
CAMP HOLIDAY TRAILS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY CERTIFIED PUBLIC ACCOUNTANTS

CHARLOTTESVILLE □ RICHMOND □ FREDERICKSBURG □ VERONA □ CHRISTIANSBURG



CAMP HOLIDAY TRAILS, INC.

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS
CAMP HOLIDAY TRAILS, INC.
CHARLOTTESVILLE, VIRGINIA**

We have audited the accompanying statement of financial position of Camp Holiday Trails, Inc. (a nonprofit organization) as of December 31, 2010 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Camp Holiday Trails, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camp Holiday Trails, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

June 17, 2011

- Financial Statements -

CAMP HOLIDAY TRAILS, INC.

Statement of Financial Position
At December 31, 2010

ASSETS

Current assets:	
Cash and cash equivalents	\$ 58,424
Investments	107,490
Accounts receivable	1,939
Prepaid expenses	2,469
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Total current assets	\$ 170,322
Property and equipment:	
Land and improvements	\$ 163,054
Buildings and improvements	1,411,964
Equipment	246,430
	<hr/>
Total property and equipment	\$ 1,821,448
Less accumulated depreciation	(832,996)
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Net property and equipment	\$ 988,452
Other assets:	
Restricted cash for construction	\$ 69,000
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Total assets	\$ 1,227,774

LIABILITIES AND NET ASSETS

Current liabilities:	
Line of credit payable	\$ 75,000
Payroll liabilities	2,274
Deferred revenue	580
	<hr/>
Total liabilities	\$ 77,854
Net assets:	
Unrestricted	\$ 734,834
Temporarily restricted	415,086
	<hr/>
Total net assets	\$ 1,149,920
Total liabilities and net assets	\$ 1,227,774

The accompanying notes to financial statements are an integral part of these statements.

CAMP HOLIDAY TRAILS, INC.

Statement of Activities
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Contributions	\$ 297,241	\$ 279,558	\$ 576,799
In kind contributions	58,506	-	58,506
Special events	44,970	-	44,970
Program income	95,572	-	95,572
Miscellaneous income	31,610	-	31,610
Interest income	1,617	-	1,617
Unrealized gain on investments	10,605	-	10,605
Net assets released from restrictions	3,050	(3,050)	-
Total revenues, gains, and other support	<u>\$ 543,171</u>	<u>\$ 276,508</u>	<u>\$ 819,679</u>
Expenses:			
Program	\$ 410,504	\$ -	\$ 410,504
Management and General	173,837	-	173,837
Fundraising	53,802	-	53,802
Total expenses	<u>\$ 638,143</u>	<u>\$ -</u>	<u>\$ 638,143</u>
Change in net assets	\$ (94,972)	\$ 276,508	\$ 181,536
Net assets, beginning of year	<u>829,806</u>	<u>138,578</u>	<u>968,384</u>
Net assets, end of year	<u><u>\$ 734,834</u></u>	<u><u>\$ 415,086</u></u>	<u><u>\$ 1,149,920</u></u>

The accompanying notes to financial statements are an integral part of these statements.

CAMP HOLIDAY TRAILS, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2010

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Bank and credit card fees	\$ -	\$ 1,278	\$ -	\$ 1,278
Camp	96,267	-	-	96,267
Depreciation	16,534	8,267	2,756	27,557
Development	-	-	15,834	15,834
Dues and subscriptions	412	5,165	-	5,577
Insurance	-	27,835	-	27,835
Interest	-	1,000	-	1,000
Investment fees	-	601	-	601
Maintenance and repairs	55,333	2,559	-	57,892
Miscellaneous	2,835	1,551	159	4,545
Office	5,949	10,435	5,716	22,100
Personnel costs	129,946	76,575	25,525	232,046
Payroll taxes and benefits	19,410	11,438	3,812	34,660
Professional fees	-	23,053	-	23,053
Seasonal staff	56,006	-	-	56,006
Taxes	-	597	-	597
Travel	-	393	-	393
Utilities	27,812	3,090	-	30,902
Total	<u>\$ 410,504</u>	<u>\$ 173,837</u>	<u>\$ 53,802</u>	<u>\$ 638,143</u>

The accompanying notes to financial statements are an integral part of these statements.

CAMP HOLIDAY TRAILS, INC.

