CAMP FIRE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

CAMP FIRE
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YEARS ENDED JUNE 30, 2017 AND 2016

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

The National Board of Trustees
Camp Fire
Kansas City, Missouri

We have audited the accompanying financial statements of Camp Fire, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Joseph, Missouri
October 10, 2017

CAMP FIRE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 589,231	$ 638,149
Investments	629,258	599,591
Accounts Receivable:		
Merchandise, Net	-	778
Charter Fees, Net	298,158	257,760
Pledges Receivable	10,754	7,910
United Way Receivable	66,011	79,015
Grants Receivable	341,366	575,000
Merchandise Inventory, Net	68,686	81,745
Prepaid Expenses	37,405	22,177
Other Receivables	5,648	22,129
Total Current Assets	2,046,517	2,284,254
INVESTMENTS	111,347	111,347
PROPERTY AND EQUIPMENT		
Land	10	10
Monument	25,000	25,000
Building Improvements	7,805	7,805
Furniture, Fixtures, and Equipment	244,524	215,935
Total, at Cost	277,339	248,750
Less: Accumulated Depreciation	184,593	161,562
Total Property and Equipment	92,746	87,188
OTHER ASSETS		
Long-Term Charter Fees Receivable, Net	37,221	86,245
Long-Term Pledges Receivable, Net	4,567	-
Long-Term Grants Receivable, Net	-	306,490
Intangible Assets, Net	7,846	69,317
Beneficial Interest in Perpetual Trust	844,604	779,146
Total Other Assets	894,238	1,241,198
Total Assets	$ 3,144,848	$ 3,723,987

See accompanying Notes to Financial Statements.

LIABILITIES AND NET ASSETS	2017	2016
CURRENT LIABILITIES		
Accounts Payable	$ 91,063	$ 132,705
Accrued Liabilities	60,501	82,200
Lines-of-Credit	172,812	434,059
Current Portion of Long Term Debt	22,873	-
Deferred Revenues	68,259	5,763
Total Current Liabilities	415,508	654,727
LONG-TERM LIABILITIES		
Note payable, less current portion	414,157	-
Total Liabilities	829,665	654,727
NET ASSETS		
Unrestricted:		
Undesignated	(419,014)	(114,584)
Board-Designated	859,189	899,558
Total Unrestricted	440,175	784,974
Temporarily Restricted	919,057	1,393,793
Permanently Restricted	955,951	890,493
Total Net Assets	2,315,183	3,069,260
Total Liabilities and Net Assets	$ 3,144,848	$ 3,723,987

CAMP FIRE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND PUBLIC SUPPORT								
Contributions and Grants	$ 20,199	$ 24,655	$ -	$ 44,854	$ 125,715	$ 9,080	$ -	$ 134,795
United Way Contributions	794	77,752	-	78,546	1,720	86,245	-	87,965
Designated Contributions and Grants	190,301	212,280	-	402,581	54,788	1,995,018	-	2,049,806
Contribution of Net Assets, Net of Losses	328,586	-	-	328,586	23,000	-	-	23,000
Contractual Services	12,100	-	-	12,100	10,484	-	-	10,484
Contributed Rent, Goods, Services, and Travel	104,482	-	-	104,482	170,432	-	-	170,432
Royalties and License Fees	18,273	-	-	18,273	18,284	-	-	18,284
Charter and Community Partner Fees	1,235,377	-	-	1,235,377	1,216,804	-	-	1,216,804
Conferences and Program Services	119,985	-	-	119,985	104,295	-	-	104,295
Sales of Inventory, Net of Cost of Sales of $35,858 for 2017 and $41,629 for 2016	25,610	-	-	25,610	34,220	-	-	34,220
Investment Income - Net	74,929	(6,452)	-	68,477	30,304	5,659	-	35,963
Investment Income - Perpetual Trust	37,500	-	-	37,500	58,747	-	-	58,747
Unrealized Gain (Loss) on Investments, Net	(17,363)	17,895	-	532	(48,864)	(6,576)	-	(55,440)
Change in Value of Beneficial Interest in Perpetual Trust	-	-	65,458	65,458	-	-	(41,744)	(41,744)
Loss on Sale of Property and Equipment	-	-	-	-	(78)	-	-	(78)
Rental Income	53,809	-	-	53,809	41,655	-	-	41,655
Other Income	485	-	-	485	49,053	-	-	49,053
Net Assets Released from Restrictions	800,866	(800,866)	-	-	811,936	(811,936)	-	-
Total Revenues, Gains, and Public Support	3,005,933	(474,736)	65,458	2,596,655	2,702,495	1,277,490	(41,744)	3,938,241
EXPENSES								
Program Services:								
Programs for Youth	1,217,779	-	-	1,217,779	1,125,834	-	-	1,125,834
Services to Councils	957,544	-	-	957,544	1,048,513	-	-	1,048,513
Community Relations	255,306	-	-	255,306	262,122	-	-	262,122
Support Services:								
Fundraising	349,234	-	-	349,234	192,025	-	-	192,025
Management and General Administration	570,869	-	-	570,869	569,119	-	-	569,119
Total Expenses	3,350,732	-	-	3,350,732	3,197,613	-	-	3,197,613
CHANGES IN NET ASSETS	(344,799)	(474,736)	65,458	(754,077)	(495,118)	1,277,490	(41,744)	740,628
Net Assets - Beginning of Year	784,974	1,393,793	890,493	3,069,260	1,280,092	116,303	932,237	2,328,632
NET ASSETS - END OF YEAR	$ 440,175	$ 919,057	$ 955,951	$ 2,315,183	$ 784,974	$ 1,393,793	$ 890,493	$ 3,069,260

