

**SPECIAL CAMPS FOR SPECIAL KIDS**  
*dba* **CAMP JOHN MARC**  
**AND**  
**CAMP JOHN MARC FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2016 AND 2015**

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC  
and CAMP JOHN MARC FOUNDATION  
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December 31, 2016 and 2015**

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**SALMON SIMS THOMAS**

*Accountants and Consultants*

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of Special Camps for Special Kids

We have audited the accompanying consolidated financial statements of Special Camps for Special Kids *dba* Camp John Marc and Camp John Marc Foundation (both nonprofit organizations) which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated 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**

Special Camps for Special Kids *dba* Camp John Marc and Camp John Marc Foundation's 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.

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Special Camps for Special Kids *dba* Camp John Marc and Camp John Marc Foundation as of December 31, 2016 and 2015, consolidated changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 21-24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Salmon Sims Thomas & Associates".

Salmon Sims Thomas & Associates  
A Professional Limited Liability Company

May 22, 2017

**SPECIAL CAMPS FOR SPECIAL KIDS dba CAMP JOHN MARC  
and CAMP JOHN MARC FOUNDATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 and 2015**

**ASSETS**

	<u><b>2016</b></u>	<u><b>2015</b></u>
Cash, unrestricted	\$ 804,931	\$ 1,069,478
Cash restricted for endowment	198,000	198,000
Prepaid expenses and other assets	77,498	95,937
Unconditional promises to give	-	2,000
Investments, unrestricted	-	9,104
Investments, Board designated	8,930,292	7,964,646
Property and equipment		
Unrestricted property and equipment, net of accumulated depreciation	6,174,674	6,515,919
Temporarily restricted land	544,666	544,666
Deferred compensation trust	-	689,187
	<u>\$ 16,730,061</u>	<u>\$ 17,088,937</u>
Total Assets	<u>\$ 16,730,061</u>	<u>\$ 17,088,937</u>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable	\$ 73,856	\$ 77,207
Deferred rent	7,992	8,854
Deferred compensation liability	-	689,187
	<u>81,848</u>	<u>775,248</u>
Total Liabilities	<u>81,848</u>	<u>775,248</u>
Net Assets:		
<i>Unrestricted</i>		
Undesignated	6,668,028	7,376,033
Board designated	8,930,292	7,964,646
Total Unrestricted	<u>15,598,320</u>	<u>15,340,679</u>
<i>Temporarily restricted</i>	851,893	775,010
<i>Permanently restricted</i>	198,000	198,000
	<u>16,648,213</u>	<u>16,313,689</u>
Total Net Assets	<u>16,648,213</u>	<u>16,313,689</u>
Total Liabilities and Net Assets	<u>\$ 16,730,061</u>	<u>\$ 17,088,937</u>

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

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC  
and CAMP JOHN MARC FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
<b>Support and Revenue:</b>				
Contributions	\$ 203,761	\$ 397,045	\$ -	\$ 600,806
Camp user fees	550,207	-	-	550,207
Special events	985,783	-	-	985,783
Investment return	673,530	-	-	673,530
	<u>2,413,281</u>	<u>397,045</u>	<u>-</u>	<u>2,810,326</u>
Net assets released from restrictions:				
Satisfied by payments	<u>320,162</u>	<u>(320,162)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenue	 <u>2,733,443</u>	 <u>76,883</u>	 <u>-</u>	 <u>2,810,326</u>
<b>Expenses:</b>				
Camp operations	2,033,362	-	-	2,033,362
Management and general	334,810	-	-	334,810
Fund raising	107,630	-	-	107,630
	<u>2,475,802</u>	<u>-</u>	<u>-</u>	<u>2,475,802</u>
 Change in Net Assets	 257,641	 76,883	 -	 334,524
 Net Assets at Beginning of Year	 <u>15,340,679</u>	 <u>775,010</u>	 <u>198,000</u>	 <u>16,313,689</u>
 Net Assets at End of Year	 <u><u>\$ 15,598,320</u></u>	 <u><u>\$ 851,893</u></u>	 <u><u>\$ 198,000</u></u>	 <u><u>\$16,648,213</u></u>

The accompanying notes are an integral part of this financial statement.

