

SPECIAL CAMPS FOR SPECIAL KIDS
dba **CAMP JOHN MARC**
AND
CAMP JOHN MARC FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2015 AND 2014

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC
and CAMP JOHN MARC FOUNDATION
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December 31, 2015 and 2014**

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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, 2015 and 2014, 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, 2015 and 2014, consolidated 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.

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 20-23 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.



Salmon Sims Thomas & Associates
A Professional Limited Liability Company

June 6, 2016

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC
and CAMP JOHN MARC FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

ASSETS

	<u>2015</u>	<u>2014</u>
Cash, unrestricted	\$ 1,069,478	\$ 1,093,553
Prepaid expenses and other assets	95,937	92,115
Unconditional promises to give	2,000	102,250
Investments, unrestricted	9,104	21,662
Investments, restricted for endowment	8,162,646	8,124,525
Property and equipment		
Unrestricted property and equipment, net of accumulated depreciation	6,515,919	6,372,872
Temporarily restricted land	544,666	544,666
Deferred compensation trust	689,187	642,669
	<u> </u>	<u> </u>
Total Assets	<u>\$ 17,088,937</u>	<u>\$ 16,994,312</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 77,207	\$ 69,092
Deferred rent	8,854	-
Deferred compensation liability	689,187	642,669
	<u> </u>	<u> </u>
Total Liabilities	<u>775,248</u>	<u>711,761</u>
Net Assets:		
<i>Unrestricted</i>		
Undesignated	7,376,033	6,993,247
Board designated	7,964,646	7,926,525
Total Unrestricted	<u>15,340,679</u>	<u>14,919,772</u>
<i>Temporarily restricted</i>	775,010	1,164,779
<i>Permanently restricted</i>	198,000	198,000
	<u> </u>	<u> </u>
Total Net Assets	<u>16,313,689</u>	<u>16,282,551</u>
Total Liabilities and Net Assets	<u>\$ 17,088,937</u>	<u>\$ 16,994,312</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, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
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	<u>679,579</u>	<u>(679,579)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenue	 <u>2,844,156</u>	 <u>(389,769)</u>	 <u>-</u>	 <u>2,454,387</u>
 Expenses:				
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
 Net Assets at Beginning of Year	 <u>14,919,772</u>	 <u>1,164,779</u>	 <u>198,000</u>	 <u>16,282,551</u>
 Net Assets at End of Year	 <u><u>\$ 15,340,679</u></u>	 <u><u>\$ 775,010</u></u>	 <u><u>\$ 198,000</u></u>	 <u><u>\$16,313,689</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, 2014**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Support and Revenue:				
Contributions	\$ 233,093	\$ 295,850	\$ -	\$ 528,943
Camp user fees	601,010	-	-	601,010
Special events	892,755	-	-	892,755
Investment return	626,552	-	-	626,552
Other Income	5,636	-	-	5,636
	<u>2,359,046</u>	<u>295,850</u>	<u>-</u>	<u>2,654,896</u>
Net assets released from restrictions:				
Satisfied by payments	<u>1,889,831</u>	<u>(1,889,831)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenue	 <u>4,248,877</u>	 <u>(1,593,981)</u>	 <u>-</u>	 <u>2,654,896</u>
 Expenses:				
Camp operations	1,909,440	-	-	1,909,440
Management and general	298,115	-	-	298,115
Fund raising	86,162	-	-	86,162
	<u>2,293,717</u>	<u>-</u>	<u>-</u>	<u>2,293,717</u>
 Change in Net Assets	 1,955,160	 (1,593,981)	 -	 361,179
 Net Assets at Beginning of Year	 <u>12,964,612</u>	 <u>2,758,760</u>	 <u>198,000</u>	 <u>15,921,372</u>
 Net Assets at End of Year	 <u>\$ 14,919,772</u>	 <u>\$ 1,164,779</u>	 <u>\$ 198,000</u>	 <u>\$ 16,282,551</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, 2015**

