

CAMP FIRE
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

**CAMP FIRE
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YEARS ENDED JUNE 30, 2018 AND 2017**

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INDEPENDENT AUDITORS' REPORT

National Board of Trustees
Camp Fire
Kansas City, Missouri

We have audited the accompanying financial statements of Camp Fire, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, 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 audits to obtain reasonable assurance about whether the financial statements are free from 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.

National Board of Trustees
Camp Fire

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camp Fire as of June 30, 2018 and 2017, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Joseph, Missouri
September 24, 2018

**CAMP FIRE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 327,020	\$ 589,231
Investments	623,922	629,258
Charter Fees Receivable, Net	233,938	298,158
Pledges Receivable	9,526	10,754
United Way Receivable	58,715	66,011
Grants Receivable, Net	1,206,950	341,366
Merchandise Inventory, Net	778	68,686
Prepaid Expenses	25,508	37,405
Other Receivables	5,528	5,648
Total Current Assets	2,491,885	2,046,517
INVESTMENTS	111,347	111,347
PROPERTY AND EQUIPMENT		
Land	10	10
Monument	25,000	25,000
Building Improvements	7,805	7,805
Furniture, Fixtures, and Equipment	251,007	244,524
Total, at Cost	283,822	277,339
Less: Accumulated Depreciation	208,542	184,593
Total Property and Equipment, Net	75,280	92,746
OTHER ASSETS		
Long-Term Charter Fees Receivable, Net	81,185	37,221
Long-Term Pledges Receivable, Net	1,573	4,567
Long-Term Grants Receivable, Net	639,767	-
Intangible Assets, Net	82,245	7,846
Beneficial Interest in Perpetual Trust	863,927	844,604
Total Other Assets	1,668,697	894,238
Total Assets	\$ 4,347,209	\$ 3,144,848

See accompanying Notes to Financial Statements.

**CAMP FIRE
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2018 AND 2017**

LIABILITIES AND NET ASSETS	2018	2017
CURRENT LIABILITIES		
Accounts Payable	\$ 138,208	\$ 91,063
Accrued Liabilities	81,406	60,501
Line of Credit	176,593	172,812
Current Portion of Note Payable	23,806	22,873
Deferred Revenues	80,129	68,259
Total Current Liabilities	500,142	415,508
LONG-TERM LIABILITIES		
Note Payable, Less Current Portion	390,353	414,157
Total Liabilities	890,495	829,665
 NET ASSETS		
Unrestricted:		
Undesignated	(619,759)	(419,014)
Board-Designated	631,558	859,189
Total Unrestricted	11,799	440,175
Temporarily Restricted	2,469,641	919,057
Permanently Restricted	975,274	955,951
Total Net Assets	3,456,714	2,315,183
Total Liabilities and Net Assets	\$ 4,347,209	\$ 3,144,848

See accompanying Notes to Financial Statements.

CAMP FIRE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND PUBLIC SUPPORT								
Contributions and Grants	\$ 24,724	\$ 12,882	\$ -	\$ 37,606	\$ 20,199	\$ 24,655	\$ -	\$ 44,854
United Way Contributions	4,757	70,452	-	75,209	794	77,752	-	78,546
Designated Contributions and Grants	521,290	2,070,579	-	2,591,869	190,301	212,280	-	402,581
Contribution of Net Assets, Net of Losses	5,369	-	-	5,369	328,586	-	-	328,586
Contractual Services	4,180	-	-	4,180	12,100	-	-	12,100
Contributed Rent, Goods, Services, and Travel	29,343	-	-	29,343	104,482	-	-	104,482
Royalties and License Fees	18,448	-	-	18,448	18,273	-	-	18,273
Charter and Community Partner Fees	1,244,733	-	-	1,244,733	1,235,377	-	-	1,235,377
Conferences and Program Services	243,805	-	-	243,805	119,985	-	-	119,985
Sales of Inventory, Net of Cost of Sales of \$56,154 for 2018 and \$35,858 for 2017	14,746	-	-	14,746	25,610	-	-	25,610
Investment Income - Net	27,171	6,110	-	33,281	74,929	(6,452)	-	68,477
Investment Income - Perpetual Trust	40,000	-	-	40,000	37,500	-	-	37,500
Unrealized Gain (Loss) on Investments, Net	8,244	899	-	9,143	(17,363)	17,895	-	532
Change in Value of Beneficial Interest in Perpetual Trust	-	-	19,323	19,323	-	-	65,458	65,458
Rental Income	66,194	-	-	66,194	53,809	-	-	53,809
Other Income	88,404	-	-	88,404	485	-	-	485
Net Assets Released from Restrictions	610,338	(610,338)	-	-	800,866	(800,866)	-	-
Total Revenues, Gains, and Public Support	2,951,746	1,550,584	19,323	4,521,653	3,005,933	(474,736)	65,458	2,596,655
EXPENSES								
Program Services:								
Programs for Youth	1,446,979	-	-	1,446,979	1,217,779	-	-	1,217,779
Services to Councils	723,035	-	-	723,035	957,544	-	-	957,544
Community Relations	285,962	-	-	285,962	255,306	-	-	255,306
Total Program Services	2,455,976	-	-	2,455,976	2,430,629	-	-	2,430,629
Support Services:								
Fundraising	397,862	-	-	397,862	349,234	-	-	349,234
Management and General Administration	526,284	-	-	526,284	570,869	-	-	570,869
Total Support Services	924,146	-	-	924,146	920,103	-	-	920,103
Total Expenses	3,380,122	-	-	3,380,122	3,350,732	-	-	3,350,732
CHANGES IN NET ASSETS	(428,376)	1,550,584	19,323	1,141,531	(344,799)	(474,736)	65,458	(754,077)
Net Assets - Beginning of Year	440,175	919,057	955,951	2,315,183	784,974	1,393,793	890,493	3,069,260
NET ASSETS - END OF YEAR	<u>\$ 11,799</u>	<u>\$ 2,469,641</u>	<u>\$ 975,274</u>	<u>\$ 3,456,714</u>	<u>\$ 440,175</u>	<u>\$ 919,057</u>	<u>\$ 955,951</u>	<u>\$ 2,315,183</u>

