

Financial Statements

SUMMER CAMP OPPORTUNITIES
PROMOTE EDUCATION, INC.

September 30, 2017

**SUMMER CAMP OPPORTUNITIES PROMOTE EDUCATION, INC.
FOR THE YEAR ENDED
SEPTEMBER 30, 2017**

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INDEPENDENT AUDITORS' REPORT

Summer Camp Opportunities Promote Education, Inc. To The Board of Directors

We have audited the accompanying statements of financial position of Summer Camp Opportunities Promote Education, Inc. as of September 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and functional expenses for the year ended September 30, 2017, 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.

Summer Camp Opportunities Promote Education, Inc.
To The Board of Directors

Auditors' Responsibility (Continued)

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 Summer Camp Opportunities Promote Education, Inc. as of September 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.

Report on Summarized Comparative Information

We have previously audited the statement of functional expenses of Summer Camp Opportunities Promote Education, Inc. for the year ended September 30, 2016, and we expressed an unmodified audit opinion on that audited financial statement in our report dated January 27, 2017. In our opinion, the summarized comparative information presented herein for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statement from which it has been derived.

Leaf, Miele, Manganello, Fortunato & Engel, PLLC
Certified Public Accountants

New York, New York
February 13, 2018

SUMMER CAMP OPPORTUNITIES PROMOTE EDUCATION, INC.
STATEMENTS OF FINANCIAL POSITION
AT

	SEPTEMBER 30,	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 314,163	\$ 363,860
Investments	284,824	207,978
Unconditional promises to give	320,875	257,300
Prepaid expenses	51,502	13,530
Security deposit	<u>5,000</u>	<u>5,000</u>
Total Assets	<u>\$ 976,364</u>	<u>\$ 847,668</u>
LIABILITIES AND NET ASSETS		
Program camp tuitions and workshops payable	315,525	399,275
Accrued expenses	<u>14,261</u>	<u>5,860</u>
Total Liabilities	329,786	405,135
Unrestricted Net Assets	<u>646,578</u>	<u>442,533</u>
Total Liabilities and Net Assets	<u>\$ 976,364</u>	<u>\$ 847,668</u>

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

SUMMER CAMP OPPORTUNITIES PROMOTE EDUCATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED

	SEPTEMBER 30,	
	<u>2017</u>	<u>2016</u>
Revenue and Support		
Contributions	\$ 749,027	941,563
Special events	230,602	254,117
Dividend and interest income	5,150	6,458
Net unrealized and realized gains	<u>36,361</u>	<u>18,202</u>
Total Revenue and Support	<u>1,021,140</u>	<u>1,220,340</u>
Expenses		
Program Services:		
Camperships	458,534	502,375
Management and general	42,050	89,570
Fundraising	212,567	275,600
Costs of direct benefit to donors	<u>103,944</u>	<u>165,471</u>
Total Expenses	<u>817,095</u>	<u>1,033,015</u>
Increase in unrestricted net assets	204,045	187,325
Unrestricted net assets - beginning	<u>442,533</u>	<u>255,208</u>
Unrestricted net assets - end	<u>\$ 646,578</u>	<u>\$ 442,533</u>

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

SUMMER CAMP OPPORTUNITIES PROMOTE EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2016)

Expenses	Total Program Services (Camperships)	Management and General	Fundraising	Costs of Direct Benefit to Donors	September 30,	
					2017 Total	2016 Total
Staff compensation	88,539	10,797	116,611	\$ -	215,947	218,250
Employee benefits	20,295	2,475	26,731	-	49,501	46,904
Payroll taxes	7,192	877	9,473	-	17,542	19,185
Consultants	7,229	1,205	3,614	-	12,048	18,064
Professional fees	-	17,438	-	-	17,438	17,363
Office supplies & general expenses	2,800	1,899	5,298	-	9,997	16,985
Facility costs	-	-	4,787	103,944	108,731	174,889
Childrens' camp tuitions & workshops	308,525	-	-	-	308,525	395,175
Silent auction items	-	-	566	-	566	54,663
Camp site visits	7,596	-	-	-	7,596	7,732
Occupancy	16,358	1,995	21,544	-	39,897	34,564
Promotion	-	-	12,600	-	12,600	12,415
Investment fees	-	3,010	-	-	3,010	2,834
Credit card fees	-	-	11,343	-	11,343	11,870
Insurance	-	2,354	-	-	2,354	2,122
Total Expenses	\$ 458,534	\$ 42,050	\$ 212,567	\$ 103,944	\$ 817,095	\$ 1,033,015