See accompanying Notes to Financial Statements.

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

	Program Services				Supporting Services			
	Programs for Youth	Services to Councils	Community Relations	Total Program Services	Fundraising	Management and General Administration	Total Supporting Services	Total Functional Expenses
EXPENSES								
Salaries and Wages	$ 647,171	$ 442,603	$ 120,350	$ 1,210,123	$ 171,113	$ 224,615	$ 395,728	$ 1,605,851
Benefits	28,849	19,730	5,365	53,944	7,628	10,013	17,640	71,584
Payroll Taxes	56,260	38,477	10,462	105,199	14,875	19,526	34,402	139,601
Total Salaries and Related Expenses	732,280	500,809	136,177	1,369,266	193,616	254,154	447,770	1,817,036
Payments and Products to Councils	149,344	63,610	-	212,954	941	-	941	213,895
Professional Fees and Contract Services	106,020	190,682	19,411	316,113	93,507	159,129	252,636	568,749
Travel, Conferences, and Meetings	36,611	47,146	11,226	94,983	8,267	32,473	40,740	135,723
Telephone and Other Communication	12,307	7,794	836	20,937	2,382	4,076	6,458	27,395
Occupancy	75,813	37,890	7,397	121,100	23,032	28,286	51,318	172,418
Depreciation and Amortization	31,164	6,444	44,507	82,115	2,775	3,651	6,426	88,541
Equipment Rental and Maintenance	3,620	2,537	356	6,513	1,105	6,673	7,778	14,291
Supplies and Office Expenses	26,719	6,661	1,200	34,580	2,292	10,379	12,671	47,251
Publications and Printing	6,370	547	10,358	17,275	811	1,006	1,817	19,092
Postage and Shipping	2,395	992	92	3,479	610	1,804	2,414	5,893
Insurance	25,820	5,168	725	31,713	2,223	2,730	4,953	36,666
Interest Expense and Bank Fees	2,334	-	44	2,378	-	32,374	32,374	34,752
Membership Dues and Subscriptions	832	569	15,711	17,112	15,627	5,281	20,908	38,020
Bad Debt and Charter Fee Relief	-	43,183	-	43,183	2,046	-	2,046	45,229
Obsolete Merchandise Inventory	3,712	-	-	3,712	-	-	-	3,712
Donated Goods and Services	-	43,066	7,000	50,066	-	28,316	28,316	78,382
Miscellaneous	2,438	446	266	3,150	-	537	537	3,687
Total Expenses	$ 1,217,779	$ 957,544	$ 255,306	$ 2,430,629	$ 349,234	$ 570,869	$ 920,103	$ 3,350,732

See accompanying Notes to Financial Statements.

