on disposal of assets	(30,088)	-	(30,088)
Interest income	13,501	5,855	19,356
Dividend income	220,055	85,666	305,721
Net gain on investments	821,553	244,902	1,066,455
Change in interest in net assets of Camp Sunshine Supporting Fund, Inc.	-	192,503	192,503
	<u>3,877,220</u>	<u>551,726</u>	<u>4,428,946</u>
Net assets released from restrictions	156,718	(156,718)	-
Total revenues and other support	<u>4,033,938</u>	<u>395,008</u>	<u>4,428,946</u>
Expenses			
Program services	<u>2,202,832</u>	-	<u>2,202,832</u>
Supporting services:			
Management and general	278,694	-	278,694
Fundraising	235,594	-	235,594
Total supporting services	<u>514,288</u>	-	<u>514,288</u>
Total expenses	<u>2,717,120</u>	-	<u>2,717,120</u>
Change in net assets	1,316,818	395,008	1,711,826
Net assets, beginning of year	<u>13,576,746</u>	<u>3,245,761</u>	<u>16,822,507</u>
Net assets, end of year	<u>\$ 14,893,564</u>	<u>\$ 3,640,769</u>	<u>\$ 18,534,333</u>

See Notes to Consolidated Financial Statements – Modified Cash Basis

Camp Sunshine, Inc. and Subsidiary

Consolidated Statement of Revenues, Expenses and Net Assets – Modified Cash Basis

For the year ended December 31, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues and other support			
Contributions	\$ 2,198,555	\$ 78,275	\$ 2,276,830
Fundraising revenue - less direct expenses of \$77,074	541,768	-	541,768
Miscellaneous income	150	-	150
Interest income	1,984	733	2,717
Dividend income	212,129	54,077	266,206
Net loss on investments	(1,923,035)	(428,873)	(2,351,908)
Change in interest in net assets of Camp Sunshine Supporting Fund, Inc.	-	(457,243)	(457,243)
	<u>1,031,551</u>	<u>(753,031)</u>	<u>278,520</u>
Net assets released from restrictions	595,181	(595,181)	-
Total revenues and other support	<u>1,626,732</u>	<u>(1,348,212)</u>	<u>278,520</u>
Expenses			
Program services	<u>1,983,434</u>	<u>-</u>	<u>1,983,434</u>
Supporting services:			
Management and general	254,302	-	254,302
Fundraising	216,287	-	216,287
Total supporting services	<u>470,589</u>	<u>-</u>	<u>470,589</u>
Total expenses	<u>2,454,023</u>	<u>-</u>	<u>2,454,023</u>
Change in net assets	(827,291)	(1,348,212)	(2,175,503)
Net assets, beginning of year	<u>14,404,037</u>	<u>4,593,973</u>	<u>18,998,010</u>
Net assets, end of year	<u>\$ 13,576,746</u>	<u>\$ 3,245,761</u>	<u>\$ 16,822,507</u>

See Notes to Consolidated Financial Statements – Modified Cash Basis

Camp Sunshine, Inc. and Subsidiary
Consolidated Statement of Functional Expenses – Modified Cash Basis
For the year ended December 31, 2023

