REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

CAMP KOREY

December 31, 2017 and 2016

MOSSADAMS

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MOSSADAMS

Report of Independent Auditors

To the Board of Directors
Camp Korey

Report on the Financial Statements

We have audited the accompanying financial statements of Camp Korey, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows and functional expenses, for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 financial statements referred to above present fairly, in all material respects, the financial position of Camp Korey as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Seattle, Washington
May 16, 2019

ASSETS

	December 31, 2017	December 31, 2016
CURRENT ASSETS		
Cash and cash equivalents	$ 1,586,109	$ 2,117,910
Current portion of pledges receivable, net of allowance for doubtful accounts of $0 and $1,275 at December 31, 2017 and 2016, respectively (Note 3)	220,569	65,574
Grant receivable	110,000	-
Other receivables	116,041	145,561
Prepaid expenses and other	166,140	87,974
Total current assets	2,198,859	2,417,019
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation and amortization (Note 4)	4,203,333	3,548,709
INVESTMENTS (Notes 2 and 5)	1,260,745	1,067,398
PLEDGES RECEIVABLE, net of current portion (Note 3)	19,030	28,081
RESTRICTED CASH (Note 1)	539,273	539,273
OTHER ASSETS	14,650	14,540
Total assets	$ 8,235,890	$ 7,615,020

LIABILITIES AND NET ASSETS

	December 31, 2017	December 31, 2016
CURRENT LIABILITIES		
Accounts payable	$ 153,444	$ 118,163
Accrued liabilities	54,929	54,071
Deferred revenue (Note 13)	71,250	64,500
Current portion of capital lease obligation (Note 6)	7,589	6,964
Total current liabilities	287,212	243,698
CAPITAL LEASE OBLIGATION, net of current portion (Note 6)	27,526	35,115
TERM LOAN (Note 7)	3,150,000	3,150,000
Total liabilities	3,464,738	3,428,813
COMMITMENTS AND CONTINGENCIES (Notes 1, 6 and 7)		
NET ASSETS		
Unrestricted	3,153,155	2,247,049
Temporarily restricted (Note 10)	622,906	944,067
Permanently restricted (Note 11)	995,091	995,091
Total net assets	4,771,152	4,186,207
Total liabilities and net assets	$ 8,235,890	$ 7,615,020

See accompanying notes.

Camp Korey
Statements of Activities and Changes in Net Assets

	Years Ended December 31, 2017	2016
UNRESTRICTED NET ASSETS		
Support and revenue		
Contributed income	$ 1,319,378	$ 1,185,000
In-kind contributions (Note 8)	493,927	519,256
Earned revenue, net	18,165	110,389
Interest income	9,282	8,193
Total support from contributed income and earned revenue	1,840,752	1,822,838
Special event revenue	1,269,400	1,289,305
Less cost of direct benefit to donors	(226,677)	(210,898)
Net revenues from special events	1,042,723	1,078,407
Total support and revenue	2,883,475	2,901,245
Assets released from restriction	1,045,258	1,007,966
Assets redesignated by donor	-	(310,000)
Total unrestricted revenue	3,928,733	3,599,211
EXPENSES		
Program	1,429,014	3,745,007
Fundraising	767,728	996,469
Management and general	824,805	632,652
Total expenses	3,021,547	5,374,128
GAINS (LOSSES)		
Loss on disposal of assets	(1,080)	-
Loss on lease termination and disposal of assets (Note 4)	-	(4,883,126)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	906,106	(6,658,043)
TEMPORARILY RESTRICTED NET ASSETS		
Temporarily restricted support	530,749	436,336
Investment income, net	193,348	66,453
Net assets released from restriction	(1,045,258)	(1,007,966)
Redesignated contributions	-	310,000
Write off of leasehold asset	-	(7,961,667)
Decrease in temporarily restricted net assets	(321,161)	(8,156,844)
PERMANENTLY RESTRICTED NET ASSETS		
Permanently restricted support	-	27,111
INCREASE (DECREASE) IN NET ASSETS	584,945	(14,787,776)
NET ASSETS, beginning of year	4,186,207	18,973,983
NET ASSETS, end of year	$ 4,771,152	$ 4,186,207

See accompanying notes.