See accompanying Notes to Financial Statements.

**CAMP FIRE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018**

	Program Services			Supporting Services			Total Functional Expenses	
	Programs for Youth	Services to Councils	Community Relations	Total Program Services	Fundraising	Management and General Administration		Total Supporting Services
EXPENSES								
Salaries and Wages	\$ 710,562	\$ 346,494	\$ 132,243	\$ 1,189,299	\$ 189,741	\$ 231,567	\$ 421,308	\$ 1,610,607
Benefits	47,026	23,816	8,685	79,527	12,640	16,086	28,726	108,253
Payroll Taxes	67,826	26,478	9,229	103,533	14,215	17,155	31,370	134,903
Total Salaries and Related Expenses	825,414	396,788	150,157	1,372,359	216,596	264,808	481,404	1,853,763
Payments and Products to Councils	176,916	38,474	-	215,390	-	-	-	215,390
Professional Fees and Contract Services	154,589	87,973	54,975	297,537	116,502	129,575	246,077	543,614
Travel, Conferences, and Meetings	72,221	82,082	17,315	171,618	15,405	15,431	30,836	202,454
Telephone and Other Communication	17,851	5,586	1,907	25,344	2,863	4,178	7,041	32,385
Occupancy	86,830	33,927	12,948	133,705	27,030	30,470	57,500	191,205
Depreciation and Amortization	15,362	4,509	3,064	22,935	3,221	3,394	6,615	29,550
Equipment Rental and Maintenance	2,439	950	284	3,673	678	6,291	6,969	10,642
Supplies and Office Expenses	24,169	8,070	7,913	40,152	2,176	15,007	17,183	57,335
Publications and Printing	7,630	2,019	9,731	19,380	581	240	821	20,201
Postage and Shipping	2,539	480	159	3,178	808	584	1,392	4,570
Insurance	27,871	4,142	1,237	33,250	2,959	3,120	6,079	39,329
Interest Expense and Bank Fees	5,156	-	-	5,156	145	29,319	29,464	34,620
Membership Dues and Subscriptions	1,837	337	14,765	16,939	3,200	10,224	13,424	30,363
Bad Debt and Charter Fee Relief	1,427	53,093	-	54,520	1,589	-	1,589	56,109
Obsolete Merchandise Inventory	19,461	-	-	19,461	-	-	-	19,461
Donated Goods and Services	750	4,562	11,500	16,812	533	11,998	12,531	29,343
Miscellaneous	4,517	43	7	4,567	3,576	1,645	5,221	9,788
Total Expenses	<u>\$ 1,446,979</u>	<u>\$ 723,035</u>	<u>\$ 285,962</u>	<u>\$ 2,455,976</u>	<u>\$ 397,862</u>	<u>\$ 526,284</u>	<u>\$ 924,146</u>	<u>\$ 3,380,122</u>

See accompanying Notes to Financial Statements.

**CAMP FIRE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017**

	Program Services				Supporting Services			Total Functional Expenses
	Programs for Youth	Services to Councils	Community Relations	Total Program Services	Fundraising	Management and General Administration	Total Supporting Services	
EXPENSES								
Salaries and Wages	\$ 647,171	\$ 442,603	\$ 120,350	\$ 1,210,124	\$ 171,113	\$ 224,615	\$ 395,728	\$ 1,605,852
Benefits	28,849	19,730	5,365	53,944	7,628	10,013	17,641	71,585
Payroll Taxes	56,260	38,476	10,462	105,198	14,875	19,526	34,401	139,599
Total Salaries and Related Expenses	732,280	500,809	136,177	1,369,266	193,616	254,154	447,770	1,817,036
Payments and Products to Councils	149,344	63,610	-	212,954	941	-	941	213,895
Professional Fees and Contract Services	106,020	190,682	19,411	316,113	93,507	159,129	252,636	568,749
Travel, Conferences, and Meetings	36,611	47,146	11,226	94,983	8,267	32,473	40,740	135,723
Telephone and Other Communication	12,307	7,794	836	20,937	2,382	4,076	6,458	27,395
Occupancy	75,813	37,890	7,397	121,100	23,032	28,286	51,318	172,418
Depreciation and Amortization	31,164	6,444	44,507	82,115	2,775	3,651	6,426	88,541
Equipment Rental and Maintenance	3,620	2,537	356	6,513	1,105	6,673	7,778	14,291
Supplies and Office Expenses	26,719	6,661	1,200	34,580	2,292	10,379	12,671	47,251
Publications and Printing	6,370	547	10,358	17,275	811	1,006	1,817	19,092
Postage and Shipping	2,395	992	92	3,479	610	1,804	2,414	5,893
Insurance	25,820	5,168	725	31,713	2,223	2,730	4,953	36,666
Interest Expense and Bank Fees	2,334	-	44	2,378	-	32,374	32,374	34,752
Membership Dues and Subscriptions	832	569	15,711	17,112	15,627	5,281	20,908	38,020
Bad Debt and Charter Fee Relief	-	43,183	-	43,183	2,046	-	2,046	45,229
Obsolete Merchandise Inventory	3,712	-	-	3,712	-	-	-	3,712
Donated Goods and Services	-	43,066	7,000	50,066	-	28,316	28,316	78,382
Miscellaneous	2,438	446	266	3,150	-	537	537	3,687
Total Expenses	<u>\$ 1,217,779</u>	<u>\$ 957,544</u>	<u>\$ 255,306</u>	<u>\$ 2,430,629</u>	<u>\$ 349,234</u>	<u>\$ 570,869</u>	<u>\$ 920,103</u>	<u>\$ 3,350,732</u>