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC  
and CAMP JOHN MARC FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and Revenue:</b>				
Contributions	\$ 605,366	\$ 289,810	\$ -	\$ 895,176
Camp user fees	545,832	-	-	545,832
Special events	970,292	-	-	970,292
Investment return	39,985	-	-	39,985
Other Income	3,102	-	-	3,102
	<u>2,164,577</u>	<u>289,810</u>	<u>-</u>	<u>2,454,387</u>
Net assets released from restrictions:				
Satisfied by payments	679,579	(679,579)	-	-
	<u>2,844,156</u>	<u>(389,769)</u>	<u>-</u>	<u>2,454,387</u>
<b>Expenses:</b>				
Camp operations	2,057,425	-	-	2,057,425
Management and general	270,480	-	-	270,480
Fund raising	95,344	-	-	95,344
	<u>2,423,249</u>	<u>-</u>	<u>-</u>	<u>2,423,249</u>
Change in Net Assets	420,907	(389,769)	-	31,138
<b>Net Assets at Beginning of Year</b>	<u>14,919,772</u>	<u>1,164,779</u>	<u>198,000</u>	<u>16,282,551</u>
<b>Net Assets at End of Year</b>	<u>\$15,340,679</u>	<u>\$ 775,010</u>	<u>\$ 198,000</u>	<u>\$16,313,689</u>

The accompanying notes are an integral part of this financial statement.

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC  
and CAMP JOHN MARC FOUNDATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Camp Operations</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and wages	\$ 721,464	\$ 163,430	\$ 70,041	\$ 954,936
Payroll taxes	62,381	23,820	5,911	92,112
Employee health and retirement	95,647	18,177	7,790	121,614
Insurance	94,341	15,942	-	110,283
Professional fees	-	53,497	-	53,497
Bank and investment fees	-	10,186	-	10,186
Supplies	205,038	6,364	-	211,402
Technology	13,955	4,771	2,045	20,771
Postage and shipping	2,671	1,653	801	5,125
Occupancy	217,271	20,245	6,073	243,589
Equipment rental and repairs	623	2,178	-	2,801
Printing and artwork	2,430	1,701	729	4,860
Transportation costs	12,369	394	169	12,932
Conferences, conventions and meetings	3,690	902	-	4,592
Memberships, dues and subscriptions	-	6,787	-	6,787
Other office expenses	73,670	4,762	-	78,432
Special events	60,202	-	14,070	74,272
Total Expenses before Depreciation	<u>1,565,752</u>	<u>334,810</u>	<u>107,630</u>	<u>2,008,192</u>
Depreciation	<u>467,610</u>	<u>-</u>	<u>-</u>	<u>467,610</u>
Total Expenses	<u><u>\$ 2,033,362</u></u>	<u><u>\$ 334,810</u></u>	<u><u>\$ 107,630</u></u>	<u><u>\$ 2,475,802</u></u>

The accompanying notes are an integral part of this financial statement.



**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC  
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Camp Operations</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and wages	\$ 676,680	\$ 112,782	\$ 48,335	\$ 837,797
Payroll taxes	53,330	6,235	2,672	62,237
Employee health and retirement	85,197	16,660	7,140	108,997
Insurance	106,173	16,281	-	122,454
Professional fees	-	53,883	-	53,883
Bank and investment fees	-	8,137	-	8,137
Supplies	198,866	-	2,892	201,758
Technology	3,777	2,140	962	6,879
Postage and shipping	1,873	1,311	562	3,746
Occupancy	355,608	28,109	8,716	392,433
Equipment rental and repairs	738	3,255	-	3,993
Printing and artwork	2,263	1,132	1,131	4,526
Transportation costs	13,463	773	331	14,567
Conferences, conventions and meetings	4,514	676	-	5,190
Memberships, dues and subscriptions	-	6,132	-	6,132
Other office expenses	82,086	12,974	39	95,099
Special events	-	-	22,564	22,564
Total Expenses before Depreciation	<u>1,584,568</u>	<u>270,480</u>	<u>95,344</u>	<u>1,950,392</u>
Depreciation	<u>472,857</u>	<u>-</u>	<u>-</u>	<u>472,857</u>
Total Expenses	<u>\$ 2,057,425</u>	<u>\$ 270,480</u>	<u>\$ 95,344</u>	<u>\$ 2,423,249</u>

The accompanying notes are an integral part of this financial statement.