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

SUMMER CAMP OPPORTUNITIES PROMOTE EDUCATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED

	SEPTEMBER 30,	
	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Increase in unrestricted net assets	<u>\$ 204,045</u>	<u>\$ 187,325</u>
Adjustments to Reconcile Increase In Unrestricted Net Assets		
To Net Cash Provided By (Used In) Operating Activities		
Net unrealized and realized gains	(36,361)	(18,202)
(Increase) Decrease in:		
Unconditional promises to give	(63,575)	(82,039)
Prepaid expenses	(37,972)	4,418
Security deposit	-	(2,500)
Increase (Decrease) in:		
Program camp tuitions and workshops payable	(83,750)	61,125
Accrued expenses	<u>8,401</u>	<u>2,335</u>
Total Adjustments	<u>(213,257)</u>	<u>(34,863)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(9,212)</u>	<u>152,462</u>
Cash Flows From Investing Activities		
Purchase of investments	(57,647)	(3,952)
Proceeds from sale of investments	<u>17,162</u>	<u>30,027</u>
Net Cash Provided By (Used In) Investing Activities	<u>(40,485)</u>	<u>26,075</u>
Net increase (decrease) in cash	(49,697)	178,537
Cash - beginning of period	<u>363,860</u>	<u>185,323</u>
Cash - end of period	<u>\$ 314,163</u>	<u>\$ 363,860</u>
Supplementary Information:		
Interest paid during period	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Income taxes paid during period	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

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

SUMMER CAMP OPPORTUNITIES PROMOTE EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
AT
SEPTEMBER 30, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Summer Camp Opportunities Promote Education, Inc. (“SCOPE” or the “Organization”) is a voluntary health and welfare non-profit corporation organized in the State of New York. SCOPE is dedicated to helping children in need by funding not-for-profit camps with “camperships” that offer an enriching summer camp experience. The camps supported by SCOPE are located nationwide, however, there is a concentration in the northeast.

Basis of Accounting:

The accounts of SCOPE are maintained, and the financial statements are prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation:

Financial statement presentation follows the provisions included in Financial Accounting Standards Board Accounting Standards Codification for “Not-For-Profit Entities”, which constitutes generally accepted accounting principles in the United States of America (“GAAP”) for non-profit entities such as SCOPE. GAAP requires SCOPE 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. At September 30, 2017 and 2016, SCOPE had no temporarily restricted or permanently restricted net assets.

Cash Equivalents:

For purposes of the statements of cash flows, SCOPE considers all unrestricted highly liquid investments with initial maturities of three months or less or investments in money market mutual funds to be cash equivalents. At September 30, 2017 and 2016, there were no cash equivalents.

Investments:

Investments in marketable securities are stated at fair value. SCOPE’s marketable securities consist entirely of stocks, exchange traded funds (“ETF’s”), and mutual funds. All gains, losses, and investment income arising from the investments in marketable securities are unrestricted.

Stocks and ETF’s are valued at the last quoted market price on the last business day of SCOPE’s fiscal year and shares of mutual funds are valued at the net asset value of shares held by SCOPE at the fiscal year end. All realized and unrealized gains and losses are included in the statements of activities. Investments in marketable securities that are donated are recorded at fair value on the date of donation.

SUMMER CAMP OPPORTUNITIES PROMOTE EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
AT
SEPTEMBER 30, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements:

The provisions included in GAAP concerning “Fair Value Measurements and Disclosures”, define fair value, establish a framework for measuring fair value and expand disclosures about fair value measurements. These provisions apply to SCOPE’s investments, which are presented at fair value.