	Years Ended December 31, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 584,945	$ (14,787,776)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization expense	168,882	687,794
Loss on fixed assets	1,080	2,603,724
Allowance for doubtful accounts	(1,275)	(285)
In-kind donations of property and equipment	(60,449)	(7,000)
Unrealized/realized (gain) loss on investments	(171,279)	(37,734)
Interest and dividends on investments	(22,068)	(28,719)
Donated stock	-	(76,110)
Contributions restricted for permanent endowment	-	(27,111)
Write off of leasehold rights (Note 1)	-	10,358,066
Changes in operating assets and liabilities		
Pledges receivable	(144,669)	514,408
Grant receivable	(110,000)	116,817
Other receivables	29,520	(134,280)
Prepaid expenses and other	(78,276)	9,931
Accounts payable	35,281	67,950
Accrued liabilities	858	(173,618)
Deferred revenue	6,750	14,976
Net cash provided by (used in) operating activities	239,300	(898,967)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(764,137)	(382,259)
Purchase of investments	-	(878,194)
Sale of investments	-	880,914
Proceeds from sale of fixed assets	-	2,000
Additions to restricted cash reserve account, net	-	(39,273)
Net cash used in investing activities	(764,137)	(416,812)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(6,964)	(14,907)
Contribution restricted for permanent endowment	-	27,111
Net cash (used in) provided by financing activities	(6,964)	12,204
NET DECREASE IN CASH AND CASH EQUIVALENTS	(531,801)	(1,303,575)
CASH AND CASH EQUIVALENTS, beginning of year	2,117,910	3,421,485
CASH AND CASH EQUIVALENTS, end of year	$ 1,586,109	$ 2,117,910
SUPPLEMENTAL DISCLOSURE AND NON-CASH INVESTING AND FINANCING ACTIVITIES		
Cash paid during the year for interest	$ 150,229	$ 42,256
Property and equipment purchased with term loan	$ -	$ 3,140,333
Equipment financed with capital lease	$ -	$ 43,437
Write off of restricted net asset land use	$ -	$ 7,961,667

Camp Korey
Statement of Functional Expenses
Year Ended December 31, 2017

	Program	Supporting Services: Fundraising	Supporting Services: Management and General	Supporting Services: Total	Total Expenses
PERSONNEL EXPENSES					
Salaries	$ 627,855	$ 338,869	$ 279,314	$ 618,183	$ 1,246,038
Employee benefits	51,140	21,253	21,654	42,907	94,047
Payroll taxes	67,451	33,352	20,260	53,612	121,063
Total personnel expenses	746,446	393,474	321,228	714,702	1,461,148
OTHER EXPENSES					
Fundraising	41	110,801	5	110,806	110,847
Program supplies	25,818	1,424	905	2,329	28,147
Food and hospitality	8,488	769	3,722	4,491	12,979
Medical supplies	51,322	47	140	187	51,509
Volunteer recruitment and training	1,917	-	54	54	1,971
Facilities and utilities	216,686	19,089	11,593	30,682	247,368
Depreciation and amortization	148,670	12,877	7,335	20,212	168,882
Donated goods and services	85,751	114,622	42,038	156,660	242,411
Professional fees	-	-	233,031	233,031	233,031
Interest expense	-	-	150,229	150,229	150,229
Other expenses	143,875	114,625	54,525	169,150	313,025
Total other expenses	682,568	374,254	503,577	877,831	1,560,399
Total expenses	$ 1,429,014	$ 767,728	$ 824,805	$ 1,592,533	$ 3,021,547

See accompanying notes.