	<u>Camp Operations</u>	<u>Management & 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
Promotional expense	-	-	-	-
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
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses before Depreciation	1,584,568	270,480	95,344	1,950,392
Depreciation	472,857	-	-	472,857
	<hr/>	<hr/>	<hr/>	<hr/>
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 STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Camp Operations</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and wages	\$ 671,591	\$ 141,153	\$ 60,494	\$ 873,238
Payroll taxes	51,327	7,469	3,201	61,997
Employee health and retirement	73,886	18,207	7,489	99,582
Insurance	104,521	14,908	-	119,429
Professional fees	-	46,043	-	46,043
Promotional expense	-	248	-	248
Bank and investment fees	-	7,089	-	7,089
Supplies	208,477	3,012	3,646	215,135
Postage and shipping	1,159	811	446	2,416
Occupancy	259,163	6,833	1,775	267,771
Equipment rental and repairs	8,301	4,259	-	12,560
Printing and artwork	953	477	286	1,716
Transportation costs	13,519	973	105	14,597
Conferences, conventions and meetings	-	6,542	-	6,542
Memberships, dues and subscriptions	-	5,130	-	5,130
Other office expenses	119,136	34,961	8,720	162,817
Special events	6,004	-	-	6,004
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses before Depreciation	1,518,037	298,115	86,162	1,902,314
Depreciation	391,403	-	-	391,403
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 1,909,440</u>	<u>\$ 298,115</u>	<u>\$ 86,162</u>	<u>\$ 2,293,717</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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 31,138	\$ 361,179
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	472,857	391,403
Donation of land	(407,500)	-
Realized gain on sales of investments	(29,513)	(74,373)
Unrealized investment loss (gain)	272,701	(293,782)
Reinvested dividends	(283,171)	(198,123)
Changes in operating assets and liabilities:		
Unconditional promises to give	100,250	245,150
Prepaid and other assets	(3,822)	46,804
Accounts payable	8,115	(3,974)
Deferred rent	8,854	-
Deferred compensation liability	46,518	98,342
Net Cash Provided by Operating Activities	<u>216,427</u>	<u>572,626</u>
Cash flows from investing activities:		
Purchases of property and equipment	(208,404)	(1,202,988)
Purchases of investments	(312,132)	(7,659,828)
Transfer to deferred compensation trust	-	(98,342)
Proceeds from sales of investments	280,034	6,878,177
Net Cash Used by Investing Activities	<u>(240,502)</u>	<u>(2,082,981)</u>
Net Decrease in Cash and Cash Equivalents	(24,075)	(1,510,355)
Cash at beginning of year	<u>1,093,553</u>	<u>2,603,908</u>
Cash at end of year	<u>\$ 1,069,478</u>	<u>\$ 1,093,553</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, 2015 and 2014**

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 for Special Kids *dba* Camp John Marc 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, 2015 and 2014, and statements of activities, functional expenses and cash flows for the years ended December 31, 2015 and 2014, have been consolidated. All transactions between the two entities were eliminated upon consolidation. In 2004, Special Camps contributed approximately \$3.5 million of cash and investments to the Foundation.

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC
and CAMP JOHN MARC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014**

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, 2015 and 2014.

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

**SPECIAL CAMPS FOR SPECIAL KIDS dba CAMP JOHN MARC
and CAMP JOHN MARC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014**

Note 1 – Summary of Significant Accounting Policies (CONTINUED)

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, 2015 and 2014, 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.

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, 2015 and 2014.

**SPECIAL CAMPS FOR SPECIAL KIDS dba CAMP JOHN MARC
and CAMP JOHN MARC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014**

**Note 1 – Summary of Significant Accounting Policies (CONTINUED)
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, 2015 and 2014.

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, 2015 and 2014.

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 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.

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC
and CAMP JOHN MARC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014**

Note 1 – Summary of Significant Accounting Policies (CONTINUED)

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 June 6, 2016, 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, 2015 and 2014 and consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
2015			
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>
2014			
Professionally managed funds:			
Equity mutual funds	\$3,252,645	\$4,948,337	\$ 1,695,692
Fixed income mutual funds	<u>3,024,090</u>	<u>2,999,850</u>	<u>(24,240)</u>
	<u>\$6,276,735</u>	<u>\$7,948,187</u>	<u>\$ 1,671,452</u>

Investment return is summarized as follows:

2015		
Interest income		\$ 628
Dividend income		271,055
Realized gains		29,513
Unrealized loss		<u>(261,212)</u>
	Total investment return	<u>\$ 39,985</u>
2014		
Interest income		\$ 1,313
Dividend income		257,084
Realized gains		74,373
Unrealized gains		<u>293,782</u>
	Total investment return	<u>\$ 626,552</u>

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC
and CAMP JOHN MARC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014**

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,

2016	\$	37,100
2017		37,900
2018		38,700
2019		39,400
2020 and Thereafter		<u>9,900</u>
Total	\$	<u><u>163,000</u></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, 2015 and 2014 were \$2,000 and \$102,250, respectively.