Statement of Cash Flows For the Year Ended December 31, 2010

Cash flows from operating activities:	
Change in net assets	\$ 181,536
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	27,557
Unrealized gains	(10,605)
Contributions restricted for long term purposes	(279,558)
Changes in operating assets and liabilities:	
Increase in accounts receivable	(494)
Decrease in contributions receivable	7,475
Decrease in prepaid expenses	1,594
Decrease in accounts payable	(16,830)
Increase in deferred revenue	580
Increase in payroll liability	587
Net cash provided by (used in) operating activities	\$ <u>(88,158)</u>
Cash flows from investing activities:	
Purchases of long-term investments	\$ (1,555)
Proceeds from the sale of long-term investments	716
Restricted cash for construction	14,926
Purchase and construction of property and equipment	(296,679)
Net cash provided by (used in) investing activities	\$ <u>(282,592)</u>
Cash flows from financing activities:	
Collection of contributions restricted for long term purposes	\$ 279,558
Proceeds from line of credit	75,000
Retirement of indebtedness	(651)
Net cash provided by (used in) financing activities	\$ <u>353,907</u>
Net decrease in cash	\$ (16,843)
Cash and cash equivalents, beginning of year	<u>75,267</u>
Cash and cash equivalents, end of year	\$ <u><u>58,424</u></u>

Supplemental Disclosures of Cash Flow Information:

Operating activities reflect cash paid for interest of \$1,000.

The accompanying notes to financial statements are an integral part of these statements.

CAMP HOLIDAY TRAILS, INC.

Notes to Financial Statements
December 31, 2010

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities:

Camp Holiday Trails, Inc. is organized to provide a camp experience for children who are excluded from ordinary camps because of their special needs and disabilities. Major sources of revenue for the Camp include donations, camper fees, and sites rentals.

Basis of Accounting:

Our financial statements are prepared on the accrual basis, in accordance with generally accepted accounting principles. Therefore, revenues are recognized when earned rather than when received and expenditures are recorded when incurred rather than when paid. Expenditures are capitalized as assets when the expenditure in one period can be seen as providing benefit to the Camp in future periods.

Financial Statement Presentation:

The Camp is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Camp and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Camp.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Camp reports gifts of cash and other assets as temporarily or permanently restricted revenue if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions. When donor restrictions are met in the same reporting period, temporarily restricted contributions are reported as unrestricted contributions.

Donated Property and Equipment:

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

CAMP HOLIDAY TRAILS, INC.

Notes to Financial Statements
December 31, 2010 (continued)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES: (continued)

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Camp considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Receivables:

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. There was no allowance for doubtful accounts at December 31, 2010.

Contributions Receivable:

Unconditional promises to give are recognized as revenues or gains in the period received and are recorded at net realizable value. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Functional Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Program expense includes some facility expense, as camps are unique in that a facility is required to meet the camp mission.

NOTE 2 - TAX STATUS:

The Camp is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and contributions to the programs are deductible for tax purposes.

NOTE 3 - PROPERTY AND EQUIPMENT:

Purchased property and equipment is recorded at its original cost. Material gifts of furniture and equipment are recorded at the fair value at date of gift. Depreciation is being taken on a straight line basis, using a thirty to thirty-nine year life for buildings, and a five to seven year life for furniture and equipment.

CAMP HOLIDAY TRAILS, INC.

Notes to Financial Statements
December 31, 2010 (continued)

NOTE 4 - NOTE PAYABLE:

The Camp has a \$200,000 revolving line of credit, of which \$125,000 was unused at December 31, 2010. Bank advances on the line of credit are payable on demand and carry an interest rate of 3.25%. The credit line is secured by substantially all assets of the Camp.

NOTE 5 - TEMPORARILY RESTRICTED ASSETS:

Temporarily restricted net assets are available for the following purposes:

Construction - Med Staff Cabin	\$ 415,086
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NOTE 6 - CONCENTRATION OF CREDIT RISK:

The Camp maintains its cash balances at one financial institution. At year-end balances in these accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and the balance that is not insured by FDIC is \$0.

NOTE 7 - IN-KIND CONTRIBUTIONS:

The Camp receives significant non-cash in-kind contributions throughout the year. These contributions include specialized services received that the Camp would otherwise need to purchase from vendors. Presented below is a summary of in-kind contributions received for the year ended December 31, 2010.

Plants	\$ 2,500
Professional doctoral services for camp program	<u>56,006</u>
Total In-Kind Contributions	<u>\$ 58,506</u>

NOTE 8 - INVESTMENTS:

The Camp's investments at December 31, 2010 consist of pooled investment funds recorded at the fair value of \$107,490.