Revenue and Support Recognition:

Contributions received with donor stipulations that limit the use of donated assets are reported as restricted support. When a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are classified as unrestricted contributions.

Unconditional promises to give which occurred before year-end are recorded as receivables and are recognized as support in the statements of activities on a net realizable value basis. Grants receivable are recorded and recognized as revenue upon the satisfaction of grantor conditions; at September 30, 2017 and 2016, the Organization had no grants receivable.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At September 30, 2017 and 2016, no allowance has been recognized based on management’s determination.

Functional Allocation of Expenses:

The Organization allocates expenses on a functional basis. The directly identifiable expenses are charged to program services, management and general, and fundraising. Expenses common to more than one function are allocated based on personnel time and resources utilized.

Income Taxes:

SCOPE is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the charitable contribution deduction.

Donated Services:

Donated services are recognized as contributions in accordance with GAAP, if the services (a) create or enhance non-financial assets or (b) require specialized skills, performed by people with those skills, and would otherwise be purchased by SCOPE. A substantial number of volunteers donate significant amounts of their time in SCOPE’s program activities; however, these donated services have not been recognized in the financial statements because they did not meet the criteria prescribed by GAAP, and no objective basis is available to measure the value of such services.

SUMMER CAMP OPPORTUNITIES PROMOTE EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
AT
SEPTEMBER 30, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials:

Donated materials are recognized at fair value as of the date donated and are included in contributions.

Use of Estimates:

The preparation of financial statements in accordance with GAAP requires an organization to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the dates of the financial statements, and reported amounts of revenues and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

Comparative Data:

The September 30, 2016 statement of functional expenses is presented to provide a basis of comparison with the September 30, 2017 financial statements. Accordingly, the September 30, 2016 statement of functional expenses is not intended to present all information necessary for a fair presentation in conformity with GAAP. Such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

Capitalization Policy:

The Organization capitalizes fixed assets equaling or exceeding \$1,000.

Recently Issued Accounting Standard Updates Not Presently Effective:

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU require not-for-profit organizations to improve their presentation and disclosures to provide more relevant information about their resources (and the changes in those resources) to their donors, grantors, creditors, and other users as applicable. This update stipulates qualitative and quantitative requirements in a number of areas, including net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. The amendments will be effective for the fiscal year ending September 30, 2019. The Organization is currently in the process of evaluating the impact of the adoption of this ASU on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending September 30, 2021. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

SUMMER CAMP OPPORTUNITIES PROMOTE EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
AT
SEPTEMBER 30, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events:

The Organization has evaluated all subsequent events through February 13, 2018, the date the financial statements were available to be issued. No significant subsequent events were identified by management which have not been accounted for in the financial statements.

NOTE 2 – SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

SCOPE maintains cash balances at commercial banks and with a brokerage institution. Cash balances held by SCOPE at commercial banks are insured up to \$250,000 at each bank by the Federal Deposit Insurance Corporation ("FDIC"). Balances of cash and cash equivalents in excess of federally insured limits at October 31, 2017 and 2016 approximated \$58,000 and \$110,000, respectively. SCOPE has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash accounts.

NOTE 3 - INVESTMENTS

Investments at fair value are comprised of the following at September 30:

	<u>2017</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Gain (Loss)</u>
Stocks		\$ 67,753	\$ 86,433	\$ 18,680
Exchange traded funds		56,357	129,524	73,167
Mutual funds		<u>65,846</u>	<u>68,867</u>	<u>3,021</u>
		<u>\$ 189,956</u>	<u>\$ 284,824</u>	<u>\$ 94,868</u>
	<u>2016</u>			
Stocks		\$ 18,387	\$ 24,132	\$ 5,745
Exchange traded funds		63,022	115,002	51,980
Mutual funds		<u>69,952</u>	<u>68,844</u>	<u>(1,108)</u>
		<u>\$ 151,361</u>	<u>\$ 207,978</u>	<u>\$ 56,617</u>