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC  
and CAMP JOHN MARC FOUNDATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 334,524	\$ 31,138
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	467,610	472,857
Non cash donation - horses	(6,400)	(407,500)
Realized gain on sales of investments	(187,580)	(29,513)
Unrealized investment loss (gain)	(234,176)	272,701
Reinvested dividends	(251,109)	(282,545)
Changes in operating assets and liabilities:		
Unconditional promises to give	2,000	100,250
Prepaid and other assets	18,439	(3,822)
Accounts payable	(3,351)	8,115
Deferred rent	(862)	8,854
Deferred compensation liability	(689,187)	46,518
Net Cash Provided (Used) by Operating Activities	<u>(550,092)</u>	<u>217,053</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(119,965)	(208,404)
Purchases of investments	(764,122)	(312,758)
Proceeds from deferred compensation trust liquidation	689,187	-
Proceeds from sales of investments	480,445	280,034
Net Cash Provided (Used) by Investing Activities	<u>285,545</u>	<u>(241,128)</u>
Net Decrease in Cash and Cash Equivalents	(264,547)	(24,075)
<b>Unrestricted cash at beginning of year</b>	<u>1,069,478</u>	<u>1,093,553</u>
<b>Unrestricted cash at end of year</b>	<u>\$ 804,931</u>	<u>\$ 1,069,478</u>

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

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC  
and CAMP JOHN MARC FOUNDATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2016 and 2015**

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**Note 1 – Summary of Significant Accounting Policies**

The summary of significant accounting policies of Special Camps for Special Kids *dba* Camp John Marc (Special Camps) and Camp John Marc Foundation (Foundation) (collectively, the Organization) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the fairness and objectivity embodied in the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Organization**

Special Camps is a not-for-profit organization qualified under Section 501(c)(3) of the Internal Revenue Code. In 1987, Special Camps was established to provide and operate camp facilities and improve the quality of life of Texas area children with chronic illnesses or major physical disabilities, while providing necessary daily medical treatment. Construction of the original camping facilities was substantially complete in May 1991. The first camping season began in June 1991.

Each year Special Camps benefits over 2,000 kids ages six to sixteen from all over the state of Texas with conditions such as spina bifida, muscular dystrophy, sickle cell anemia, hemophilia, childhood cancer, cystic fibrosis, juvenile arthritis, kidney disease, and asthma. Individual camps are illness-specific, introducing children to others dealing with the same debilitating disease as their own. Special Camps serves as a model for the national and international therapeutic camping community.

The Foundation is a not-for-profit organization qualified under Section 501(c)(3) of the Internal Revenue Code, and was created on January 28, 2004 to operate as a supporting organization (509(a)(2)) for Special Camps. The purpose of the Foundation is to hold, manage, and invest endowment funds of Special Camps, solicit contributions for Special Camps, and distribute funds and assets for the benefit of Special Camps.

**Principles of Consolidation**

Under the consolidation requirement per Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810-10 *Consolidation*, a not-for-profit organization must consolidate another not-for-profit organization in which it has a controlling financial interest. For this reason, Special Camps' and Foundation's statements of financial position as of December 31, 2016 and 2015, and statements of activities, functional expenses and cash flows for the years ended December 31, 2016 and 2015, have been consolidated. All transactions between the two entities were eliminated upon consolidation.

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC  
and CAMP JOHN MARC FOUNDATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2016 and 2015**

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**Note 1 – Summary of Significant Accounting Policies (CONTINUED)**

**Cash Equivalents**

The Organization considers all short-term investments with an original maturity of ninety days or less to be cash equivalents. The Organization places cash, which, at times, may exceed federally insured limits with high-credit-quality institutions. The Organization has not experienced any losses on such amounts.

**Investments**

Investments, consisting of equity securities and mutual funds and certificates of deposit are stated at their current market values. Equity securities are comprised of individual equity shares of publicly traded companies. Mutual funds consist of domestic government and corporate bonds, foreign bonds, domestic value and growth stocks, and foreign stocks. Investment return consists of interest and dividend income, realized gains or losses, and unrealized gains or losses. Investment income is included in unrestricted income from operations, unless restricted by the donor.