Camp Korey
Statement of Functional Expenses
Year Ended December 31, 2016

	Program	Supporting Services: Fundraising	Supporting Services: Management and General	Supporting Services: Total	Total Expenses
PERSONNEL EXPENSES					
Salaries	$ 1,353,770	$ 433,494	$ 350,110	$ 783,604	$ 2,137,374
Employee benefits	130,002	40,676	29,303	69,979	199,981
Payroll taxes	137,387	43,873	33,290	77,163	214,550
Total personnel expenses	1,621,159	518,043	412,703	930,746	2,551,905
OTHER EXPENSES					
Fundraising	245	137,877	24	137,901	138,146
Program supplies	102,072	2,836	2,069	4,905	106,977
Food and hospitality	80,599	320	3,339	3,659	84,258
Medical supplies	12,857	10	-	10	12,867
Volunteer recruitment and training	12,206	10	756	766	12,972
Facilities and utilities	409,401	38,112	42,733	80,845	490,246
Depreciation and amortization	605,479	52,444	29,871	82,315	687,794
Donated goods and services	369,795	54,695	15,783	70,478	440,273
Other expenses	531,194	192,122	125,374	317,496	848,690
Total other expenses	2,123,848	478,426	219,949	698,375	2,822,223
Total expenses	$ 3,745,007	$ 996,469	$ 632,652	$ 1,629,121	$ 5,374,128

See accompanying notes.

Note 1 – Description of Operations and Significant Accounting Policies

Camp Korey (the Organization) was formed in 2005. The Organization is a not-for-profit corporation dedicated to honoring the courage, strength and determination of children and their families who battle life threatening and serious illnesses and to provide them with a safe, friendly, medically sound environment in which to simply have fun and be kids. The Organization holds week long camps at its facilities in Mt. Vernon, Washington (the property), and other year round programs including family weekend camps, camper reunions, and a hospital outreach program. The Organization also operates programs that integrate the historical and agricultural nature of the farm.

The Organization's significant accounting policies are summarized below.

Basis of accounting – The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of estimates – The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risks and uncertainties – In 2016, Camp Korey purchased a new camp facility financed with a bridge loan of $3,150,000 originally maturing in 2017, which subsequent to December 31, 2016, was extended to January 1, 2018. As of December 31, 2017, the full balance of the loan was current. Subsequent to December 31, 2017, the bridge loan maturity was extended to April 1, 2019 and was refinanced to a long-term loan, as described in Note 16.

Camp Korey continues to execute on its plan to improve operating results by focusing on new business development, increasing its donor base, and continuing close management of costs.

Camp Korey is subject to the risk and challenges associated with organizations at a similar stage of operation including dependence on key individuals, successful marketing of the Organization and its events, and ability to retain significant donors and sponsors.

Camp Korey operates in the not-for-profit sector, and accordingly, can be affected by a variety of factors. For example, management of the Organization believes that any of the following factors could have a significant negative effect on the Organization's future financial position, results of operations and cash flows; adverse economic conditions that impact donor's ability and willingness to attend events, and inability to retain significant donors.

Cash and cash equivalents – Cash and cash equivalents consist of cash on hand and in bank accounts and highly liquid short-term investments with original maturities of three months or less, which principally consists of money market funds.

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments – Investments consist of a money market account and one exchange traded fund that are carried at fair value, as described in Note 2, with any realized and unrealized gains and losses included in income. The investments are classified as long-term given their restricted nature.

Note 1 – Description of Operations and Significant Accounting Policies (continued)

Restricted cash – The Organization was required by its former lessor of the Carnation property to deposit funds monthly into a reserve account for major repairs and maintenance expenses. The reserve account was replenished each month with the lesser of $40,000 or actual spending until the reserve account balance reached $500,000. At December 31, 2017 and 2016, the balance in this reserve account was $539,273. During 2017 and 2016, $0 and $106,462, respectively, was spent on various capital improvement projects throughout the camp grounds. Due to the termination of the lease, these funds are currently subject to litigation with the former lessor and are still reported as restricted until legal matters are resolved. See Note 16 for subsequent events related to the unrestricted cash.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by purpose or time by the donor. Amounts received that are designated by the donor for specific purposes are reported as temporarily restricted support regardless of the time period when the restriction is fulfilled. Amounts that are designated by the donor for future time periods are reported as temporarily restricted support until the time period arrives. Additionally, promises to pay are reported as temporarily restricted support when the restriction is not fulfilled in the same period. Payments received for sponsorships and other earned revenue prior to the service period are deferred and recognized as earned during the service period.

