

CAMP REHOBOTH, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Assets, Liabilities and Net Assets – Modified Cash Basis	3
Consolidated Statement of Revenue, Expenses and Changes in Net Assets – Modified Cash Basis	4
Consolidated Statement of Functional Expenses – Modified Cash Basis	5
Notes to the Consolidated Financial Statements	6 – 11
SUPPLEMENTARY INFORMATION	
Consolidated Schedule of Expenditures of Federal Awards	12
Notes to the Consolidated Schedule of Expenditures of Federal Awards	13
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	14 – 15
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	16 – 17
Schedule of Findings & Questioned Costs	18

INDEPENDENT AUDITORS' REPORT



To the Board of Directors of
CAMP Rehoboth, Inc. and Subsidiary
Rehoboth Beach, Delaware

We have audited the accompanying consolidated financial statements of CAMP Rehoboth, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statement of assets, liabilities and net assets – modified cash basis as of December 31, 2017, and the related consolidated statements of revenue, expenses and changes in net assets – modified cash basis and functional expenses – modified cash basis for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the modified cash basis of accounting, as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Kahn, Berman, Solomon, Taibel & Mogol, P.A.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of CAMP Rehoboth, Inc. and subsidiary as of December 31, 2017 and its revenue, expenses and changes in its net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2018, on our consideration of CAMP Rehoboth, Inc. and subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion the effectiveness of CAMP Rehoboth, Inc. and subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CAMP Rehoboth, Inc. and subsidiary's internal control over financial reporting and compliance.

KAHN, BERMAN, SOLOMON, TAIBEL & MOGOL, P.A.

Kahn, Berman, Solomon, Taibel & Mogol, P.A.

Timonium, Maryland
May 25, 2018

CAMP REHOBOTH, INC.
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 306,101
Event holdback receivable	<u>5,410</u>

TOTAL CURRENT ASSETS	<u>311,511</u>
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INVESTMENTS	<u>56,824</u>
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PROPERTY AND EQUIPMENT

Buildings	2,590,078
Building improvements	2,156,361
Furniture and fixtures	55,849
Office equipment	53,420
Vehicles	24,907
Less: accumulated depreciation	<u>(1,147,877)</u>

NET PROPERTY AND EQUIPMENT	<u>3,732,738</u>
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TOTAL ASSETS	<u><u>\$ 4,101,073</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Security deposits	\$ 3,495
Due to others	830
Current maturities of long-term debt	<u>46,663</u>

TOTAL CURRENT LIABILITIES	50,988
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LONG-TERM DEBT, net of current maturities	<u>2,531,201</u>
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TOTAL LIABILITIES	<u>2,582,189</u>
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NET ASSETS

Unrestricted	1,511,808
Temporarily restricted	<u>7,076</u>

TOTAL NET ASSETS	<u>1,518,884</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,101,073</u></u>
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See accompanying notes and independent auditors' report.

CAMP REHOBOTH, INC.
CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Donations	\$ 80,376	\$ -	\$ 80,376
Grant revenue	179,542	7,076	186,618
Membership dues	240,451	-	240,451
Special events	448,802	-	448,802
Newsletter revenue	188,136	-	188,136
Rental income	77,034	-	77,034
Interest and dividend income	680	-	680
Net realized/unrealized gain on investments	6,007	-	6,007
Net assets released from restrictions	54,337	(54,337)	-
TOTAL SUPPORT AND REVENUE	<u>1,275,365</u>	<u>(47,261)</u>	<u>1,228,104</u>
EXPENSES			
Program services	759,281	-	759,281
Administration	209,034	-	209,034
Fundraising	199,886	-	199,886
TOTAL EXPENSES	<u>1,168,201</u>	<u>-</u>	<u>1,168,201</u>
CHANGE IN NET ASSETS	107,164	(47,261)	59,903
NET ASSETS			
BEGINNING OF YEAR	<u>1,404,644</u>	<u>54,337</u>	<u>1,458,981</u>
END OF YEAR	<u>\$ 1,511,808</u>	<u>\$ 7,076</u>	<u>\$ 1,518,884</u>

See accompanying notes and independent auditors' report.