**Unconditional Promises to Give**

Contributions are recognized when a donor makes a pledge to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions (primarily restrictions as to purpose and/or time) are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for uncollectible promises to give at December 31, 2016 and 2015.

**Property and Equipment**

Property and equipment are stated at cost, when purchased, or at fair value as of the date of the gift, when donated. Major expenditures and expenditures which substantially increase useful lives are capitalized. Maintenance, repairs, and replacements, which do not improve or extend the lives of the respective assets, are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed, and any gain or loss is included in operations.

Donated assets are reported as unrestricted support unless the donor has restricted the asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are

**SPECIAL CAMPS FOR SPECIAL KIDS dba CAMP JOHN MARC  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2016 and 2015**

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**Note 1 – Summary of Significant Accounting Policies (CONTINUED)**

placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation and amortization are calculated using the straight-line method at rates sufficient to amortize the related costs over the estimated useful lives of the respective assets. Estimated useful lives are as follows:

Building and improvements	30 years
Furniture and fixtures	7 years
Computer and office equipment	5 to 7 years
Horses and tack	5 years
Vehicles	5 years

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in recording depreciation and amortization, allocation of functional expenses and realizable value of unconditional promises to give. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

**Contributed Services**

During the years ended December 31, 2016 and 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been presented on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among camp operations, management and general, and fund raising.

**Fair Value Measurements**

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**SPECIAL CAMPS FOR SPECIAL KIDS dba CAMP JOHN MARC  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2016 and 2015**

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**Note 1 – Summary of Significant Accounting Policies (CONTINUED)**

Following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at December 31, 2016 and 2015.

**Fair Value Measurements (Continued)**

*Mutual funds:* Mutual funds are valued at the closing price reported in an active market in which the mutual fund is traded.

*Equities:* Valued at the closing price in an active market in which the equity is traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The provisions of Topic 820 did not have an impact on the Organization's nonfinancial assets and nonfinancial liabilities that are not permitted or required to be measured at fair value on a recurring basis.

**Income Taxes**

Special Camps is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. Special Camps has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to Special Camps qualify for deductions as charitable contributions. However, income generated from activities unrelated to Special Camp's exempt purpose is subject to tax under IRC Section 511. There was no net income from unrelated business for the years ended December 31, 2016 and 2015.

The Foundation is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. The Foundation has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Foundation qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under IRC Section 511. There was no net income from unrelated business for the years ended December 31, 2016 and 2015.

**Accounting for Uncertainty in Income Taxes**

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded

**SPECIAL CAMPS FOR SPECIAL KIDS dba CAMP JOHN MARC  
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December 31, 2016 and 2015**

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**Note 1 – Summary of Significant Accounting Policies (CONTINUED)**

in the statement of activities or accrued in the statement of financial position. Federal and state tax returns of the entity are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

**Compensated Absences**

Compensated absences for personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

**Date of Management's Review**

The Organization has evaluated subsequent events through May 22, 2017, which is the date the financial statements were available to be issued.

**Note 2 – Investments**

Investments are stated at fair value as of December 31, 2016 and 2015 and consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
<b>2016</b>			
Professionally managed funds:			
Equity mutual funds	\$3,588,050	\$5,478,967	\$ 1,890,919
Fixed income mutual funds	<u>3,552,833</u>	<u>3,451,325</u>	<u>(101,508)</u>
	<u>\$7,140,883</u>	<u>\$8,930,292</u>	<u>\$ 1,789,411</u>
<b>2015</b>			
Professionally managed funds:			
Equity mutual funds	\$3,328,811	\$4,856,993	\$ 1,528,182
Fixed income mutual funds	<u>3,234,698</u>	<u>3,116,757</u>	<u>(117,941)</u>
	<u>\$6,563,509</u>	<u>\$7,973,750</u>	<u>\$ 1,410,241</u>

Investment return is summarized as follows:

<b>2016</b>	
Interest income	\$ 665
Dividend income	251,109
Realized gains	187,580
Unrealized gain	<u>234,176</u>
Total investment return	<u>\$ 673,530</u>

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2016 and 2015**

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**Note 2 – Investments (CONTINUED)**

**2015**

Interest income	\$	628
Dividend income		282,545
Realized gains		29,513
Unrealized gains		<u>(272,701)</u>
Total investment return		\$ <u>39,985</u>

**Note 3 – Operating Leases**

In January 2015, the Organization signed an agreement for its office space. The lease requires monthly payments of \$3,048 escalating to \$3,302 by year 2020. The lease will expire in March 2020.