Note 5 – Property and Equipment

Property and equipment at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Unrestricted property and equipment:		
Land and land improvements	\$ 946,064	\$ 538,564
Buildings	10,377,491	10,313,803
Camp program facilities	644,417	644,417
Fixtures, furnishings, and equipment	1,586,736	1,442,021
Access roads	56,747	56,747
Vehicles	95,135	95,135
Horses and tack	<u>35,520</u>	<u>35,520</u>
	13,742,110	13,126,207
Accumulated depreciation	<u>(7,226,191)</u>	<u>(6,753,335)</u>
Net unrestricted property and equipment	6,515,919	6,372,872
Temporarily restricted land	<u>544,666</u>	<u>544,666</u>
	<u>\$ 7,060,585</u>	<u>\$ 6,917,538</u>

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014**

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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Foundation endowment	\$7,964,646	\$7,926,525

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.

Temporarily restricted net assets are available for the following purposes or periods as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Purchase of property and equipment	\$ 38,470	\$ 98,448
Donated land	544,666	544,666
Subsequent periods	170,884	132,665
Activity building	-	389,000
Other	<u>15,600</u>	<u>-</u>
	<u>\$ 769,920</u>	<u>\$ 1,164,779</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, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Purchase of property and equipment	\$ 98,448	\$ 49,329
Donated facilities	-	58,090
Capital improvements	-	1,660,087
Camping	59,310	-
Activity building	389,156	-
Subsequent periods	<u>132,665</u>	<u>122,325</u>
	<u>\$ 679,579</u>	<u>\$ 1,889,831</u>

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC
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December 31, 2015 and 2014**

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. No employer contributions can be made to the Plan.

In 2003, Special Camps approved an employment agreement (Agreement) with its 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, Special Camps will contribute 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 is invested in stocks and bonds. Upon termination of service, other than for cause, the Employee shall become 100% vested in all contributions to the Trust. Special Camps contributed \$10,000 and \$44,000 to the Trust in 2015 and in 2014, respectively.

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.

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

Interpretation of Relevant Law (Continued)

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:

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, 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 losses	(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>

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014**

Note 10 – Endowments (Continued)

Changes in endowment net assets for the year ended December 31, 2014 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 6,593,734	\$ -	\$ 198,000	\$ 6,791,734
Contributions	775,675	-	-	775,675
Investment income	99,825	-	-	199,825
Realized and unrealized gains	366,529	-	-	366,529
Expenses	(9,238)	-	-	(9,238)
Endowment net assets, end of year	<u>\$ 7,926,525</u>	<u>\$ -</u>	<u>\$ 198,000</u>	<u>\$ 8,124,525</u>

Funds with Deficiencies

There were no endowment funds with deficiencies.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the 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.

**SPECIAL CAMPS FOR SPECIAL KIDS *dba* CAMP JOHN MARC
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014**

Note 11 – Fair Value Measurements

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

	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using:</u>		
		<u>Quoted Prices in Active markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
December 31, 2015				
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>
December 31, 2014				
Equity mutual funds	\$ 4,948,337	\$ 4,948,337	\$ -	\$ -
Fixed income mutual funds	<u>2,999,850</u>	<u>2,999,850</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,948,187</u>	<u>\$ 7,948,187</u>	<u>\$ -</u>	<u>\$ -</u>

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 \$33,300 and \$26,400 in 2015 and 2014, 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 \$2,000 and \$131,817 in 2015 and 2014, respectively.

SUPPLEMENTARY INFORMATION

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
Assets				
Cash, unrestricted	\$ 1,069,478	\$ -	\$ -	\$ 1,069,478
Prepaid expenses and other assets	90,949	4,988	-	95,937
Unconditional promises to give	2,000	-	-	2,000
Investments, unrestricted	9,104	-	-	9,104
Endowment assets	198,000	7,964,646	-	8,162,646
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>\$ 9,119,303</u>	<u>\$ 7,969,634</u>	<u>\$ -</u>	<u>\$ 17,088,937</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 77,207	\$ -	\$ -	\$ 77,207
Deferred rent	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>
Net Assets:				
Unrestricted	7,371,045	7,969,634	-	15,340,679
Temporarily restricted	775,010	-	-	775,010
Permanently restricted	198,000	-	-	198,000
Total Net Assets	<u>8,344,055</u>	<u>7,969,634</u>	<u>-</u>	<u>16,313,689</u>
Total Liabilities and Net Assets	<u>\$ 9,119,303</u>	<u>\$ 7,969,634</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 FINANCIAL POSITION
DECEMBER 31, 2014