CAMP REHOBOTH, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ -	\$ 9,275	\$ -	\$ 9,275
Advertising	7,595	1,776	493	9,864
Auto expense	7,890	-	-	7,890
Bank service charges	-	297	-	297
Community events	66,329	15,506	4,308	86,143
Conferences and meetings	1,906	446	124	2,476
Consultant	577	135	38	750
Contributions	1,713	401	111	2,225
Credit card fees	7,570	1,472	492	9,534
Depreciation	63,423	14,826	4,118	82,367
Employee benefits	53,313	6,556	1,821	61,690
Special events	-	-	172,253	172,253
Health program	104,342	-	-	104,342
Insurance	13,356	3,122	868	17,346
Interest	37,146	8,683	2,412	48,241
Memberships and premiums	2,718	635	177	3,530
Newsletter production	54,206	-	-	54,206
Payroll taxes	13,977	2,009	558	16,544
Payroll service	3,171	741	206	4,118
Postage	7,855	1,272	354	9,481
Printing	68,489	1,084	302	69,875
Property taxes	1,756	410	114	2,280
Rental expenses	-	100,281	-	100,281
Repairs and maintenance	16,297	3,810	1,059	21,166
Salaries	192,817	28,623	7,951	229,391
Storage	3,820	893	248	4,961
Supplies	10,857	2,537	703	14,097
Taxes and licenses	2,392	559	155	3,106
Telephone	5,441	1,272	353	7,066
Utilities	10,325	2,413	668	13,406
Total	<u>\$ 759,281</u>	<u>\$ 209,034</u>	<u>\$ 199,886</u>	<u>\$ 1,168,201</u>

See accompanying notes and independent auditors' report.

CAMP REHOBOTH, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of organization

CAMP Rehoboth, Inc. is a non-profit organization that was formed as a community service organization on December 6, 1991. On September 13, 2016, CAMP Rehoboth Properties, LLC was formed, as a wholly owned subsidiary of CAMP Rehoboth, Inc. to hold all real property utilized in the operation of the facility and to obtain financing. Collectively the Organizations are known as CAMP. CAMP's mission is to promote community well-being, foster the development of community groups, develop community space, promote human and civil rights, work against prejudice and discrimination, lessen tensions among the community, and help foster economic growth.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Camp Rehoboth, Inc., and CAMP Rehoboth Properties, LLC. All significant inter-organization transactions and balances have been eliminated in consolidation.

Basis of presentation

The accompanying consolidated financial statements have been prepared using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis, certain revenue is recorded when received rather than when earned and certain expenses are recorded when paid rather than when the obligations are incurred. However, property and equipment (and related debt) is capitalized and depreciated over the estimated useful life of each asset. Additionally, marketable securities are presented at fair value; event holdback revenue (and the related receivable) are recorded when the event has occurred; and security deposits received from tenants are recorded as a liability.

Use of estimates

The preparation of consolidated financial statements under the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

CAMP considers all money market funds and highly liquid investments with an original maturity of three months or less to be cash equivalents, unless held as part of the investment portfolio.

Event holdback receivable

Event holdback receivables relate to amounts collected by a third-party vendor for events held by CAMP during the year. All receivables are considered fully collectible by management.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair value based on quoted market prices in the consolidated statement of assets, liabilities and net assets – modified cash basis. Realized and unrealized gains and losses are included in investment return, along with interest and dividends, in the consolidated statement of revenue, expenses and changes in net assets – modified cash basis.

See independent auditors' report.

CAMP REHOBOTH, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment, with an original cost in excess of \$1,000, is capitalized at the date of purchase.

Depreciation is calculated over the estimated useful lives of the respective assets on an accelerated basis, ranging from three to seven years for furniture, equipment, and vehicles. Buildings and improvements are depreciated on the straight-line basis over the estimated useful life of thirty-nine years.

Support and revenue

Contributions and revenue received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of revenue, expenses and changes in net assets – modified cash basis as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as increases in unrestricted net assets.

Under its method of accounting, CAMP has not recognized as revenues contributions of assets or services which might otherwise meet the recognition criteria of accounting principles generally accepted in the United States of America.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of revenue, expenses and changes in net assets – modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Rental expenses

Rental expenses presented in the consolidated statement of functional expenses – modified cash basis include a portion of mortgage interest, insurance, depreciation, and other rent related expenses.

Income taxes

CAMP Rehoboth, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation as defined in Code Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1). CAMP Rehoboth Properties, LLC is a single-member limited liability company, wholly-owned by CAMP Rehoboth, Inc., which is disregarded for income tax purposes.

See independent auditors' report.

CAMP REHOBOTH, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 – RESTRICTED RESERVE ACCOUNT

Pursuant to the requirements of the USDA mortgage (See Note 9), CAMP maintains a cash reserve account for the purpose of accumulating an amount equivalent to a full year of debt service payments of \$139,440. The requirements stipulate that \$1,162, which represents an amount equal to one tenth of the monthly debt service payment, be deposited into a restricted reserve account each month until the full year of debt service payments has accumulated. The restricted balance in the reserve account at December 31, 2017 was \$8,134.