CAMP FIRE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	Program Services				Supporting Services			
	Programs for Youth	Services to Councils	Community Relations	Total Program Services	Fundraising	Management and General Administration	Total Supporting Services	Total Functional Expenses
EXPENSES								
Salaries and Wages	$ 556,280	$ 410,879	$ 144,277	$ 1,111,436	$ 118,022	$ 193,536	$ 311,558	$ 1,422,994
Benefits	39,315	28,015	7,871	75,201	6,511	15,937	22,448	97,649
Payroll Taxes	53,294	34,201	10,019	97,514	9,979	17,937	27,916	125,430
Total Salaries and Related Expenses	648,889	473,095	162,167	1,284,151	134,512	227,410	361,922	1,646,073
Payments and Products to Councils	83,651	94,356	-	178,007	490	-	490	178,497
Professional Fees and Contract Services	160,746	269,782	7,329	437,857	10,726	142,573	153,299	591,156
Travel, Conferences, and Meetings	36,952	73,413	12,498	122,863	4,007	7,277	11,284	134,147
Telephone and Other Communication	10,296	6,109	820	17,225	1,232	3,514	4,746	21,971
Occupancy	75,754	37,607	11,614	124,975	17,475	27,122	44,597	169,572
Depreciation and Amortization	42,120	4,889	44,596	91,605	1,491	5,818	7,309	98,914
Equipment Rental and Maintenance	2,644	1,770	360	4,774	540	5,976	6,516	11,290
Supplies and Office Expenses	16,956	5,412	660	23,028	1,407	3,802	5,209	28,237
Publications and Printing	10,860	3,657	4,501	19,018	2,967	1,208	4,175	23,193
Postage and Shipping	3,524	1,620	233	5,377	657	1,266	1,923	7,300
Insurance	20,859	8,320	1,690	30,869	2,535	4,169	6,704	37,573
Interest Expense and Bank Fees	611	8	22	641	55	51,597	51,652	52,293
Membership Dues and Subscriptions	1,931	404	15,626	17,961	4,332	8,080	12,412	30,373
Bad Debt and Charter Fee Relief	(10)	16,148	-	16,138	5,350	-	5,350	21,488
Obsolete Merchandise Inventory	7,600	-	-	7,600	-	-	-	7,600
Donated Goods and Services	750	51,244	-	51,994	4,100	79,033	83,133	135,127
Miscellaneous	1,701	679	6	2,386	149	274	423	2,809
Total Expenses	$ 1,125,834	$ 1,048,513	$ 262,122	$ 2,436,469	$ 192,025	$ 569,119	$ 761,144	$ 3,197,613

See accompanying Notes to Financial Statements.

CAMP FIRE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ (754,077)	$ 740,628
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	23,030	20,637
Amortization	65,511	78,277
Loss on Sale of Property and Equipment	-	78
Donated Property and Equipment	(26,100)	(35,305)
Income on Investments and Trust, Net	(68,477)	(35,963)
Unrealized (Gain) Loss on Investments, Net	(532)	55,440
Change in Value of Trust	(65,458)	41,744
Effects of Changes in Operating Assets and Liabilities:		
Merchandise Receivable, Net	778	338
Charter Fees Receivable, Net	8,626	132,169
Pledges Receivable, Net	(7,411)	2,694
Grants Receivable, Net	553,128	(874,417)
Other Receivables	16,481	597,591
Merchandise Inventory, Net	13,059	4,538
Prepaid Expenses	(15,228)	(3,906)
Accounts Payable and Accrued Liabilities	(65,829)	(105,094)
Deferred Revenues	62,496	1,175
Net Cash Provided (Used) by Operating Activities	(260,003)	620,624
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Intangible Asset	(4,040)	-
Proceeds from Sale of Property and Equipment	-	1,645
Purchase of Investments	(94)	-
Proceeds from Sale of Investments	39,436	241,689
Net Cash Provided by Investing Activities	35,302	243,334

See accompanying Notes to Financial Statements.