Contributions that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional contributions are not included as support until the conditions are substantially met.

Contributed professional services are recognized at fair value. The work of non-professional volunteers has been assigned no monetary value but provides significant benefit to the Organization. See Note 8.

Special events – The Organization conducts special fundraising events, including a spring luncheon, and a fall dinner and auction. Revenues raised by special fundraising events are recorded separately from contributions, and include sponsorships and contributions made at the event. The cost of the direct benefit that participants receive at such events is presented as a line item on the statement of activities and changes in net assets and deducted from special event revenue to arrive at net revenues from special events.

A separately operated non-profit corporation, The Korey Foundation, holds an annual spring golf tournament in which the Organization is the sole beneficiary of any excess revenues over expenses that result.

Functional allocation of expenses – The costs of providing program services and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Note 1 – Description of Operations and Significant Accounting Policies (continued)

Land, buildings and equipment – Land, buildings, and equipment are stated at cost, if purchased, or fair value if contributed. Camper recreation equipment consisted of boats, teepees, pottery kiln, and various other equipment to enhance the camp experience. Depreciation and amortization is computed using the straight-line method over the useful lives of assets ranging from 5 to 20 years for furniture, equipment, and vehicles and 50 years for buildings. The Organization capitalizes asset purchases greater than $5,000.

Federal income taxes – The Organization is exempt from federal taxes on income as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is not considered a private foundation. Net unrelated business income, if any, is subject to federal income taxes under Sections 512 and 514. There were no taxes due for the years ended December 31, 2017 and 2016.

The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. The Organization recognizes interest and penalties related to income tax matters in income tax expense, if applicable. As of December 31, 2017 and 2016, the Organization is not aware of any uncertain tax positions that require accrual.

Subsequent events – Subsequent events are events or transactions that occur after the financial position date but before financial statements are available to be issued. The Organization recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the financial position date and before financials statements are available to be issued. See Note 16 for additional disclosures of these subsequent events.

Subsequent events were evaluated through May 16, 2019, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2017.

Note 2 – Fair Value Measurements

The Organization applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Quoted prices for similar assets or liabilities in active markets or inputs that are observable; and

Level 3 – Inputs that are unobservable. These valuations require significant judgment.

Note 2 – Fair Value Measurements (continued)

Investments include a money market account and a stock exchange-traded fund for an aggregate amount of $1,260,745 and $1,067,398 at December 31, 2017 and 2016, respectively. The fair value measurement of these assets is based on quoted market prices in active markets and, therefore, these assets are recorded at fair value on a recurring basis and classified as Level 1 assets. The Organization did not have any Level 2 or Level 3 assets or liabilities as of or during the years ended December 31, 2017 and 2016.

The transfer of assets between fair value hierarchy levels are recognized on the date the event occurs. There were no such transfers during the years ended December 31, 2017 and 2016.

There were no changes in valuation methodologies or assumptions during the years ended December 31, 2017 and 2016.

Note 3 – Pledges Receivable

Pledges receivable consist of unconditional promises to give cash from individuals, businesses and other organizations. Pledges are comprised of the following at December 31:

	2017	2016
Expected to be realized:		
In one year or less	$ 220,569	$ 66,849
Between one year and five years	20,000	30,000
Total	240,569	96,849
Less allowance for doubtful accounts	-	(1,275)
Less unamortized discount	(970)	(1,919)
	$ 239,599	$ 93,655

Pledges due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3.38%. Approximately 78% of pledges receivable at December 31, 2017, are due from two different donors Approximately 53% of pledges receivable at December 31, 2016, are due from two different donors.