Future minimum lease payments under the noncancellable leases are approximately as follows:  
Year ending December 31,

2017	\$	37,900
2018		38,700
2019		39,400
2020		9,900
2021		<u>-</u>
Total	\$	<u>125,900</u>

**Note 4 – Unconditional Promises to Give**

Receivables of unconditional promises to give are recorded at face value. Unconditional promises to give at December 31, 2016 and 2015 were \$0 and \$2,000, respectively.



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**Note 5 – Property and Equipment**

Property and equipment at December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Unrestricted property and equipment:		
Land and land improvements	\$ 538,564	\$ 538,564
Land held for sale (See FN 14)	408,000	407,500
Buildings	10,382,770	10,377,491
Camp program facilities	643,292	644,417
Fixtures, furnishings, and equipment	1,679,314	1,586,736
Access roads	67,147	56,747
Vehicles	72,882	95,135
Horses and tack	<u>41,920</u>	<u>35,520</u>
	13,833,889	13,742,110
Accumulated depreciation	<u>(7,659,215)</u>	<u>(7,226,191)</u>
Net unrestricted property and equipment	6,174,674	6,515,919
Temporarily restricted land	<u>544,666</u>	<u>544,666</u>
	<u>\$ 6,719,340</u>	<u>\$ 7,060,585</u>

**Note 6 – Board Designated Net Assets**

The Board of Directors has designated certain investments as an endowment fund. These investments are held in separate bank and investment accounts.

Board designations do not meet the criteria for being classified as restricted net assets. Board designations are not donor-imposed restrictions and are subject to change at the Board's discretion.

Board restricted net assets are available for the following purpose as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Foundation endowment	\$8,930,292	\$7,964,646

**Note 7 – Temporarily Restricted Net Assets**

Temporarily restricted net assets are available to fund capital projects, or for subsequent periods. Net assets are released from donor restrictions by incurring capital expenditures relating to the donors' original purpose, or the expiration of time restrictions.

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**Note 7 – Temporarily Restricted Net Assets (CONTINUED)**

Temporarily restricted net assets are available for the following purposes or periods as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Live Oak campaign	\$ 50,041	\$ 38,470
Donated land	544,666	544,666
Subsequent periods	105,526	176,274
Our House	94,510	-
Scholarship fund	57,150	-
Other	<u>-</u>	<u>15,600</u>
	<u>\$ 851,893</u>	<u>\$ 775,010</u>

Special Camps has land that was donated in 1987 with an original value of \$544,666 that is temporarily restricted until the year 2086 for the use of Special Camps. Otherwise, the land must be given to the Texas Scottish Rite Hospital for Children.

Temporarily restricted net assets released from restriction for the years ended December 31, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Live Oak campaign	\$ 38,470	\$ 98,448
Subsequent periods	170,884	-
Camping	25,631	59,310
Scholarship	3,850	-
Activity building	-	389,156
Other	<u>81,327</u>	<u>132,665</u>
	<u>\$ 320,162</u>	<u>\$ 679,579</u>

**Note 8 – Permanently Restricted Net Assets**

Net assets of \$198,000 are permanently restricted to establish an endowment fund for Special Camps. Earnings from endowments may be used to fund operations of Special Camps. (See Note 10 for more information on endowments.)

**Note 9 – Retirement Plans**

In 2003, Special Camps established a 403(b)(7) defined contribution plan (Plan). The Plan covers all eligible employees, as defined. Under the Plan, employees can contribute a portion of their pre-tax compensation. The Foundation contributed \$31,945 and \$38,496 in to the Plan for the years ended December 31, 2016 and 2015, respectively.

In 2003, Special Camps approved an employment agreement (Agreement) with its former Executive Director (Employee). The Agreement is a non-qualified deferred compensation plan as described in subsection (f) of Section 457 of the Internal Revenue Code. Under the Agreement,

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**Note 9 – Retirement Plans (CONTINUED)**

Special Camps contributed a discretionary amount annually (as determined by the Executive Committee of Special Camps), through the date of the Employee's termination of service, to a rabbi trust (Trust) established by Special Camps. The Trust invested in stocks and bonds. Upon termination of service, other than for cause, the Employee became 100% vested in all contributions to the Trust. Special Camps contributed \$0 and \$44,000 to the Trust in 2016 and in 2015, respectively. The Trust was liquidated in 2016 and all proceeds were paid to the employee.