	Program services						Total	Management and general	Fund-raising	Total expenses
	Summer camp	Teen programs	Family and sibling programs	Yearbook newsletter brochure	House and regional programs	Other programs				
Salaries	\$ 330,946	\$ 37,910	\$ 196,298	\$ 71,254	\$ 46,920	\$ 153,171	\$ 836,499	\$ 110,187	\$ 164,081	\$ 1,110,767
Employee benefits	73,360	8,403	43,513	15,795	10,401	33,953	185,425	24,425	36,371	246,221
Payroll taxes	24,370	2,792	14,455	5,247	3,455	11,279	61,598	8,114	12,083	81,795
	<u>428,676</u>	<u>49,105</u>	<u>254,266</u>	<u>92,296</u>	<u>60,776</u>	<u>198,403</u>	<u>1,083,522</u>	<u>142,726</u>	<u>212,535</u>	<u>1,438,783</u>
Office supplies	2,808	322	1,666	605	398	1,299	7,098	1,331	444	8,873
Telephone	6,182	708	3,667	1,331	876	2,861	15,625	2,930	977	19,532
Postage and shipping	2,298	263	1,363	495	326	1,063	5,808	1,089	363	7,260
Occupancy	192,000	23,560	130,087	-	-	-	345,647	-	-	345,647
Camp supplies	63,537	9,199	44,953	-	42,030	137,208	296,927	-	-	296,927
Repairs and maintenance	37,045	4,244	21,973	7,976	5,252	17,146	93,636	17,557	5,852	117,045
Travel	8,599	1,325	1,448	235	155	506	12,268	518	173	12,959
Printing and publications	9,433	460	2,379	64,692	569	1,857	79,390	1,901	634	81,925
Conferences and meetings	10,826	1,240	6,421	2,331	1,535	5,010	27,363	5,131	1,710	34,204
Insurance	21,071	2,414	12,498	4,537	2,987	9,752	53,259	9,986	3,329	66,574
Staff training	13,258	-	-	-	-	-	13,258	-	-	13,258
Compliance	-	-	-	-	-	-	-	8,829	-	8,829
Legal and accounting	-	-	-	-	-	-	-	57,964	-	57,964
Utilities	9,571	1,096	5,677	2,061	1,357	4,430	24,192	4,536	1,512	30,240
Miscellaneous	23,419	995	5,152	1,870	1,231	5,081	37,748	4,116	1,372	43,236
Total expenses before depreciation	<u>828,723</u>	<u>94,931</u>	<u>491,550</u>	<u>178,429</u>	<u>117,492</u>	<u>384,616</u>	<u>2,095,741</u>	<u>258,614</u>	<u>228,901</u>	<u>2,583,256</u>
Depreciation	<u>42,369</u>	<u>4,853</u>	<u>25,131</u>	<u>9,122</u>	<u>6,007</u>	<u>19,609</u>	<u>107,091</u>	<u>20,080</u>	<u>6,693</u>	<u>133,864</u>
	<u>\$ 871,092</u>	<u>\$ 99,784</u>	<u>\$ 516,681</u>	<u>\$ 187,551</u>	<u>\$ 123,499</u>	<u>\$ 404,225</u>	<u>\$ 2,202,832</u>	<u>\$ 278,694</u>	<u>\$ 235,594</u>	<u>\$ 2,717,120</u>

See Notes to Consolidated Financial Statements – Modified Cash Basis

Camp Sunshine, Inc. and Subsidiary
Consolidated Statement of Functional Expenses – Modified Cash Basis
For the year ended December 31, 2022

	Program services						Total	Management and general	Fund-raising	Total expenses
	Summer camp	Teen programs	Family and sibling programs	Yearbook newsletter brochure	House and regional programs	Other programs				
Salaries	\$ 314,744	\$ 44,600	\$ 144,801	\$ 71,548	\$ 35,916	\$ 124,978	\$ 736,587	\$ 95,878	\$ 146,911	\$ 979,376
Employee benefits	76,547	10,847	35,216	17,401	8,735	30,396	179,142	23,318	35,729	238,189
Payroll taxes	23,087	3,271	10,621	5,248	2,634	9,167	54,028	7,033	10,776	71,837
	<u>414,378</u>	<u>58,718</u>	<u>190,638</u>	<u>94,197</u>	<u>47,285</u>	<u>164,541</u>	<u>969,757</u>	<u>126,229</u>	<u>193,416</u>	<u>1,289,402</u>
Office supplies	2,882	408	1,326	655	329	1,144	6,744	1,265	422	8,431
Telephone	5,470	775	2,516	1,243	624	2,172	12,800	2,400	800	16,000
Postage and shipping	4,339	615	1,997	986	495	1,723	10,155	1,904	635	12,694
Occupancy	171,000	27,807	91,647	-	-	-	290,454	-	-	290,454
Camp supplies	61,732	10,633	33,219	-	30,996	107,857	244,437	-	-	244,437
Repairs and maintenance	40,768	5,777	18,756	9,267	4,652	16,188	95,408	17,889	5,963	119,260
Travel	6,420	188	552	222	112	388	7,882	429	143	8,454
Printing and publications	11,409	705	2,289	62,878	568	1,976	79,825	2,183	728	82,736
Conferences and meetings	9,220	1,307	4,242	2,096	1,052	3,661	21,578	4,046	1,349	26,973
Insurance	19,715	2,794	9,070	4,482	2,250	7,828	46,139	8,651	2,884	57,674
Staff training	5,584	-	-	-	-	-	5,584	-	-	5,584
Compliance	-	-	-	-	-	-	-	9,687	-	9,687
Legal and accounting	-	-	-	-	-	-	-	49,778	-	49,778
Utilities	8,807	1,248	4,052	2,002	1,005	3,497	20,611	3,865	1,288	25,764
Miscellaneous	28,110	946	3,072	1,518	762	14,741	49,149	2,930	977	53,056
Total expenses before depreciation	<u>789,834</u>	<u>111,921</u>	<u>363,376</u>	<u>179,546</u>	<u>90,130</u>	<u>325,716</u>	<u>1,860,523</u>	<u>231,256</u>	<u>208,605</u>	<u>2,300,384</u>
Depreciation	<u>52,520</u>	<u>7,442</u>	<u>24,163</u>	<u>11,939</u>	<u>5,993</u>	<u>20,854</u>	<u>122,911</u>	<u>23,046</u>	<u>7,682</u>	<u>153,639</u>
	<u>\$ 842,354</u>	<u>\$ 119,363</u>	<u>\$ 387,539</u>	<u>\$ 191,485</u>	<u>\$ 96,123</u>	<u>\$ 346,570</u>	<u>\$ 1,983,434</u>	<u>\$ 254,302</u>	<u>\$ 216,287</u>	<u>\$ 2,454,023</u>