CAMP FIRE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Lines-of-Credit	$ 2,281,814	$ 2,240,107
Payments on Lines-of-Credit	(2,093,061)	(2,515,186)
Payments on Long-Term Debt	(12,970)	-
Net Cash Provided (Used) by Financing Activities	175,783	(275,079)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	(48,918)	588,879
Cash and Cash Equivalents - Beginning of Year	638,149	49,270
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 589,231	$ 638,149
SUPPLEMENTAL INFORMATION		
Cash Paid for Interest	$ 23,268	$ 39,127
Donated Property and Equipment	$ 26,100	$ 35,305
Asset Acquired through Payable	$ 2,488	$ 5,152
Refinancing of Liabilities	$ 450,000	$ -

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Camp Fire (the Organization) is a youth development organization headquartered in Kansas City, Missouri providing services to over 154,000 youth in 25 states through a 54-council network. Founded in 1910 by Luther Gulick, M.D. and his wife, Charlotte, Camp Fire was the first nonsectarian organization for girls in the United States. Dr. Gulick chose the name "Camp Fire" because campfires were the origin of the first communities and domestic life. The Organization began with no barriers to nationality, race, creed, or economic status, which was unique in 1910 and remains a model for others even today. With that spirit of inclusiveness, Camp Fire expanded programming to include boys in 1975 and today embraces all children and youth, regardless of race, creed, religion, gender, social status, disability, or sexual orientation.

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies followed by the Organization are presented below.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates incorporated into the Organization's financial statements include the timing and collectability of charter fees receivable, grants receivable, and pledges receivable; estimated useful lives for depreciable and amortizable assets; the allocations incorporated into the statements of functional expenses; the valuation of gift-in-kind contributions; and the valuation of the beneficial interest in perpetual trust. Actual results could differ from those estimates.

Description of Programs

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

Programs for Youth

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

Services to Councils

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

Community Relations

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Parties

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

Net Assets

Financial statement presentation follows the recommendations of Financial Accounting Standards ASC 958, *Financial Statements of Not-for-Profit Organizations.* Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted

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

Temporarily Restricted

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

Permanently Restricted

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

Cash and Cash Equivalents

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

Pledges Receivable

Pledges are recorded when received and determined to be unconditional. Allowances are provided for amounts estimated to be uncollectible. No allowance for doubtful accounts is recorded for pledges receivable as of June 30, 2017 or 2016, as management does not believe the required amount of such an allowance would be material to the financial statements.

Grants Receivable

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

Contributions

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

In-Kind Contributions

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions (Continued)

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

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

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

Accounts Receivable and Charter Fees

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Merchandise Inventory

Merchandise inventory is carried at the lower of weighted-average cost or market.

Beneficial Interest in Perpetual Trust

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

Property and Equipment

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

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

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

Intangible Assets

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

Branding	5 Years
Curriculum	2-3 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

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

Deferred Revenues

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

Functional Allocation of Expenses

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

Income Tax Status

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

Although it is exempt from federal and state income taxes on its principal operations, the Organization is subject to federal income taxes on the net income from certain operations that generate unrelated business income. No such unrelated business income tax was incurred during 2017 or 2016. The Organization follows the standard for evaluating uncertain tax positions and has determined no liability should be recorded for uncertain tax positions.

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

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

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

Equity and Fixed Income Mutual Funds

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

Beneficial Interest in Perpetual Trust

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

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of assets and liabilities measured on a recurring basis, as of June 30, 2017 and 2016 are as follows:

	June 30, 2017			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Inputs (Level 3)
Mutual Funds:				
Equity	$ 422,092	$ 422,092	$ -	$ -
Fixed Income	296,222	296,222	-	-
Beneficial Interest in Perpetual Trust	844,604	-	-	844,604
Total	$ 1,562,918	$ 718,314	$ -	$ 844,604

	June 30, 2016			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Inputs (Level 3)
Mutual Funds:				
Equity	$ 544,679	$ 544,679	$ -	$ -
Fixed Income	166,259	166,259	-	-
Beneficial Interest in Perpetual Trust	779,146	-	-	779,146
Total	$ 1,490,084	$ 710,938	$ -	$ 779,146

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following is a reconciliation of the beginning and ending balance of assets and liabilities measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended June 30, 2017 and 2016:

	Beneficial Interest in Perpetual Trust
BALANCE - JUNE 30, 2015	$ 820,890
Unrealized Losses	(41,744)
BALANCE - JUNE 30, 2016	779,146
Unrealized Gains	65,458
BALANCE - JUNE 30, 2017	$ 844,604