**Note 10 – Endowments**

Effective January 1, 2008, the Organization adopted the provisions of FASB guidance related to, *Endowments for Non-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. This position provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Organization's endowments were established to support Special Camps and include both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with the endowment funds, including funds designated by the Board, are classified and reported based on the existence or absence of donor-imposed restrictions

Interpretation of Relevant Law

The Board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act of 2007 (the Act) 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 as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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**Note 10 – Endowments (Continued)**

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
7. The investment policies of the Organization

Changes in endowment net assets for the year ended December 31, 2016 were as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 7,964,646	\$ -	\$ 198,000	\$ 8,162,646
Contributions	350,000	-	-	350,000
Investment Income	240,081	-	-	240,081
Realized and unrealized gain	379,168	-	-	379,168
Expenses	(3,603)	-	-	(3,603)
Endowment net assets, end of year	<u>\$ 8,930,292</u>	<u>\$ -</u>	<u>\$ 198,000</u>	<u>\$ 9,128,292</u>

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Changes in endowment net assets for the year ended December 31, 2015 were as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 7,926,525	\$ -	\$ 198,000	\$ 8,124,525
Investment Income	269,421	-	-	269,421
Realized and unrealized loss	(216,456)	-	-	(216,456)
Expenses	(14,844)	-	-	(14,844)
Endowment net assets, end of year	<u>\$ 7,964,646</u>	<u>\$ -</u>	<u>\$ 198,000</u>	<u>\$ 8,162,646</u>

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**Funds with Deficiencies**

There were no endowment funds with deficiencies.

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC  
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**Note 10 – Endowments (Continued)**

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 principal of the endowment assets. Endowment assets include those assets of donor-restricted funds as well as board designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner in diverse investments without a target return other than earning the highest rate of return without undue risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization invests only in publicly traded mutual funds of a diversified mix, with 40% in fixed income and 60% in equity investments.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization has a policy of appropriating for distribution funds on a need basis each year. In establishing these policies, the Organization considered the expected return on its endowment.

**Note 11 – Fair Value Measurements**

Fair values of assets measured on a recurring basis at December 31, 2016 and 2015 are as follows:

		<u>Fair Value Measurements at Reporting Date Using:</u>		
		Quoted Prices in Active markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		<u>Fair Value</u>		
<b>December 31, 2016</b>				
Equity mutual funds	\$ 5,478,967	\$ 5,478,967	\$ -	\$ -
Fixed income mutual funds	<u>3,451,325</u>	<u>3,451,325</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,930,292</u>	<u>\$ 8,930,292</u>	<u>\$ -</u>	<u>\$ -</u>
<b>December 31, 2015</b>				
Equity mutual funds	\$ 4,856,993	\$ 4,856,993	\$ -	\$ -
Fixed income mutual funds	<u>3,116,757</u>	<u>3,116,757</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,973,750</u>	<u>\$ 7,973,750</u>	<u>\$ -</u>	<u>\$ -</u>

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC  
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December 31, 2016 and 2015**

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**Note 12 – Related Party Transactions**

The Organization purchased insurance from an entity managed by a board member. Total amounts paid to the entity were approximately \$40,259 and \$33,300 in 2016 and 2015, respectively.

Special Camps utilized interior design services from an entity owned by a board member for the completion of certain camp facilities. Total amounts paid to the entity were approximately \$5,620 and \$2,000 in 2016 and 2015, respectively.

**Note 13 – Reclassification of Prior Year Presentation**

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the consolidated statement of financial position. In 2016, the Organization concluded that it's appropriate that cash restricted for endowment be presented as a separate line item on the face of the consolidated statement of financial position as an adequate disclosure.

**Note 14 – Subsequent Events**

In 2015, the Organization was a fifty percent beneficiary to a donated piece of land in Bosque County, Texas from the Estate of William Clarke. As of December 31, 2016, the value of the Organization's fifty percent stake was \$408,000. In January, 2017, the Organization sold their entire fifty percent stake in the land for approximately \$490,000 realizing a gain of approximately \$82,000.