See Notes to Consolidated Financial Statements – Modified Cash Basis

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2023 and 2022

Note 1. Nature of Organization

Description of Organization:

Camp Sunshine, Inc. enriches the lives of Georgia’s children with cancer and their families through recreational, educational and support programs. From the Organization’s formation as a traditional summer camp for children and adolescents who have cancer, the Organization has grown programming to include year round activities for these individuals impacted by cancer along with other programs to offer support for their siblings and families. In addition to providing this programming in the traditional camp setting, the Organization also provides activities at its facility in Atlanta as well as directly within Georgia hospitals.

On December 13, 2005, Camp Sunshine Property Holdings, LLC was formed as a wholly-owned subsidiary of Camp Sunshine, Inc. for the sole purpose of owning and operating real property. Effective January 1, 2006, Camp Sunshine, Inc. deeded the land and buildings it owned to the subsidiary.

Note 2. Summary of Significant Accounting Policies

A summary of significant accounting policies and practices used in the preparation of the financial statements follows:

Principles of consolidation:

The consolidated financial statements include the accounts of Camp Sunshine, Inc. and its wholly-owned subsidiary, Camp Sunshine Property Holdings, LLC. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of accounting:

The Organization prepares its consolidated financial statements on the modified cash basis of accounting. These consolidated financial statements are not intended to represent the assets, liabilities and net assets, revenue and expenses in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when collected rather than when earned and expenditures are recognized when paid rather than when obligations are incurred. Consequently, contributions receivable from donors and amounts due to vendors and suppliers are not included in the consolidated financial statements.

Certain donated products and services are recognized as support at their fair market value when received. If the Organization purchases an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated over the estimated useful life of the asset. In addition, investment securities are recorded at fair value.

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2023 and 2022

Note 2. Summary of Significant Accounting Policies, Continued

Financial statement presentation:

The Organization is required to report information according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets released from restrictions:

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Cash and cash equivalents:

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains at various financial institutions cash and cash equivalent accounts which may exceed federally insured amounts at times and may at times exceed consolidated statement of assets, liabilities and net assets – modified cash basis amounts due to outstanding checks. As of December 31, 2023 and 2022, the Company had balances with one bank of approximately \$1,015,000 and \$1,063,000, respectively, in excess of federally insured limits. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 of the balance held by each financial institution.

Investment securities:

Investments are reported at their fair values in the consolidated statements of assets, liabilities and net assets – modified cash basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized and realized gains and losses are included in the change in net assets.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividend income are recorded when received. Realized gains or losses on the sale of marketable securities are calculated using the specific-identification method. Unrealized gains and losses represent the change in the fair value of the individual investments for the year, or since the acquisition date, if acquired during the year. Certificates of deposit included in investments have an original maturity greater than three months and are valued at amortized cost, which approximates fair value.

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis
December 31, 2023 and 2022

Note 2. Summary of Significant Accounting Policies, Continued

Investment securities, continued:

The Organization's investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes will occur in the near term that could materially affect the Organization's investment account balances and the amounts reported in the accompanying consolidated financial statements.