NOTE 3 INVESTMENTS

Investments at June 30, 2017 are as follows:

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

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

Investment Income	$ 553
Net Realized Gain	74,602
Net Unrealized Gain	532
Total Investment Return	$ 75,687
Investment Fees	$ 6,678

NOTE 3 INVESTMENTS (CONTINUED)

Investments at June 30, 2016 are as follows:

	Original Cost or Basis	Fair Market Value	Excess of Market Over Cost
Cash and Cash Equivalents	$ 3,259	$ 3,259	$ -
Equity and Fixed Income			
Mutual Funds and Money Market	669,666	707,679	38,013
Total	$ 672,925	$ 710,938	$ 38,013

Investment returns for the year ended June 30, 2016 consist of the following:

Investment Income	$ 19,695
Net Realized Gain	22,962
Net Unrealized Loss	(55,440)
Total Investment Return	$ (12,783)
Investment Fees	$ 6,694

NOTE 4 PLEDGES AND UNITED WAY RECEIVABLE

Pledges and United Way receivable include the following:

	2017	2016
Annual Fund Campaign	$ 15,758	$ 7,910
United Way	66,011	79,015
Total Pledges and United Way Receivable	81,769	86,925
Less: Unamortized Discount	437	-
Net Pledges and United Way Receivable	81,332	86,925
Less: Current Portion	76,765	86,925
Pledges and United Way Receivable, Long Term (Net)	$ 4,567	$ -

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

NOTE 4 PLEDGES AND UNITED WAY RECEIVABLE (CONTINUED)

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

NOTE 5 GRANTS RECEIVABLE

Grants receivable include the following:

	2017	2016
New York Life Foundation Grant	$ 325,000	$ 900,000
Other	16,366	-
Total Grants Receivable	341,366	900,000
Less: Unamortized Discount	-	18,510
Net Grants Receivable	341,366	881,490
Less: Current Portion (Net)	341,366	575,000
Grants Receivable, Long-Term (Net)	$ -	$ 306,490

NOTE 6 OPERATING LEASES

The Organization leased office and warehouse space during 2017 and 2016 under noncancelable operating leases. The leases expire at various dates through August 2026. The Organization entered into a new office lease effective February of 2016. Total lease expense was $165,961 in 2017 and $157,169 in 2016. Future minimum lease commitments for these leases are as follows:

Year Ending June 30,	Amount
2018	$ 174,056
2019	170,060
2020	166,879
2021	168,250
2022	172,220
Thereafter	752,410
Total	$ 1,603,875

NOTE 6 OPERATING LEASES (CONTINUED)

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

Year Ending June 30,	Amount
2018	$ 72,072
2019	73,902
2020	75,733
2021	77,563
2022	79,394
Thereafter	346,861
Total	$ 725,525

Total rental income from subleases was $53,809 and $41,655 in 2017 and 2016, respectively.

NOTE 7 INTANGIBLE ASSETS

Intangible assets consist of corporate branding and program curriculum. Amortization expense on the assets was $65,511 and $78,277 during 2017 and 2016, respectively.

NOTE 8 RETIREMENT PLAN

The Organization maintains a defined contribution 401(k) retirement plan (the Plan) which provides benefits upon retirement, death, or disability for all employees who have reached age 18 and completed one year of service. Annual employer contributions are based on a match of employee contributions up to 4% of each individual's salary. Retirement expense for the Plan was $26,409 in 2017 and $28,715 in 2016.

NOTE 9 RELATED PARTY TRANSACTIONS

Charter Fees Receivable

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

	2017	2016
Charter Fees Receivable	$ 738,858	$ 953,760
Less: Allowance for Doubtful Accounts	398,000	594,000
Net Collectible Charter Fees Receivable	340,858	359,760
Less: Unamortized Discount	5,479	15,755
Charter Fees Receivable, Net	335,379	344,005
Less: Current Portion	298,158	257,760
Long-Term Charter Fees Receivable, Net	$ 37,221	$ 86,245

Amounts due in future years:

Year Ending June 30,	Amount
2018	$ 298,158
2019	10,187
2020	10,032
2021	7,688
2022	5,352
Thereafter	9,441
Total	$ 340,858

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

There were no long-term charter fees receivable that were considered past due by the Organization's policy, as discussed in Note 1, at June 30, 2017 or 2016.