See accompanying Notes to Financial Statements.

**CAMP FIRE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 1,141,531	\$ (754,077)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	23,949	23,030
Amortization	5,601	65,511
Donated Property and Equipment	-	(26,100)
Income on Investments and Trust, Net	(33,281)	(68,477)
Unrealized Gain on Investments, Net	(9,143)	(532)
Change in Value of Trust	(19,323)	(65,458)
Effects of Changes in Operating Assets and Liabilities:		
Merchandise Receivable, Net	-	778
Charter Fees Receivable, Net	20,256	8,626
Pledges and United Way Receivable, Net	11,518	(7,411)
Grants Receivable, Net	(1,505,351)	553,128
Other Receivables	120	16,481
Merchandise Inventory, Net	67,908	13,059
Prepaid Expenses	11,897	(15,228)
Accounts Payable and Accrued Liabilities	70,538	(65,829)
Deferred Revenues	11,870	62,496
Net Cash Used by Operating Activities	(201,910)	(260,003)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(8,971)	-
Purchase of Intangible Asset	(80,000)	(4,040)
Purchase of Investments	-	(94)
Proceeds from Sale of Investments	47,760	39,436
Net Cash Provided (Used) by Investing Activities	(41,211)	35,302

See accompanying Notes to Financial Statements.

CAMP FIRE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	\$ 2,489,826	\$ 2,281,814
Payments on Line of Credit	(2,486,045)	(2,093,061)
Payments on Note Payable	<u>(22,871)</u>	<u>(12,970)</u>
Net Cash Provided (Used) by Financing Activities	<u>(19,090)</u>	<u>175,783</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (262,211)	 (48,918)
Cash and Cash Equivalents - Beginning of Year	<u>589,231</u>	<u>638,149</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 327,020</u>	 <u>\$ 589,231</u>
 SUPPLEMENTAL INFORMATION		
Cash Paid for Interest	<u>\$ 24,164</u>	<u>\$ 23,268</u>
Donated Property and Equipment	<u>\$ -</u>	<u>\$ 26,100</u>
Asset Acquired through Payable	<u>\$ -</u>	<u>\$ 2,488</u>
Refinancing of Liabilities	<u>\$ -</u>	<u>\$ 450,000</u>

See accompanying Notes to Financial Statements.

CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Camp Fire (the Organization) is a youth development organization headquartered in Kansas City, Missouri providing services to over 184,000 youth in 25 states and the District of Columbia through a 53-council network. Founded in 1910 by Luther Gulick, M.D. and his wife, Charlotte, Camp Fire was the first nonsectarian organization for girls in the United States. Dr. Gulick chose the name “Camp Fire” because campfires were the origin of the first communities and domestic life. The Organization began with no barriers to nationality, race, creed, or economic status, which was unique in 1910 and remains a model for others even today. With that spirit of inclusiveness, Camp Fire expanded programming to include boys in 1975 and today embraces all children and youth, regardless of race, creed, religion, gender, social status, disability, or sexual orientation.

Camp Fire impacts thousands of communities nationwide through programs that meet or exceed nationally recognized quality standards, including:

- Out-of-school time programs
- Outdoor education
- Teen programs
- Customized programs to meet the needs of youth and families

Camp Fire’s curriculum and frameworks are portable and customizable for specific youth and family audiences. The benefit of this approach is that (1) Camp Fire councils do not rely on managing and funding the overhead for multiple program delivery facilities, and (2) Programs “move” where youth and their families are, delivered in neighborhood-based facilities already familiar to participants. This also ensures that councils engage in true operational partnerships with school districts, community organizations, and faith institutions – all typical locations for Camp Fire programs.

The core of Camp Fire’s success is the “how” of what we do. We offer youth and families an experience that is inclusive and open to everyone. Youth chart their course with adult guidance and support. Camp Fire helps youth develop abilities now, empowering youth for their future, but equally as important, their today.

Our Promise

Young people want to shape the world.
Camp Fire provides the opportunity to find their spark, lift their voice,
and discover who they are.
In Camp Fire, it begins *now*.
Light the fire within.

CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies followed by the Organization are presented below.

Use of Estimates in Preparing Financial Statements

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates incorporated into the Organization's financial statements include the timing and collectability of charter fees receivable, grants receivable, and pledges receivable; estimated useful lives for depreciable and amortizable assets; the allocations incorporated into the statements of functional expenses; the valuation of gift-in-kind contributions; and the valuation of the beneficial interest in perpetual trust. Actual results could differ from those estimates.

Description of Programs

The primary programs of the Organization are grouped into three activity areas:

Programs for Youth

Research, development, and evaluation of programs for youth and families through Outdoor Education, Out of School Time, and Teen Leadership; access to program quality intervention tools and supports for councils; program design, testing, and innovation; and regional and national training in support of effective program delivery.

Services to Councils

Council effectiveness assists councils in improving organizational performance so they are better equipped to effectively deliver high-quality programs and achieve our Camp Fire Promise. Strategies are developed in partnership with council leadership, to increase knowledge, interest, and skills related to enhancing organizational effectiveness.

Community Relations

Public relations and media support to increase awareness of the Organization's programs and services; development of products and materials that support programs and services.

CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Parties

The financial statements do not include the financial position or activities of the local councils, licensees, or community partners. Each council, licensee, and community partner is an autonomous corporation organized under the laws of the state in which it operates.

Net Assets

Financial statement presentation follows the recommendations of Financial Accounting Standards ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Organization is required to report 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.

Unrestricted

Unrestricted net assets include all net assets which are neither temporarily nor permanently restricted. This category includes board designated net assets.

Temporarily Restricted

Temporarily restricted net assets include contributed net assets for which donor-imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted. It is the Organization's policy to record temporarily restricted contributions that are received and expended in the same accounting period in the unrestricted net asset category.

Permanently Restricted

Permanently restricted net assets include contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank accounts that are available for current operations. Certain cash equivalents are considered to be an integral part of the Organization's investment program and are, accordingly, recognized as a component of investments on the statement of financial position.

CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments include equity and fixed income mutual funds, which are carried at fair value, with unrealized and realized gains and losses on investments reported as increases or decreases in unrestricted, temporarily restricted, or permanently restricted net assets based upon donor-imposed restrictions. Investments include investment specific cash equivalents, money market funds, and certificates of deposit that are reported at cost, which approximates fair value.

Investments which are available to repay current liabilities are classified as current assets on the statement of financial position, while investments restricted for long-term purposes are shown as long-term assets.

Pledges Receivable

Pledges are recorded when received and determined to be unconditional. Allowances are provided for amounts estimated to be uncollectible. No allowance for doubtful accounts is recorded for pledges receivable as of June 30, 2018 or 2017, as management does not believe the required amount of such an allowance would be material to the financial statements.

Grants Receivable

Grants are recognized when the grant letter is received, absent the presence of conditional provisions, and are classified as temporarily restricted net assets if time or purpose restrictions are present.

Contributions

Gifts of cash and other assets are considered to be restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, whether because 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 activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires, or the purpose restriction is accomplished, in the reporting period in which the support is recognized.

In-Kind Contributions

In-kind contributions consist of goods and services donated to the Organization. These have been reflected in the financial statements at their estimated fair market value at the date of donation.

In-kind support for contributed services is recognized if these services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation. Such support could be used in the program activities of the Organization as well as in fundraising and administrative activities. The value of services meeting these requirements, to the extent measurable, is reflected in the accompanying financial statements.

**CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions (Continued)

The Organization receives a substantial amount of support from nonprofessional volunteer services that do not meet the criteria listed above. These nonprofessional volunteers donate services for fundraising, education, and administration that are not valued or recorded in the financial statements.

Contributed property and equipment is recorded at its fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Accounts Receivable and Charter Fees

The Organization grants credit to local councils, licensees, and community partners for the purpose of merchandise purchases and payment of charter fees. Accounts are due on negotiated terms, generally within 15 days, and are stated at the amounts due, net of an allowance for doubtful accounts. Accounts outstanding longer than their contractual payment terms are considered past due. The Organization determines its allowance for doubtful accounts by considering a number of factors, including the length of time accounts are past due, the council's ability to pay its obligations to the Organization, and the general condition of the council. The Organization writes off accounts receivable and charter fees when they become uncollectible, and payments subsequently received on such receivables are recorded to the allowance for doubtful accounts. Finance charges are recognized as revenue when billed, and are considered when the allowance for doubtful accounts is established.

Charter fees are paid to the Organization monthly, quarterly, or annually by the chartered councils. Such fees are determined annually and are based upon the level of certain expenditures made by each council. Certain councils have renegotiated payment terms over periods greater than one year. These renegotiated payments, and management's estimates of the timing of other payments, have been recorded as long-term charter fees receivable on the statements of financial position. Interest is accrued on the long-term charter fees receivable, generally at a rate 1% greater than the Wall Street Journal Prime Rate. Long-term receivables are not placed on nonaccrual status, but are considered in the allowance for doubtful accounts.

Merchandise Inventory

Merchandise inventory is carried at the lower of weighted-average cost or net realizable value.

**CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Perpetual Trust

The Organization holds a beneficial interest in a perpetual trust. The trust was created by an independent donor for which the assets are not in the possession or control of the Organization. The Organization, along with other specified nonprofit organizations and individuals, is a beneficiary of this trust. The income received by the Organization from this trust is included as unrestricted support on the statement of activities. The Organization's beneficial interest in this trust is recorded at the fair value of the underlying assets in the trust and classified within permanently restricted net assets.

Property and Equipment

The Organization's property and equipment is carried at cost if purchased, or fair value if contributed. The cost of property and equipment purchased in excess of \$2,000 is capitalized. Depreciation of building improvements, furniture and fixtures, and equipment is provided on the straight-line method over the estimated useful lives of the assets as follows:

Building Improvements	5-30 Years
Equipment	3-10 Years
Furniture and Fixtures	5-10 Years

Leasehold improvements are amortized over the life of the lease, or the service lives of the improvements, whichever is shorter. Repair and maintenance costs are charged to expense as incurred. The monument is not being depreciated. Management believes the fair market value of the monument exceeds its cost basis.

Intangible Assets

Intangible assets are carried at cost if purchased, or fair value if contributed. Amortization is provided on the straight-line method over the estimated useful lives of the assets as follows:

Branding	5 Years
Curriculum	2-3 Years
Software Development	4-5 Years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenues

Deferred revenues primarily represent council charter fees paid in advance of the terms set forth in the charter agreements.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited according to formulas developed by management to, in its judgment, reflect actual costs and efforts expended on each program or supporting service.

Income Tax Status

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation.

Although it is exempt from federal and state income taxes on its principal operations, the Organization is subject to federal income taxes on the net income from certain operations that generate unrelated business income. No such unrelated business income tax was incurred during 2018 or 2017. The Organization follows the standard for evaluating uncertain tax positions and has determined no liability should be recorded for uncertain tax positions.

New Accounting Pronouncement Effective in Future Accounting Period

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. This standard was issued to improve the information presented in financial statements and notes about a nonprofit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for fiscal year ending June 30, 2019. Management will be evaluating the effects of this new standard.

On May 28, 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The standard does not impact the recording of contributions. Since then, the board issued proposed ASU, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. The amendments in this update defer the effective date of update 2014-09 for all entities by one year, making the standard effective for fiscal year ending June 30, 2020. Management will be evaluating the effects of this new standard.

**CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement Effective in Future Accounting Period (Continued)

In June, 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Organization for the fiscal year ending June 30, 2021. Management will be evaluating the effects of this new standard.

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining fair value, the Organization uses various valuation approaches within the ASC 820 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, by requiring that the most observable inputs be used when available. ASC 820 defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; and

Level 2 – Valuations based on quoted prices for similar assets or liabilities, or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs, or significant value drivers, are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classifications in the valuation hierarchy.

Equity and Fixed Income Mutual Funds

Fair value of equity and fixed income mutual funds is determined based on quoted market prices. These are classified as investments valued using Level 1 inputs within the valuation hierarchy.

**CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Beneficial Interest in Perpetual Trust

The fair value of interests in perpetual trusts was determined by calculating the Organization's proportional share of the underlying assets held in trust, as determined by the trustee, and is classified as an investment using Level 3 inputs within the valuation hierarchy.

Fair values of assets and liabilities measured on a recurring basis, as of June 30, 2018 and 2017 are as follows:

June 30, 2018				
Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Inputs (Level 3)	
Mutual Funds:				
Equity	\$ 405,764	\$ 405,764	\$ -	\$ -
Fixed Income	291,683	291,683	-	-
Beneficial Interest in Perpetual Trust	863,927	-	-	863,927
Total	<u>\$ 1,561,374</u>	<u>\$ 697,447</u>	<u>\$ -</u>	<u>\$ 863,927</u>
June 30, 2017				
Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Inputs (Level 3)	
Mutual Funds:				
Equity	\$ 422,092	\$ 422,092	\$ -	\$ -
Fixed Income	296,222	296,222	-	-
Beneficial Interest in Perpetual Trust	844,604	-	-	844,604
Total	<u>\$ 1,562,918</u>	<u>\$ 718,314</u>	<u>\$ -</u>	<u>\$ 844,604</u>

**CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following is a reconciliation of the beginning and ending balance of assets and liabilities measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended June 30, 2018 and 2017:

	Beneficial Interest in Perpetual Trust
BALANCE - JUNE 30, 2016	\$ 779,146
Unrealized Gains	65,458
BALANCE - JUNE 30, 2017	844,604
Unrealized Gains	19,323
BALANCE - JUNE 30, 2018	<u>\$ 863,927</u>

NOTE 3 INVESTMENTS

Investments at June 30, 2018 are as follows:

	Original Cost or Basis	Fair Market Value	Excess of Market Over Cost
Cash and Cash Equivalents	\$ 37,822	\$ 37,822	\$ -
Equity and Fixed Income Mutual Funds	649,759	697,447	47,688
Total	<u>\$ 687,581</u>	<u>\$ 735,269</u>	<u>\$ 47,688</u>

Investment returns for the year ended June 30, 2018 consist of the following:

Investment Income	\$ 299
Net Realized Gain	39,700
Net Unrealized Gain	9,143
Total Investment Return	<u>\$ 49,142</u>
Investment Fees	<u>\$ 6,718</u>

CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 3 INVESTMENTS (CONTINUED)