Beneficial interest in assets:

In 1997, Camp Sunshine Supporting Fund, Inc. (the "Foundation") was established for the sole benefit of Camp Sunshine, Inc. If the Foundation is liquidated, all remaining assets become the property of Camp Sunshine, Inc. The Foundation's Board of Directors must include two members from Camp Sunshine's Board, but a majority of the Foundation's Board members cannot also be on Camp Sunshine's Board. The amount and timing of appropriations to/from the Foundation are at the discretion of the Foundation's Board. The Foundation's Board has no variance power over the use of the assets.

The Organization accounts for its beneficial interest in the assets held by the Foundation at fair value in the consolidated financial statements.

Property and equipment:

Property and equipment are stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as paid and additions and improvements that significantly extend the lives of assets are capitalized. It is management's policy to capitalize purchases of property and equipment of \$1,000 or more. Upon sale or other retirement of depreciable property, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is reflected in revenue and other support in the consolidated statement of revenue, expenses and net assets – modified cash basis.

Depreciation is provided using the straight-line method over the estimated useful lives of the depreciable assets which generally range from 3 to 39 years.

Contributions:

Contributions received are classified as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2023 and 2022

Note 2. Summary of Significant Accounting Policies, Continued

Donated services:

Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or if the services require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Volunteers also perform substantial fundraising and operating services that are not recognized in the consolidated financial statements since this criteria is not met.

Income taxes:

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and relevant state regulations. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to the Organization's exempt purpose.

Estimates and uncertainties:

The preparation of consolidated financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses:

The costs of program and supporting services activities have been summarized on the functional basis in the consolidated statements of revenues, expenses and net assets – modified cash basis. The consolidated statements of functional expenses – modified cash basis present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, employee benefits, payroll taxes, office supplies, telephone, postage and shipping, repairs and maintenance, travel, printing and publications, conferences and meetings, insurance, utilities, miscellaneous and depreciation and are allocated based on time and effort and direct cost.

Reclassifications:

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation.

Subsequent events:

The Organization has evaluated subsequent events for potential recognition and disclosure through April 30, 2024, the date the consolidated financial statements were available to be issued.

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2023 and 2022

Note 3. Availability and Liquidity

The following represents the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts not available within one year:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,017,417	\$ 1,950,569
Investment securities	12,620,009	11,240,106
Beneficial interest in assets held by others	<u>1,599,328</u>	<u>1,438,179</u>
Total financial assets	<u>16,236,754</u>	<u>14,628,854</u>
Less amounts not available to be used within one year:		
Endowment net assets with donor restrictions	1,000,000	1,000,000
Net assets restricted for repairs and maintenance	822,145	729,620
Net assets restricted for student scholarships	219,296	77,962
Beneficial interest in assets held by others	1,599,328	1,438,179
Board-designated net assets	<u>11,077,678</u>	<u>9,828,370</u>
Total amount not available to be used within one year	<u>14,718,447</u>	<u>13,074,131</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,518,307</u>	<u>\$ 1,554,723</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization seeks to maintain liquid reserves targeted as one year's annual budgeted expenditures. In addition, the Organization invests cash in excess of such requirements in short-term investments. Income from donor restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditures.

Note 4. Investment Securities

Investment securities, at fair value, as of December 31, 2023 and 2022, consist of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Fixed income	\$ 3,819,184	\$ 4,080,073	\$ 3,601,202	\$ 3,632,514
Equity securities	1,786,054	3,012,997	2,165,547	3,579,770
Mutual funds	4,955,363	5,371,243	3,959,975	3,872,182
Certificates of deposit	<u>155,696</u>	<u>155,696</u>	<u>155,640</u>	<u>155,640</u>
	<u>\$ 10,716,297</u>	<u>\$ 12,620,009</u>	<u>\$ 9,882,364</u>	<u>\$ 11,240,106</u>

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2023 and 2022

Note 4. Investment Securities, Continued

Net gain on investments in the consolidated statements of revenues, expenses and net assets – modified cash basis is reported net of investment fees paid to a third-party investment advisor. There was no allocation of internal costs to investment expenses for the years ended December 31, 2023 and 2022. Proceeds from sales of securities totaled \$9,235,285 and \$3,564,973 for the years ended December 31, 2023 and 2022, respectively. The sales of securities resulted in a realized gain of \$810,828 and \$325,337 for the years ended December 31, 2023 and 2022, respectively, reported in net gain or net loss on investments.

Bank of New York Mellon Wealth Management, the trustee, holds, manages, administers and allocates the Organization's portfolio of assets between mutual funds consisting of common stock, bonds, and cash management vehicles and individually owned equities.