The following schedule summarizes the investment return for the year ended December 31, 2010:

Interest income	\$ 1,555
Unrealized gains	10,605
Investment fees	<u>(601)</u>
Total investment return	<u>\$ 11,559</u>

Interest income as reported on the statement of activities also includes interest earned on cash deposits in the amount of \$62.

CAMP HOLIDAY TRAILS, INC.

Notes to Financial Statements
December 31, 2010 (continued)

NOTE 9 - BOARD-DESIGNATED ENDOWMENT:

As of December 31, 2010, the Board of Directors had designated \$64,206 of unrestricted net assets as endowment funds to support the mission of the Camp. Of this amount, \$5,763 is designated for campership, \$21,909 is designated for facilities, and \$36,534 is designated for general purposes. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Camp has a spending policy of appropriating 4% of the balance for distribution each year.

To achieve that objective, the Camp has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, in a pooled investment account, that is intended to result in a consistent inflation-protected rate of return. Accordingly, the Camp expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

Composition of and changes in endowment net assets for the year ended December 31, 2010 were as follows:

Board-designated endowment net assets, beginning of year	\$ 49,173
Interest income	771
Net appreciation	5,655
Investment fees	(320)
Transfers to create board-designated endowment funds	29,538
Transfers to remove assets from board-designated endowment funds	<u>(20,611)</u>
Board-designated endowment net assets, end of year	<u>\$ 64,206</u>

NOTE 10 - FAIR VALUE MEASUREMENTS:

Fair value for investments is determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

CAMP HOLIDAY TRAILS, INC.

Notes to Financial Statements
December 31, 2010 (continued)

NOTE 10 - FAIR VALUE MEASUREMENTS: (continued)

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Camp is providing the following fair value information related to its investments:

	<u>Fair Value Measurements at 12/31/2010</u>	<u>Level 1 Quoted Prices in Active Markets for Identical Assets</u>	<u>Level 2 Significant Other Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
Equity securities:				
Equity securities - global	\$ 12,899	\$ 12,899	\$ -	\$ -
Equity securities - large-cap	18,918	18,918	-	-
Equity securities - mid-cap	16,984	16,984	-	-
Equity securities - small-cap	9,029	9,029	-	-
Equity securities - fixed income	<u>22,358</u>	<u>22,358</u>	<u>-</u>	<u>-</u>
Total equity securities	<u>\$ 80,188</u>	<u>\$ 80,188</u>	<u>\$ -</u>	<u>\$ -</u>
Alternative investments	\$ 22,680	\$ -	\$ -	\$ 22,680
Money funds	<u>\$ 4,622</u>	<u>\$ 4,622</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 107,490</u>	<u>\$ 84,810</u>	<u>\$ -</u>	<u>\$ 22,680</u>

The Camp's investments represent an interest in the investment pool held by the CACF. The Camp's valuation of its investment in the CACF is based upon the inputs used by the CACF to value CACF's underlying assets.

The Camp did not have any financial liabilities subject to fair value measurement at December 31, 2010.

NOTE 11 - CONTINGENCY:

The Rivanna Water & Sewer Authority (RWSA) plans to begin construction of an earthen dam in October 2011. The Camp will be required to sell a portion of its land to RWSA as well as grant RWSA a perpetual right of way and easement over a portion of its land for drainage from the auxiliary spillway of the dam. The Camp believes the construction activity will have a significant effect on its operations and income due to replacement or suspension of the horse program, decrease in event rental income, and loss of volunteers. Based on a valuation report which was in draft form at the financial report date, the Camp estimates its income loss and additional expenses related to these factors will be approximately \$115,000 in 2012 and approximately \$350,000 over the 4 year period beginning in 2012. Additionally, the Camp expects to incur additional consultant fees in the amount of approximately \$25,000 in 2011 and program improvement expenses in the amounts of approximately \$75,000 in 2013.

CAMP HOLIDAY TRAILS, INC.

Notes to Financial Statements
December 31, 2010 (continued)

NOTE 11 - CONTINGENCY: (continued)

If it is determined that the Camp, during the project, is unsuitable to remain as a viable entity, the estimated income loss and costs associated with moving are estimated at approximately \$2,340,000 over 2 years, per the draft valuation report.

RWSA has expressed intentions to compensate the Camp fairly for loss of income and additional expenses due to the construction, but no formal agreement has been reached yet.

NOTE 12 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June 17, 2011, the date the financial statements were available to be issued. There were no significant subsequent events to be disclosed.