Investments at June 30, 2017 are as follows:

	Original Cost or Basis	Fair Market Value	Excess of Market Over Cost
Cash and Cash Equivalents	\$ 22,291	\$ 22,291	\$ -
Equity and Fixed Income Mutual Funds	679,769	718,314	38,545
Total	<u>\$ 702,060</u>	<u>\$ 740,605</u>	<u>\$ 38,545</u>

Investment returns for the year ended June 30, 2017 consist of the following:

Investment Income	\$ 553
Net Realized Gain	74,602
Net Unrealized Gain	532
Total Investment Return	<u>\$ 75,687</u>
 Investment Fees	 <u>\$ 6,678</u>

NOTE 4 PLEDGES AND UNITED WAY RECEIVABLE

Pledges and United Way receivable include the following:

	2018	2017
Annual Fund Campaign	\$ 11,194	\$ 15,758
United Way	58,715	66,011
Total Pledges and United Way Receivable	69,909	81,769
Less: Unamortized Discount	95	437
Net Pledges and United Way Receivable	69,814	81,332
Less: Current Portion	68,241	76,765
Pledges and United Way Receivable, Long Term (Net)	<u>\$ 1,573</u>	<u>\$ 4,567</u>

An imputed discount rate of 4% was used in discounting long-term pledges.

Pledges and United Way Receivable are due in future years as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 68,241
2020	1,668
Total	<u>\$ 69,909</u>

**CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 4 PLEDGES AND UNITED WAY RECEIVABLE (CONTINUED)

The Organization has been notified that it is designated as a beneficiary of certain wills and trusts. The present value of will and trust amounts that are irrevocable are recognized as income, and reflected as long-term wills and trusts, at the point that the amount can be reasonably estimated. Those wills and trusts that are revocable are not recognized within the accompanying financial statements due to their conditional nature.

NOTE 5 GRANTS RECEIVABLE

Grants receivable include the following:

	<u>2018</u>	<u>2017</u>
New York Life Foundation Grant	\$ -	\$ 325,000
S. D. Bechtel, Jr. Foundation	1,859,931	-
Other	<u>14,555</u>	<u>16,366</u>
Total Grants Receivable	1,874,486	341,366
Less: Unamortized Discount	<u>27,769</u>	-
Net Grants Receivable	1,846,717	341,366
Less: Current Portion (Net)	<u>1,206,950</u>	<u>341,366</u>
Grants Receivable, Long-Term (Net)	<u><u>\$ 639,767</u></u>	<u><u>\$ -</u></u>

NOTE 6 OPERATING LEASES

The Organization leased office and warehouse space during 2018 and 2017 under noncancelable operating leases. The leases expire at various dates through August 2026. The Organization entered into a new office lease effective February 2016. Total lease expense was \$184,666 in 2018 and \$165,961 in 2017. Future minimum lease commitments for these leases as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 166,160
2020	164,279
2021	168,250
2022	172,220
2023	176,191
Thereafter	<u>576,219</u>
Total	<u><u>\$ 1,423,319</u></u>

**CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 6 OPERATING LEASES (CONTINUED)

A portion of the leased office space is leased to an unaffiliated organization. The above lease expense is expected to be offset by payments due under the sublease as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 73,902
2020	75,733
2021	77,563
2022	79,394
2023	81,224
Thereafter	265,637
Total	<u>\$ 653,453</u>

Total rental income from subleases was \$66,194 and \$53,809 in 2018 and 2017, respectively.

NOTE 7 INTANGIBLE ASSETS

Intangible assets consist of software development, corporate branding, and program curriculum. Amortization expense on the assets was \$5,601 and \$65,511 during 2018 and 2017, respectively.

NOTE 8 RETIREMENT PLAN

The Organization maintains a defined contribution 401(k) retirement plan (the Plan) which provides benefits upon retirement, death, or disability for all employees who have reached age 18 and completed one year of service. Annual employer contributions are based on a match of employee contributions up to 4% of each individual's salary. Retirement expense for the Plan was \$25,895 in 2018 and \$26,409 in 2017.

**CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 9 RELATED PARTY TRANSACTIONS

Charter Fees Receivable

Charter fees are due from chartered councils and community partners, and consisted of the following as of June 30:

	2018	2017
Charter Fees Receivable	\$ 719,938	\$ 738,858
Less: Allowance for Doubtful Accounts	390,000	398,000
Net Collectible Charter Fees Receivable	329,938	340,858
Less: Unamortized Discount	14,815	5,479
Charter Fees Receivable, Net	315,123	335,379
Less: Current Portion	233,938	298,158
Long-Term Charter Fees Receivable, Net	<u>\$ 81,185</u>	<u>\$ 37,221</u>

Amounts due in future years as of June 30, 2018:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 233,938
2020	17,836
2021	17,398
2022	14,851
2023	13,780
Thereafter	32,135
Total	<u>\$ 329,938</u>

An imputed discount rate of 4% was used in discounting long-term charter fees receivable.

There were no long-term charter fees receivable that were considered past due by the Organization's policy, as discussed in Note 1, at June 30, 2018 or 2017.

The Organization is involved in legal proceedings with one of the chartered councils relating to repayment of the amounts due to the Organization. In most cases, these issues were considered when the above allowance was determined.