Note 5. Property and Equipment

Property and equipment consist of the following major classifications:

	<u>2023</u>	<u>2022</u>
Land	\$ 812,211	\$ 812,211
Land improvements	979,893	979,893
Buildings	2,633,873	2,693,873
Furniture and equipment	754,216	494,472
Software	80,189	80,189
Automobiles	<u>109,329</u>	<u>139,668</u>
	5,369,711	5,200,306
Accumulated depreciation	<u>(3,072,132)</u>	<u>(3,006,653)</u>
	<u>\$ 2,297,579</u>	<u>\$ 2,193,653</u>

Depreciation expense for 2023 and 2022 totaled \$133,864 and \$153,639, respectively.

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis
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Note 6. Camp Sunshine Supporting Fund, Inc.

The beneficial interest in the assets held by the Foundation consist of the following:

	<u>2023</u>	<u>2022</u>
Beneficial interest in assets held by others, beginning of year	\$ 1,438,179	\$ 2,429,334
Revenues		
Investment income	34,698	38,724
Net gain (loss) on investments	167,524	(433,562)
Unrealized loss transferred to Sally Hale Scholarship Fund	-	(57,049)
	<u>202,222</u>	<u>(451,887)</u>
Expenses		
Administrative expenses	9,719	5,355
Revenues over expenses	<u>192,503</u>	<u>(457,242)</u>
Transfer to Camp Sunshine, Inc.	<u>(31,354)</u>	<u>(533,913)</u>
Beneficial interest in assets held by others, end of year	<u>\$ 1,599,328</u>	<u>\$ 1,438,179</u>

Note 7. Net Assets

Total restricted net assets are comprised of an endowment, unused income generated by the endowment and the net assets of the Foundation. The endowment is permanently restricted in corpus, while income and appreciation of the endowment is restricted for capital repairs and maintenance for Camp Sunshine facilities.

Net assets with donor restrictions as of December 31, 2023 and 2022, are summarized as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose		
Capital repair and maintenance	\$ 822,145	\$ 729,620
Camp Sunshine Supporting Fund, Inc.	1,599,328	1,438,179
Student scholarships	219,296	77,962
Subject to permanent restriction of corpus	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 3,640,769</u>	<u>\$ 3,245,761</u>

Net assets released from donor restrictions consist of:

	<u>2023</u>	<u>2022</u>
Spending allocation from House Endowment	\$ 125,364	\$ 61,268
Spending allocation from Camp Sunshine Supporting Fund, Inc.	<u>31,354</u>	<u>533,913</u>
	<u>\$ 156,718</u>	<u>\$ 595,181</u>

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

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Note 7. Net Assets, Continued

Net assets without donor restrictions consist of resources available for the various programs and administration of the Organization which have not been restricted by a donor or other outside party. Net assets without donor restrictions as of December 31, 2023 and 2022, are summarized as follows:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 3,815,886	\$ 3,748,376
Board designated:		
Operating surplus	9,233,112	8,025,729
House endowment	847,298	805,373
Sally Hale scholarship fund	<u>997,268</u>	<u>997,268</u>
	<u>\$ 14,893,564</u>	<u>\$ 13,576,746</u>

Note 8. Endowment

The Organization's endowment consists of a fund established by a donor for preservation of the Organization's headquarters, also known as the Camp Sunshine House. The endowment consists of donor-restricted endowment funds whose original contribution totaled \$1,000,000. Net assets associated with endowment funds are classified and reported based on the donor-imposed restrictions. Endowment assets also include amounts designated by the Board for special projects.

In 2022, the Board of Directors established the Sally J Hale Scholarship Fund, an endowment to fund scholarships for alumni. The Camp Sunshine Supporting Fund and the Operations Surplus Fund each contributed approximately \$500,000 to the endowment. These contributions are classified as unrestricted, board-designated net assets. Donor contributions to the fund and unused income generated by the endowment are classified as restricted net assets. As of December 31, 2023, the Sally J Hale Scholarship Fund has a balance of \$1,216,564.

Interpretation of relevant law:

The Finance Committee of the Board of Directors of the Organization has interpreted the 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 Organization classifies net assets with donor restrictions at the original value of the gift donated to the permanent endowment. The donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Finance Committee in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization; and
7. The investment policies of the Organization.

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2023 and 2022

Note 8. Endowment, Continued

Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain and as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. During 2023 and 2022, there were no funds with such deficiencies.