SUMMER CAMP OPPORTUNITIES PROMOTE EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
AT
SEPTEMBER 30, 2017 AND 2016

NOTE 4 – FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis at September 30, 2017 and 2016 consist of the following:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>2017</u>	<u>Total</u>		
Investments:				
Stocks		\$ 86,433	\$ -	\$ -
Exchange traded funds		129,524	-	-
Mutual funds		<u>68,867</u>	<u>-</u>	<u>-</u>
		<u>\$ 284,824</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>2016</u>			
Investments:				
Stocks	\$ 24,132	\$ 24,132	\$ -	\$ -
Exchange traded funds	115,002	115,002	-	-
Mutual funds	<u>68,844</u>	<u>68,844</u>	<u>-</u>	<u>-</u>
	<u>\$ 207,978</u>	<u>\$ 207,978</u>	<u>\$ -</u>	<u>\$ -</u>

There were no transfers between levels during the years ended September 30, 2017 and 2016. In addition, transfers, if any, would be recognized at the end of the reporting period.

GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets and Level 3 inputs have the lowest priority. SCOPE uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, SCOPE measures fair value using Level 1 inputs, because they generally provide the most reliable evidence of fair value. The fair value of SCOPE's investments, consisting of investments in stocks, exchange traded funds and in mutual funds, is measured entirely by using Level 1 inputs - the market price (or net asset value) at year-end.

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at September 30, 2017 and 2016 consist entirely of amounts due in less than one year. Also, at September 30, 2017 and 2016, \$175,000 and \$180,000 of the balance, respectively, is pledged from an entity related to a member of SCOPE's Board of Directors.

SUMMER CAMP OPPORTUNITIES PROMOTE EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
AT
SEPTEMBER 30, 2017 AND 2016

NOTE 6 – RELATED PARTY TRANSACTIONS

During the year ended September 30, 2017, contributions include \$380,429 donated from twenty-one members, or entities they control, of the Organization's Board of Directors. During the year ended September 30, 2016, contributions include \$365,283 donated from nine members, or entities they control, of the Organization's Board of Directors.

NOTE 7 – CONCENTRATION OF DONORS

Contributions from two donors, one unrelated to SCOPE and one a board member of SCOPE, accounted for 28% of the Organization's total revenue for the year ended September 30, 2017. For the year ended September 30, 2016, contributions from four donors, three unrelated to SCOPE and one a board member of SCOPE, accounted for approximately 39% of the Organization's total revenue.

At September 30, 2017 and 2016, three donors represent 91% and 99% of the balance of unconditional promises to give, respectively.

NOTE 8 – LEASES

In December 2017, the Organization exercised its option under its office space lease to extend the lease to January 1, 2020. Prior to January 1, 2018, the lease initially required monthly payments of \$2,500 that began October 1, 2015, subject to annual 4% increases, plus an additional \$75 per person monthly fee for telephone, internet and fax connections. Monthly lease payments under the renewal increase to \$2,812 in 2018 and to \$2,925 in 2019, with an option to extend the lease for an additional thirteen months (subject to an annual 4% increase) available. Rent expense attributed to this lease for the years ended September 30, 2017 and 2016 amounted to \$39,897 and \$34,564, respectively.

The future minimum payments required under the aforementioned operating lease as of September 30, 2017 are as follows:

2018	\$ 33,421
2019	34,757
2020	<u>8,772</u>
	<u>\$ 76,950</u>

NOTE 9 – RETIREMENT PLAN

The Organization sponsors a 403(b) plan that provides for salary deferrals for its employees. No employer contribution to the plan has been made during the years ended September 30, 2017 and 2016.

SUMMER CAMP OPPORTUNITIES PROMOTE EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
AT
SEPTEMBER 30, 2017 AND 2016

NOTE 10 – ADVERTISING EXPENSE

Advertising is expensed as incurred and approximated \$12,000 for the years ended September 30, 2017 and 2016.

NOTE 11 – RISKS AND UNCERTAINTIES – INVESTMENTS

SCOPE invests in investment securities (stocks, ETF's, and mutual funds). Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect SCOPE's total net assets.