## **SUPPLEMENTARY INFORMATION**

**SPECIAL CAMPS FOR SPECIAL KIDS**  
**dba CAMP JOHN MARC AND CAMP JOHN MARC FOUNDATION**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

	Special Camps for Special Kids <i>dba</i> Camp John Marc	Camp John Marc Foundation	Reclassifications and Eliminations	Total
<b>Assets</b>				
Cash, unrestricted	\$ 804,931	\$ -	\$ -	\$ 804,931
Cash restricted for endowment	198,000	-	-	198,000
Prepaid expenses and other assets	72,300	5,198	-	77,498
Unconditional promises to give	-	-	-	-
Investments, unrestricted	-	-	-	-
Investments, Board designated	-	8,930,292	-	8,930,292
Property and equipment				
Unrestricted property and equipment, net of accumulated depreciation	6,174,674	-	-	6,174,674
Temporarily restricted land	544,666	-	-	544,666
Deferred compensation trust	-	-	-	-
Total Assets	<u>\$ 7,794,571</u>	<u>\$ 8,935,490</u>	<u>\$ -</u>	<u>\$ 16,730,061</u>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable	\$ 67,619	6,237	\$ -	\$ 73,856
Deferred rent	7,992	-	-	7,992
Deferred compensation liability	-	-	-	-
Total Liabilities	<u>75,611</u>	<u>6,237</u>	<u>-</u>	<u>81,848</u>
Net Assets:				
Unrestricted	6,669,067	8,929,253	-	15,598,320
Temporarily restricted	851,893	-	-	851,893
Permanently restricted	198,000	-	-	198,000
Total Net Assets	<u>7,718,960</u>	<u>8,929,253</u>	<u>-</u>	<u>16,648,213</u>
Total Liabilities and Net Assets	<u>\$ 7,794,571</u>	<u>\$ 8,935,490</u>	<u>\$ -</u>	<u>\$ 16,730,061</u>

See Independent Auditors' Report.



**SPECIAL CAMPS FOR SPECIAL KIDS**  
**dba CAMP JOHN MARC AND CAMP JOHN MARC FOUNDATION**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

	Special Camps for Special Kids <i>dba</i> Camp John Marc	Camp John Marc Foundation	Reclassifications and Eliminations	Total
<b>Assets</b>				
Cash, unrestricted	\$ 1,069,478	\$ -	\$ -	\$ 1,069,478
Cash restricted for endowment	198,000	-	-	198,000
Prepaid expenses and other assets	90,948	4,989	-	95,937
Unconditional promises to give	2,000	-	-	2,000
Investments, unrestricted	9,104	-	-	9,104
Investments, Board designated	-	7,964,646	-	7,964,646
Property and equipment				
Unrestricted property and equipment, net of accumulated depreciation	6,515,919	-	-	6,515,919
Temporarily restricted land	544,666	-	-	544,666
Deferred compensation trust	689,187	-	-	689,187
Total Assets	<u>\$ 9,119,302</u>	<u>\$ 7,969,635</u>	<u>\$ -</u>	<u>\$ 17,088,937</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable	\$ 77,207	\$ -	\$ -	\$ 77,207
Note payable	8,854	-	-	8,854
Deferred compensation liability	689,187	-	-	689,187
Total Liabilities	<u>775,248</u>	<u>-</u>	<u>-</u>	<u>775,248</u>
<b>Net Assets</b>				
Unrestricted	7,371,044	7,969,635	-	15,340,679
Temporarily restricted	775,010	-	-	775,010
Permanently restricted	198,000	-	-	198,000
Total Net Assets	<u>8,344,054</u>	<u>7,969,635</u>	<u>-</u>	<u>16,313,689</u>
Total Liabilities and Net Assets	<u>\$ 9,119,302</u>	<u>\$ 7,969,635</u>	<u>\$ -</u>	<u>\$ 17,088,937</u>

See Independent Auditors' Report.