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

Accounts Payable

At June 30, 2017 and 2016, the Organization had accounts payable due to Councils totaling $8,955 and $14,779, respectively.

NOTE 10 CONTRIBUTED GOODS AND SERVICES

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

	2017	2016
Capitalized:		
Property and Equipment	$ -	$ 12,205
Prepaid Maintenance Contract	26,100	23,100
Expensed:		
Professional Services	65,020	91,513
Supplies and Office Expenses	-	1,596
Telephone and Online Fees	1,000	1,200
Rent	10,165	40,818
Travel, Conferences, and Meetings	2,197	-
Total Contributed Goods and Services	$ 104,482	$ 170,432

NOTE 11 UNRESTRICTED NET ASSETS

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

	2017	2016
Board-Designated:		
Operating Reserve	$ 618,265	$ 598,336
Dallas Restart	101,713	298,707
Council Dissolution Funds	139,211	-
Other	-	2,515
Total Board-Designated Net Assets	859,189	899,558
Undesignated	(419,014)	(114,584)
Total Unrestricted Net Assets	$ 440,175	$ 784,974

At June 30, 2017, the value of the assets underlying the Organization's unrestricted operating funds was less than the level required to fund the liabilities committed by those funds. Accordingly, the unrestricted operating funds were being supported by drawing upon the Organization's unrestricted board-designated net assets.

NOTE 12 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	2017	2016
United Way of Greater Kansas City	$ 58,710	$ 71,515
United Way of Wyandotte County	7,300	7,500
Pledges Receivable	15,321	7,910
New York Life Foundation	720,621	1,015,708
S.D. Bechtel, Jr. Foundation	60,208	248,434
Health Care Foundation of Greater Kansas City	45,063	-
Other	841	-
RGK Foundation	-	19,000
Ewing Marion Kauffman Foundation	-	9,742
Hall Family Foundation	-	3,501
Cohen Foundation	-	1,502
Bank of America Charitable Foundation	-	4,676
Royals Charities	-	4,305
Endowment Funds - See Note 14	10,993	-
Total	$ 919,057	$ 1,393,793

During the years ended June 30, 2017 and 2016, net assets of $800,866 and $811,936, respectively, were released from donor restrictions by satisfying the time or purpose restrictions as stipulated by the donors.

NOTE 13 PERMANENTLY-RESTRICTED NET ASSETS

Permanently-restricted net assets consist of the following:

	2017	2016
James Humphrey Wilkinson Perpetual Trust	$ 844,604	$ 779,146
Lone Star Endowment Fund	111,347	111,347
Total	$ 955,951	$ 890,493

NOTE 14 ENDOWMENTS

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

Interpretation of Relevant Law

The Board has interpreted Missouri's enactment of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. Consequently, the Organization classifies permanently restricted net assets as:

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

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

1. The duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce results similar to the S&P 500 index while assuming a moderate level of investment risk.

NOTE 14 ENDOWMENTS (CONTINUED)

Spending Policy

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

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

Strategies Employed for Achieving Objectives

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

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 10,993	$ 111,347	$ 122,340

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

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

NOTE 14 ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ (1,261)	$ -	$ 111,347	$ 110,086

Changes in endowment net assets for the fiscal year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets - Beginning of Year	$ -	$ 1,469	$ 111,347	$ 112,816
Investment Return:				
Investment Income		5,107	-	5,107
Net Depreciation	(1,261)	(6,576)	-	(7,837)
Net Assets - End of Year	$ (1,261)	$ -	$ 111,347	$ 110,086

NOTE 15 LINE-OF-CREDIT AND LONG-TERM DEBT

Lines of Credit

The Organization had an unsecured line-of-credit that allowed for borrowings of up to $250,000. Interest was payable monthly at 5.5%. The line was terminated as of December 13, 2016. As of June 30, 2016, $-0- was drawn on the line-of-credit.

The Organization had a secured line-of-credit that allowed for borrowings of up to $500,000 and was collateralized by certain investments. Interest was charged at a variable rate, which was the 30-day LIBOR rate plus 3.5%, with a minimum rate of 4.25%. The line was terminated as of December 13, 2016. Outstanding borrowings were $434,059 at June 30, 2016.