Accounts Payable

At June 30, 2018 and 2017, the Organization had accounts payable due to Councils totaling \$30,112 and \$12,455, respectively.

CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 10 CONTRIBUTED GOODS AND SERVICES

Contribution revenue was recognized for certain goods and services received at the following fair values for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Capitalized:		
Prepaid Maintenance Contract	\$ -	\$ 26,100
Expensed:		
Professional Services	25,764	65,020
Telephone and Online Fees	720	1,000
Rent	-	10,165
Travel, Conferences, and Meetings	2,326	2,197
Miscellaneous	533	-
Total Contributed Goods and Services	<u>\$ 29,343</u>	<u>\$ 104,482</u>

NOTE 11 UNRESTRICTED NET ASSETS

Unrestricted net assets as of June 30 consist of the following:

	<u>2018</u>	<u>2017</u>
Board-Designated:		
Operating Reserve	\$ 616,567	\$ 618,265
Dallas Restart	1,721	101,713
Council Dissolution Funds	13,270	139,211
Total Board-Designated Net Assets	<u>631,558</u>	<u>859,189</u>
Undesignated	<u>(619,759)</u>	<u>(419,014)</u>
Total Unrestricted Net Assets	<u>\$ 11,799</u>	<u>\$ 440,175</u>

At June 30, 2018, the value of the assets underlying the Organization's unrestricted and undesignated operating funds was less than the level required to fund the liabilities committed by those funds. Accordingly, the unrestricted and undesignated operating funds were being supported by drawing upon the Organization's unrestricted board-designated net assets.

CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 12 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30:

	2018	2017
United Way of Greater Kansas City	\$ 58,711	\$ 58,710
United Way of Wyandotte County	-	7,300
Pledges Receivable	11,099	15,321
New York Life Foundation	328,704	720,621
S.D. Bechtel, Jr. Foundation	2,050,011	60,208
Health Care Foundation of Greater Kansas City	-	45,063
Other	4,003	841
Harley Davidson Foundation	5,000	-
Royals Charities	4,758	-
Endowment Funds - See Note 14	7,355	10,993
Total	\$ 2,469,641	\$ 919,057

During the years ended June 30, 2018 and 2017, net assets of \$610,338 and \$800,866, respectively, were released from donor restrictions by satisfying the time or purpose restrictions as stipulated by the donors.

NOTE 13 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following as of June 30:

	2018	2017
James Humphrey Wilkinson Perpetual Trust	\$ 863,927	\$ 844,604
Lone Star Endowment Fund	111,347	111,347
Total	\$ 975,274	\$ 955,951

CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 14 ENDOWMENTS

The Organization's endowment consists of a donor-restricted fund established to support general operating expenses of a council to be established in Texas. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board has interpreted Missouri's enactment of 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. Consequently, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the board. 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 purpose 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

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 the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce results similar to the S&P 500 index while assuming a moderate level of investment risk.

**CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 14 ENDOWMENTS (CONTINUED)

Spending Policy

The Organization has a policy of appropriating for distribution each year any funds earned in excess of the original endowed gift. In establishing this policy, the Organization considered the stipulations of the endowments as needing to maintain financial assets in the original amount of the endowment gifts. Therefore, any assets in excess of original gift balances are considered appropriated and are to be used based on the donor stipulations.

In establishing this policy, the Organization considered the long-term expected returns on its endowment investments. Accordingly, over the long term, the Organization expects the current spending policy will allow its endowment to retain the original corpus of the gift.

Strategies Employed for Achieving Objectives

The endowment assets are invested to provide the highest total rate of return consistent with sound investment practices. Equity investments have proven to provide the maximum return on investments over long periods of time, and mutual and co-mingled funds provide significant diversification among companies, industries, and countries. Therefore, the endowment funds are invested primarily in equity mutual and co-mingled funds.

Endowment net asset composition by type of fund as of June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 7,355</u>	<u>\$ 111,347</u>	<u>\$ 118,702</u>

Changes in endowment net assets for the fiscal year ended June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets - Beginning of Year	\$ -	\$ 10,993	\$ 111,347	\$ 122,340
Investment Return:				
Investment Income	-	5,463	-	5,463
Net Appreciation	-	899	-	899
Total Investment Return	-	6,362	-	6,362
Appropriation of Endowment Assets for Expenditures	-	(10,000)	-	(10,000)
Net Assets - End of Year	<u>\$ -</u>	<u>\$ 7,355</u>	<u>\$ 111,347</u>	<u>\$ 118,702</u>

**CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 14 ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 10,993</u>	<u>\$ 111,347</u>	<u>\$ 122,340</u>

Changes in endowment net assets for the fiscal year ended June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets - Beginning of Year	\$ (1,261)	\$ -	\$ 111,347	\$ 110,086
Investment Return:				
Investment Income	-	(6,904)	-	(6,904)
Net Appreciation	<u>1,261</u>	<u>17,897</u>	<u>-</u>	<u>19,158</u>
Total Investment Return	<u>1,261</u>	<u>10,993</u>	<u>-</u>	<u>12,254</u>
Net Assets - End of Year	<u>\$ -</u>	<u>\$ 10,993</u>	<u>\$ 111,347</u>	<u>\$ 122,340</u>

NOTE 15 LINE OF CREDIT AND LONG-TERM DEBT

Line of Credit

The Organization had a secured line of credit during the current year that allows for borrowings of up to \$200,000, maturing January 23, 2019. The line is collateralized by a lien on the Organization's accounts receivable. Interest is charged at a variable rate, which is The Wall Street Journal Prime Rate plus .25% (5.0% and 4.5% at June 30, 2018 and 2017, respectively). As of June 30, 2018 and 2017, outstanding borrowings were \$176,593 and \$172,812, respectively.