Note 4 – Land, Buildings and Equipment and Leasehold Rights

Land, buildings and equipment consist of the following at December 31:

	2017	2016
Land	$ 882,319	$ 882,319
Buildings and improvements	2,992,738	2,258,014
Furniture, fixtures, and equipment	644,217	555,555
Camper recreation equipment	59,202	59,202
Vehicles	271,716	271,716
	4,850,192	4,026,806
Less accumulated depreciation and amortization	(646,859)	(478,097)
	$ 4,203,333	$ 3,548,709

Leasehold rights – In September 2016, the Organization terminated their lease agreement for its previous location at Carnation Farms and purchased new property in Mt. Vernon. Based on the terms of its previous lease, the Organization had recognized a leasehold rights asset and a temporarily restricted net asset, which were both being recognized as amortization expense and asset releases over the lease term. As a result of terminating their lease agreement and moving properties, the Organization wrote off the net value of certain assets, liabilities, and net assets related to the lease:

Leasehold rights	$ 10,358,066
Construction in process	440,778
Buildings	1,413,764
Furniture, fixtures, and equipment	564,898
Camper recreation equipment	184,274
Other	(116,987)
Temporarily restricted net assets	
Leasehold rights contribution	(7,961,667)
Total loss on lease termination and disposal of assets	$ 4,883,126

Note 5 – Investments

Investments are stated at the fair value based on quoted market prices and consist of the following at December 31:

	2017	2016
Money market fund	$ 285,563	$ 266,346
International stock exchange-traded fund	975,182	801,052
Total investments	$ 1,260,745	$ 1,067,398

Note 5 – Investments (continued)

Investment return, net of expenses, consisted of the following for the years ended December 31:

	2017	2016
Net realized and unrealized gain (loss)	$ 171,280	$ 37,734
Interest and dividends	22,068	28,719
	$ 193,348	$ 66,453

Note 6 – Capital Lease Obligation

The Organization leases certain equipment under a capital lease arrangement. The lease requires monthly payments through 2022 and has an interest rate of 8.75%. Future payments on the capital lease obligation are as follows:

Years Ending December 31,	
2018	$ 10,324
2019	10,324
2020	10,324
2021	10,324
2022	435
Less interest	(6,616)
	$ 35,115

The Organization recognizes depreciation expense on assets acquired under capital leases. The cost and related accumulated depreciation of the assets acquired under capital leases are classified in land, buildings and equipment accounts and is insignificant to the financial statements.

Note 7 – Term Loan

In September 2016, the Organization took out a one-year loan for $3,150,000 that was scheduled to mature on September 1, 2017, from a financial institution in order to finance the purchase of their new property. The loan bears interest at prime (4.5% at December 31, 2017) plus 0.5% per annum, paid monthly, and is guaranteed by five Board members of the Organization. During 2017, the loan maturity was extended to January 1, 2018. The principal and any unpaid interest are payable as a lump sum upon maturity. Subsequent to December 31, 2017, the bridge loan maturity was extended to April 1, 2019 and then ultimately was refinanced to a long-term loan, as described in Note 16.

Note 8 – In-Kind Contributions

The Organization received in-kind gifts and in-kind accounting, legal, and medical services valued at $493,927and $519,256 for the years ended December 31, 2017 and 2016, respectively.

Note 9 – Related-Party Transactions and Board Contributions

During the years ended December 31, 2017 and 2016, 14 and 15 board members provided contributions totaling approximately $334,500 and $310,300, respectively, to the Organization either individually or through Foundations or businesses in which they exercise control in discretionary contributions.

Note 10 – Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of the following at December 31:

	2017	2016
Endowment Earnings	$ 265,655	$ 75,934
Restricted for Capital Projects	254,276	775,611
Restricted for Program	82,975	52,522
Restricted for Future Operations	20,000	40,000
	$ 622,906	$ 944,067

Note 11 – Permanently Restricted Net Assets

The Organization follows the provisions of Accounting Standards Codification (ASC) 958-205, Reporting Endowment Funds. ASC 958-205 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 required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

Interpretation of relevant law – The Board of Trustees of the Organization has followed Washington State law and determined that 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, is appropriate. 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, as applicable, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Note 11 – Permanently Restricted Net Assets (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 UPMIFA.

The Organization received contributions towards an endowment whose investment earnings will be used for program needs while the principal remains intact. These contributions are recorded in permanently restricted net assets and their earnings are included in temporarily restricted revenue. There was $0 and $27,111 contributed during the years ended December 31, 2017 and 2016, respectively, to the endowments. Total donor restricted endowment funds were $995,091 as of December 31, 2017 and 2016.