**SPECIAL CAMPS FOR SPECIAL KIDS**  
**dba CAMP JOHN MARC AND CAMP JOHN MARC FOUNDATION**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Unrestricted</b>	Special Camps for Special Kids <i>dba</i> Camp John Marc	Camp John Marc Foundation	Reclassifications and Eliminations	Total
<b>Support and revenue:</b>				
Contributions	\$ 203,761	\$ 350,000	\$ (350,000)	\$ 203,761
Camp user fees	550,207	-	-	550,207
Special events	985,783	-	-	985,783
Investment return (loss)	54,280	619,250	-	673,530
Other income	-	-	-	-
	<u>1,794,031</u>	<u>969,250</u>	<u>(350,000)</u>	<u>2,413,281</u>
Net assets released from restriction	320,162	-	-	320,162
Total Support and Revenue	<u>2,114,193</u>	<u>969,250</u>	<u>(350,000)</u>	<u>2,733,443</u>
<b>Expenses:</b>				
Camp operations	2,033,362	-	-	2,033,362
Management and general	675,179	9,631	(350,000)	334,810
Fund raising	107,630	-	-	107,630
	<u>2,816,171</u>	<u>9,631</u>	<u>(350,000)</u>	<u>2,475,802</u>
Change in unrestricted Net Assets	<u>(701,978)</u>	<u>959,619</u>	<u>-</u>	<u>257,641</u>
<b>Temporarily Restricted Net Assets</b>				
Contributions	397,045	-	-	397,045
Net assets released from restriction	<u>(320,162)</u>	<u>-</u>	<u>-</u>	<u>(320,162)</u>
Change in temporarily restricted net assets	<u>76,883</u>	<u>-</u>	<u>-</u>	<u>76,883</u>
<b>Change in net assets</b>	<u>(625,095)</u>	<u>959,619</u>	<u>-</u>	<u>334,524</u>
<b>Net Assets at Beginning of Year</b>	<u>8,344,055</u>	<u>7,969,634</u>	<u>-</u>	<u>16,313,689</u>
<b>Net Assets at End of Year</b>	<u>\$ 7,718,960</u>	<u>\$ 8,929,253</u>	<u>\$ -</u>	<u>\$ 16,648,213</u>

See Independent Auditors' Report.

**SPECIAL CAMPS FOR SPECIAL KIDS**  
**dba CAMP JOHN MARC AND CAMP JOHN MARC FOUNDATION**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Special Camps for Special Kids <i>dba</i> Camp John Marc	Camp John Marc Foundation	Reclassifications and Eliminations	Total
<b>Unrestricted</b>				
<b>Support and revenue:</b>				
Contributions	\$ 605,366	\$ -	\$ -	\$ 605,366
Camp user fees	545,832	-	-	545,832
Special events	970,292	-	-	970,292
Investment return	(9,879)	49,864	-	39,985
Other Income	-	3,102	-	3,102
	<u>2,111,611</u>	<u>52,966</u>	<u>-</u>	<u>2,164,577</u>
Net assets released from restriction	679,579	-	-	679,579
Total Support and Revenue	<u>2,791,190</u>	<u>52,966</u>	<u>-</u>	<u>2,844,156</u>
<b>Expenses:</b>				
Camp operations	2,057,425	-	-	2,057,425
Management and general	260,623	9,857	-	270,480
Fund raising	95,344	-	-	95,344
	<u>2,413,392</u>	<u>9,857</u>	<u>-</u>	<u>2,423,249</u>
Change in unrestricted Net Assets	<u>377,798</u>	<u>43,109</u>	<u>-</u>	<u>420,907</u>
<b>Temporarily Restricted Net Assets</b>				
Contributions	289,810	-	-	289,810
Net assets released from restriction	(679,579)	-	-	(679,579)
	<u>(389,769)</u>	<u>-</u>	<u>-</u>	<u>(389,769)</u>
Change in temporarily restricted net assets	<u>(389,769)</u>	<u>-</u>	<u>-</u>	<u>(389,769)</u>
<b>Change in net assets</b>	(11,971)	43,109	-	31,138
<b>Net Assets at Beginning of Year</b>	<u>8,356,026</u>	<u>7,926,525</u>	<u>-</u>	<u>16,282,551</u>
<b>Net Assets at End of Year</b>	<u>\$ 8,344,055</u>	<u>\$ 7,969,634</u>	<u>\$ -</u>	<u>\$ 16,313,689</u>

See Independent Auditors' Report.