Long-Term Debt

The Organization took out a note payable to Central Bank of the Midwest in the amount of \$450,000 during the year ending June 30, 2017. The note is secured by a lien on an investment account valued at \$616,567 as of June 30, 2018. The note is payable in monthly installments of \$3,330, including interest at 3.95%, maturing November 2021 when the remaining balance is due. The outstanding principal at June 30, 2018 and 2017 was \$414,159 and \$437,030, respectively.

CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 15 LINE OF CREDIT AND LONG-TERM DEBT (CONTINUED)

Long-Term Debt (Continued)

Scheduled maturities of long-term debt are as follows as of June 30, 2018:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 23,806
2020	24,735
2021	25,786
2022	339,832
Total	<u>\$ 414,159</u>

The Organization incurred interest expense of \$24,164 and \$23,268 for the years ended June 30, 2018 and 2017, respectively.

NOTE 16 CONCENTRATIONS OF RISK

At June 30, 2018, four councils made up 76% of the net charter fees receivable. At June 30, 2017, three councils made up 60% of the net charter fees receivable.

During the year ended June 30, 2018, 55% of revenues were provided through a contribution from one donor.

NOTE 17 CONTRIBUTION OF NET ASSETS

The Organization records net proceeds received from dissolved councils as Contribution of Net Assets. Contribution of net assets was \$5,369 and \$328,586 for the years ended June 30, 2018 and 2017, respectively.

NOTE 18 BENEFICIAL INTEREST IN PERPETUAL TRUST

In 1976, the Organization was named as a beneficiary of a perpetual trust. Under the terms of the trust, the Organization is designated to receive 2.5% of the annual income of the trust with no corresponding transfer of trust assets. The Organization received trust income, the use of which is unrestricted, of \$40,000 in 2018 and \$37,500 in 2017.

At the time the Organization was notified of the trust, its share of the fair value of the trust assets was \$538,080 and was reflected in the statements of activities as a permanently restricted contribution. Changes in the fair value of the Organization's interest in the trust assets are reflected as unrealized gains or losses in the statements of activities in the year in which they take place. The gain on this trust amounted to \$19,323 and \$65,458 for the years ended June 30, 2018 and 2017, respectively. The Organization's share in the trust had a value of \$863,927 and \$844,604 at June 30, 2018 and 2017, respectively.

CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 19 HALL FAMILY FOUNDATION GIFT

In 2005, the Hall Family Foundation pledged \$500,000 to the Greater Kansas City Community Foundation, with the Organization named as a conditional beneficiary of the fund's earnings. The Organization is eligible to receive a portion of the earnings on the investment equal to 5% for supplemental funding of its rent expense as long as it is headquartered in downtown Kansas City, Missouri. In 2018 and 2017, the Organization received \$23,430 and \$23,236, respectively, which is included as contributions and grants revenue.

NOTE 20 CONTINGENCIES

Over the past two years, the Organization has incurred decreases in unrestricted net assets of \$428,376 and \$344,799 and has experienced negative cash flows from operations. In response to this trend, Management has secured funding from the S.D. Bechtel, Jr. Foundation to support the hiring of a full development team consisting of five fundraising professionals; four of the positions have already been filled. This strategy is in line with the Organization's five year business plan, and is expected to produce more sustainable, recurring unrestricted revenue which will result in an increase in unrestricted net assets for fiscal year 2019 and on into the future.

The Organization's investment portfolio is subject to significant fluctuations in its value. Because the values of individual investments fluctuate with market conditions, the amount of investment gains or losses that the Organization will recognize in its future financial statements, if any, cannot be determined.

The Organization has legal actions that arise in the ordinary course of business and are now pending against the Organization. It is the opinion of management, after reviewing such actions with counsel that the outcome of any lawsuit or claim which is pending should either be covered by insurance, or would not result in a material settlement.

NOTE 21 CONTRACTUAL SERVICES

The Foundation has contracted with service providers, engaging in a co-employment relationship with the Organization. The service providers administer personnel management services relative to the Organization's employees including payment of salaries, wages, payroll taxes, employee benefits, and procurement of workers' compensation insurance. This agreement shall remain in force until either the service providers or the Organization terminate the agreement by giving 30 days prior written notice. The Organization is required to pay service fees based on a percentage of gross salaries, which cover services rendered to each employee. The service provider's service fee percentage may be adjusted annually. The Organization paid \$1,686,493 and \$1,744,004 to the service providers for the years ended June 30, 2018 and 2017, respectively, for salaries and payroll related costs. In addition, the Organization paid \$26,227 and \$29,520 to service providers for the years ended June 30, 2018 and 2017, respectively, for service fees.

CAMP FIRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 22 SUBSEQUENT EVENTS

Management evaluated subsequent events through September 24, 2018, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2018, but prior to September 24, 2018, that provided additional evidence about conditions that existed at June 30, 2018, have been recognized in the 2018 financial statements.