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

Long Term Debt

The Organization took out a note payable to Central Bank of the Midwest in the amount of $450,000 during the year ending June 30, 2017. The note is secured by a lien on an investment account valued at $618,264 as of June 30, 2017. The note is payable in monthly installments of $3,330, including interest at 3.95%, maturing November 2021 when the remaining balance is due. The outstanding principal at June 30, 2017 is $437,030.

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

Scheduled maturities of long-term debt are as follows:

Year Ending June 30,	Amount
2018	$ 22,873
2019	23,806
2020	24,735
2021	25,786
2022	339,830
Total	$ 437,030

The Organization incurred interest expense of $23,268 and $39,127 for the years ended June 30, 2017 and 2016, respectively.

NOTE 16 CONCENTRATIONS OF RISK

The Organization maintains cash balances at two banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to specified limits. The Organization had balances on deposit in excess of insurance limits totaling $375,070 at June 30, 2016.

At June 30, 2017, three councils made up 60% of the net charter fees receivable. At June 30, 2016, three councils made up 51% of the net charter fees receivable.

NOTE 17 CONTRIBUTION OF NET ASSETS

The Organization records net proceeds received from dissolved councils as Contribution of Net Assets. Contribution of net assets was $328,586 and $23,000 for the year ended June 30, 2017 and 2016, respectively.

NOTE 18 BENEFICIAL INTEREST IN PERPETUAL TRUST

In 1976, the Organization was named as a beneficiary of a perpetual trust. Under the terms of the trust, the Organization is designated to receive 2.5% of the annual income of the trust with no corresponding transfer of trust assets. The Organization received trust income, the use of which is unrestricted, of $37,500 in 2017 and $58,747 in 2016.

At the time the Organization was notified of the trust, its share of the fair value of the trust assets was $538,080 and was reflected in the statements of activities as a permanently restricted contribution. Changes in the fair value of the Organization’s interest in the trust assets are reflected as unrealized gains or losses in the statements of activities in the year in which they take place. The gain on this trust amounted to $65,458 and a loss of $41,744 for the years ended June 30, 2017 and 2016, respectively. The Organization’s share in the trust had a value of $844,604 and $779,146 at June 30, 2017 and 2016, respectively.

NOTE 19 HALL FAMILY FOUNDATION GIFT

In 2005, the Hall Family Foundation pledged $500,000 to the Greater Kansas City Community Foundation, with the Organization named as a conditional beneficiary of the fund’s earnings. The Organization is eligible to receive a portion of the earnings on the investment equal to 5% for supplemental funding of its rent expense as long as it is headquartered in downtown Kansas City, Missouri. In 2017 and 2016, the Organization received $23,236 and $23,577, respectively, which is included as contributions and grants revenue.

NOTE 20 CONTINGENCIES

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

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

NOTE 21 CONTRACTUAL SERVICES

The Foundation has contracted with Axcet HR Solutions, in a client service agreement to engage in a co-employment relationship with the Organization. Axcet provides personnel management services relative to the Organization's employees including payment of salaries, wages, payroll taxes, employee benefits, and procurement of workers' compensation insurance. This agreement shall remain in force until either Axcet or the Organization terminates the agreement by giving 30 days prior written notice. The Organization is required to pay service fees based on a percentage of gross salaries, which cover services rendered to each employee. The Axcet service fee percentage may be adjusted annually. The Organization paid $1,744,004 and $1,636,088 to Axcet for the years ended June 30, 2017 and 2016, respectively, for salaries and payroll related costs. In addition, the Organization paid $29,520 and $26,421 to Axcet for the years ended June 30, 2017 and 2016, respectively, for service fees.

NOTE 22 SUBSEQUENT EVENTS

Management evaluated subsequent events through October 10, 2017, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to October 10, 2017, that provided additional evidence about conditions that existed at June 30, 2017, have been recognized in the 2017 financial statements.

In September 2017, the Organization was notified that it was approved for a grant award totaling $2,500,000 to strengthen the Organization's capacity to support councils in their ability to provide sustainable, high-quality character building programs to their local communities. The grant will be paid in four installments over a 30-month period.