Redesignation – The Organization's policy is to transfer funds in the event that a donor redesignates what they would like the donation to be used for. During the year ended December 31, 2016, two donors redesignated $310,000 of funds contributed in 2015 from unrestricted to temporarily restricted.

Return objectives and risk parameters – The endowment fund's primary long-term investment objective is to attain an average annual total return (net of investment management fees) of at least the Seattle area CPI Index plus the anticipated spend rate over the long term (a minimum five-year period). The Organization has determined that the initial strategy will be a growth style because of the "in perpetuity" time frame and the desire to grow the endowment. This strategy will be maintained until the Board adopts a revised style. The allocation of the endowment assets consists of a single investment in an international stock exchange-traded fund to allow exposure to a broad participation in the world equity market. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s).

Strategies employed for achieving objectives – The Organization relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends) and appreciation of the investments. The Organization targets an asset allocation that places a greater emphasis on endowment growth.

Spending policy and how the investment objectives relate to spending policy – Currently no spending is anticipated until the endowment reaches $1,000,000. If the net asset value of the endowment falls below $1,000,000 then no spending will occur until the net asset value again reaches the $1,000,000 threshold. When the endowment reaches the threshold, spending will follow these objectives: 1) account for the fact that the cost of an endowed program will increase over time relative to the increases experienced by the underlying activity, 2) preserve the purchasing power of the endowment after adjustment for the Seattle area CPI Index, 3) preserve the purchasing power of the endowment spending withdrawals, and 4) provide a small increment of endowment growth in excess of inflation.

Note 12 – Concentrations

Approximately 13% of the Organization's total support was provided by contributions from one donor during the year ended December 31, 2017. Approximately 9% of the Organization's total support was provided by contributions from one donor during the year ended December 31, 2016.

Approximately $971,000 and $869,000 of the Organization's total support was provided by contributions from one fundraising event, the Grow fall dinner and auction, held during the years ended December 31, 2017 and 2016, respectively, and is recorded in special events revenue.

Note 13 – Deferred Revenue

Deferred revenue is principally related to fees collected in advance for sponsorships of events. Deferred revenue at December 31, 2017, included sponsorships for two different fundraising events that will occur in 2018. Deferred revenue at December 31, 2016, included sponsorships for three different fundraising events that occurred in 2017.

Note 14 – 401(k) Retirement Plan

The Organization sponsors a 401(k) Salary Deferral Plan (Plan) which covers all employees of the Organization. The Organization contributes to the retirement accounts of employees who have completed 1,000 hours of service. Individual contributions to the Plan are determined by the employee at an amount not to exceed Internal Revenue Code limits. Effective January 1, 2016, The Organization contributes to the Plan by matching participating employees' 401(k) salary reductions up to 3% of compensation.
The Organization made matching contributions of $11,625 and $37,447 during the years ended December 31, 2017 and 2016, respectively.

Note 15 – Contingencies

The Organization is periodically involved in claims and complaints that arise in the ordinary course of business. In the opinion of management, any unresolved outcomes of these complaints and claims is not expected to have a material adverse effect on the Organizations' financial condition, results of operations, or its liquidity.

Note 16 – Subsequent Events

In July 2018, the Organization received an arbitration award related to litigation with Camp Korey's former landlord. As a result, funds in Camp Korey's restricted cash account will be retained by Camp Korey and will be released from restriction in 2018. No amounts are due by the Organization to the landlord.

In 2018 Camp Korey received an extension on their loan agreement (Note 7) extending the maturity to April 1, 2019.

On April 1, 2019, the Washington State Housing Finance Commission issued Variable Rate Demand Nonprofit Revenue Bonds, Series 2019 (the 2019 Bonds) of $3,450,000 and loaned the proceeds to Camp Korey. The 2019 Bonds were issued with the purpose of refinancing the Organization's existing bridge loan. The 2019 Bonds were then sold to a private lender. The bonds mature on April 1, 2044 and bear interest at 3.875% per annum, subject to reset on each reset date set forth in the financing agreement, and paid monthly. Principal payments, as determined in the financing agreement schedule of payments, are payable monthly.