Return objectives and risk parameters:

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(s). Under this policy, as approved by the Finance Committee, the endowment assets are invested in a manner that is intended to attain, at a minimum, a total return to help fund repairs and maintenance and capital expenditures of the Camp Sunshine House.

Strategies employed for achieving objectives:

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

Endowment net asset composition and changes by type of fund as of and for the year ended December 31, 2023, are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ 2,041,441	\$ 2,041,441
Board-designated endowment funds	<u>11,077,678</u>	<u>-</u>	<u>11,077,678</u>
	<u>\$ 11,077,678</u>	<u>\$ 2,041,441</u>	<u>\$ 13,119,119</u>
Endowment net assets, beginning of year	<u>\$ 9,828,370</u>	<u>\$ 1,807,582</u>	<u>\$ 11,635,952</u>
Investment income	233,556	91,521	325,077
Net gain on investments	821,038	244,902	1,065,940
Contributions and transfers	400,000	22,800	422,800
Appropriation of endowment assets for expenditure	<u>(205,286)</u>	<u>(125,364)</u>	<u>(330,650)</u>
	<u>1,249,308</u>	<u>233,859</u>	<u>1,483,167</u>
Endowment net assets, end of year	<u>\$ 11,077,678</u>	<u>\$ 2,041,441</u>	<u>\$ 13,119,119</u>

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

December 31, 2023 and 2022

Note 8. Endowment, Continued

Strategies employed for achieving objectives, continued:

Endowment net asset composition and changes by type of fund as of and for the year ended December 31, 2022, are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ 1,807,582	\$ 1,807,582
Board-designated endowment funds	<u>9,828,370</u>	<u>-</u>	<u>9,828,370</u>
	<u>\$ 9,828,370</u>	<u>\$ 1,807,582</u>	<u>\$ 11,635,952</u>
Endowment net assets, beginning of year	<u>\$ 10,276,024</u>	<u>\$ 2,164,639</u>	<u>\$ 12,440,663</u>
Investment income	214,106	54,809	268,915
Net loss on investments	(1,923,035)	(428,873)	(2,351,908)
Contributions and transfers	1,301,275	78,275	1,379,550
Appropriation of endowment assets for expenditure	<u>(40,000)</u>	<u>(61,268)</u>	<u>(101,268)</u>
	<u>(447,654)</u>	<u>(357,057)</u>	<u>(804,711)</u>
Endowment net assets, end of year	<u>\$ 9,828,370</u>	<u>\$ 1,807,582</u>	<u>\$ 11,635,952</u>

Note 9. Fundraising

Revenues from fundraising events, net of direct and allocated expenses, consist of the following:

	<u>2023</u>	<u>2022</u>
Revenues		
Keencheefoonee road race	\$ 314,508	\$ 367,917
Signature event	-	140,150
Special events	69,747	95,629
T-Shirt sales	<u>17,600</u>	<u>15,146</u>
	401,855	618,842
Direct expenses	<u>54,665</u>	<u>77,074</u>
	347,190	541,768
Allocated expenses	<u>235,594</u>	<u>216,287</u>
	<u>\$ 111,596</u>	<u>\$ 325,481</u>

Camp Sunshine, Inc. and Subsidiary

Notes to Consolidated Financial Statements – Modified Cash Basis

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Note 10. Donated Products and Services

The Organization receives substantial fundraising and operating services from volunteers. The value of many of these services did not meet the recognition criteria and is not reflected in these consolidated financial statements. The Organization has recognized revenue from contributions for the following donated products and services, which were allocated to the various activities:

	<u>2023</u>	<u>2022</u>
Regional programs	\$ 8,224	\$ -
House programs	-	3,151
Accounting and legal services	5,300	3,185
Catering	-	5,000
Medical Staff services and equipment	3,180	-
Graphics and printing	<u>11,913</u>	<u>7,138</u>
	<u>\$ 28,617</u>	<u>\$ 18,474</u>

Note 11. Concentrations

Contributions to the Organization from the top donor as a percent of total contributions was approximately 15% and 17% in 2023 and 2022, respectively.

Note 12. Employee Benefit Plan

The Organization has a contributory 401(k) plan covering substantially all full-time employees with a minimum of one year of service. The plan provides for matching contributions by the Organization of up to 7% of a participant's qualifying compensation. Contributions by the Organization totaled \$57,646 for 2023 and \$55,118 for 2022, respectively.