	Special Camps for Special Kids <i>dba</i> Camp John Marc	Camp John Marc Foundation	Reclassifications and Eliminations	Total
Assets				
Cash, unrestricted	\$ 1,093,553	\$ -	\$ -	\$ 1,093,553
Prepaid expenses and other assets	86,507	5,608	-	92,115
Unconditional promises to give	107,250	-	(5,000)	102,250
Investments, unrestricted	21,662	-	-	21,662
Endowment assets	377,258	7,747,267	-	8,124,525
Related party receivables	-	184,868	(184,868)	-
Property and equipment				
Unrestricted property and equipment, net of accumulated depreciation	6,372,872	-	-	6,372,872
Temporarily restricted land	544,666	-	-	544,666
Deferred compensation trust	642,669	-	-	642,669
Total Assets	<u>\$ 9,246,437</u>	<u>\$ 7,937,743</u>	<u>\$ (189,868)</u>	<u>\$ 16,994,312</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 62,874	\$ 11,218	\$ (5,000)	\$ 69,092
Note payable	184,868	-	(184,868)	-
Deferred compensation liability	642,669	-	-	642,669
Total Liabilities	<u>890,411</u>	<u>11,218</u>	<u>(189,868)</u>	<u>711,761</u>
Net Assets				
Unrestricted	6,993,247	7,926,525	-	14,919,772
Temporarily restricted	1,164,779	-	-	1,164,779
Permanently restricted	198,000	-	-	198,000
Total Net Assets	<u>8,356,026</u>	<u>7,926,525</u>	<u>-</u>	<u>16,282,551</u>
Total Liabilities and Net Assets	<u>\$ 9,246,437</u>	<u>\$ 7,937,743</u>	<u>\$ (189,868)</u>	<u>\$ 16,994,312</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

Unrestricted	Special Camps for Special Kids <i>dba</i> Camp John Marc	Camp John Marc Foundation	Reclassifications and Eliminations	Total
Support and revenue:				
Contributions	\$ 605,366	\$ -	\$ -	\$ 605,366
Camp user fees	545,832	-	-	545,832
Special events	970,292	-	-	970,292
Investment return (loss)	(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>
Expenses:				
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>
Temporarily Restricted Net Assets				
Contributions	289,810	-	-	289,810
Net assets released from restriction	<u>(679,579)</u>	<u>-</u>	<u>-</u>	<u>(679,579)</u>
Change in temporarily restricted net assets	<u>(389,769)</u>	<u>-</u>	<u>-</u>	<u>(389,769)</u>
Change in net assets	(11,971)	43,109	-	31,138
Net Assets at Beginning of Year	<u>8,356,026</u>	<u>7,926,525</u>	<u>-</u>	<u>16,282,551</u>
Net Assets at End of Year	<u>\$ 8,344,055</u>	<u>\$ 7,969,634</u>	<u>\$ -</u>	<u>\$ 16,313,689</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, 2014

Unrestricted	Special Camps for Special Kids <i>dba</i> Camp John Marc	Camp John Marc Foundation	Reclassifications and Eliminations	Total
Support and revenue:				
Contributions	\$ 207,418	\$ 775,675	\$ (750,000)	\$ 233,093
Camp user fees	601,010	-	-	601,010
Special events	892,755	-	-	892,755
Investment return	65,833	560,719	-	626,552
Other Income	-	5,636	-	5,636
	<u>1,767,016</u>	<u>1,342,030</u>	<u>(750,000)</u>	<u>2,359,046</u>
Net assets released from restriction	1,889,831	-	-	1,889,831
Total Support and Revenue	<u>3,656,847</u>	<u>1,342,030</u>	<u>(750,000)</u>	<u>4,248,877</u>
Expenses:				
Camp operations	1,909,440	-	-	1,909,440
Management and general	1,038,876	9,239	(750,000)	298,115
Fund raising	86,162	-	-	86,162
	<u>3,034,478</u>	<u>9,239</u>	<u>(750,000)</u>	<u>2,293,717</u>
Change in unrestricted Net Assets	<u>622,369</u>	<u>1,332,791</u>	<u>-</u>	<u>1,955,160</u>
Temporarily Restricted Net Assets				
Contributions	295,850	-	-	295,850
Net assets released from restriction	<u>(1,889,831)</u>	<u>-</u>	<u>-</u>	<u>(1,889,831)</u>
Change in temporarily restricted net assets	<u>(1,593,981)</u>	<u>-</u>	<u>-</u>	<u>(1,593,981)</u>
Change in net assets	(971,612)	1,332,791	-	361,179
Net Assets at Beginning of Year	<u>9,327,638</u>	<u>6,593,734</u>	<u>-</u>	<u>15,921,372</u>
Net Assets at End of Year	<u>\$ 8,356,026</u>	<u>\$ 7,926,525</u>	<u>\$ -</u>	<u>\$ 16,282,551</u>

See Independent Auditors' Report.