NOTE 3 – INVESTMENTS

For the year ended December 31, 2017, gross unrealized gains on marketable securities were \$6,007. CAMP did not incur realized gains or losses for the year ended December 31, 2017. Interest and dividends of \$498 were reported in the consolidated statement of revenue, expenses and changes in net assets – modified cash basis. Investments consisted of the following at December 31, 2017:

Money market fund	\$ 5,401
Common stocks	26,653
Other	<u>24,770</u>
	<u>\$ 56,824</u>

Other investments represent an initial transfer of \$25,000 by CAMP to the Delaware Community Foundation in January 2017, to be held in an endowed fund for the benefit of CAMP. This reciprocal transaction does not meet the definition of an equity transaction, and is therefore, accounted for as CAMP's asset.

NOTE 4 – PROPERTY AND EQUIPMENT

Depreciation expense for the year ended December 31, 2017 totaled \$100,394.

NOTE 5 – SECURITY DEPOSITS

CAMP's security deposits from current tenants as of December 31, 2017 totaled \$3,495.

NOTE 6 – RENTAL INCOME

CAMP leases a portion of its facilities to various parties for occasional one-time events and for commercial use, under long-term operating leases with various renewal dates. The total rental revenue for the long-term operating leases for 2017 was \$70,585.

See independent auditors' report.

CAMP REHOBOTH, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 6 – RENTAL INCOME (CONTINUED)

The cost of property held by CAMP for lease was \$974,872, less accumulated depreciation of \$236,173, at December 31, 2017. At December 31, 2017, remaining minimum annual lease revenue is as follows:

2018	\$ 68,901
2019	68,901
2020	52,831
2021	11,961
2022	<u>11,961</u>
	<u>\$ 214,555</u>

NOTE 7 – RETIREMENT PLAN

CAMP contributes 3% of qualified compensation for the benefit of eligible employees into a SEP IRA. For the year ended December 31, 2017, employer contributions to the SEP IRA plan were \$6,496.

NOTE 8 – RELATED PARTY TRANSACTIONS

CAMP leases residential property to related parties, renewable monthly. The total rental revenue on this operating lease was \$12,900 for 2017.

NOTE 9 – LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2017:

On May 12, 2017, CAMP Rehoboth Properties, LLC executed a mortgage note payable to Rural Housing Service, USDA in the aggregate principal amount of \$2,623,000. The note bears interest at a rate of 3.375%, and requires monthly principal and interest payments of \$11,620 over a term of 30 years, with the balance payable at maturity, May 12, 2047. The note is secured by all real and personal property located at 37 & 39 Baltimore Avenue. Simultaneous to the loan closing, on May 15, 2017, all debts of CAMP Rehoboth, Inc. were paid in full.

\$2,577,864

Less: current maturities

46,663

Total long-term notes payable

\$2,531,201

See independent auditors' report.

CAMP REHOBOTH, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9 – LONG-TERM DEBT (CONTINUED)

Future maturities of long term debt for the years ended December 31, are as follows:

2018	\$	46,663
2019		54,758
2020		56,635
2021		58,577
2022		60,584
Thereafter		<u>2,300,647</u>
	\$	<u>2,577,864</u>

Interest expense for the year ended December 31, 2017 was \$99,939.

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

For the year ended December 31, 2017, CAMP had \$2,025 of net assets restricted for tobacco prevention and cessation programs, and \$5,051 restricted for aging LGBT community forums and discussion groups.

NOTE 11 – AGENCY TRANSACTIONS

During the year ended December 31, 2017, CAMP collected \$2,270 on behalf of local community organizations. As of December 31, 2017, \$120 was owed to local community organizations.

NOTE 12 - RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for CAMP’s consolidated financial statements for

See independent auditors’ report.

CAMP REHOBOTH, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 12 - RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED (CONTINUED)

fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated its December 31, 2017 consolidated financial statements for subsequent events through May 25, 2018, the date the consolidated financial statements were available to be issued. Management is not aware of any additional subsequent events which would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

CAMP REHOBOTH, INC.
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>TOTAL PROGRAM OR AWARD AMOUNT</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
United States Department of Agriculture (USDA)					
Direct Award:					
Community Facilities Loans & Grants	10.766		\$ 2,623,000	\$ -	\$ 2,611,007
United States Department of Health & Human Services (HHS)					
Pass-through Award from the Delaware Department of Health & Social Services, Division of Public Health:					
HIV Prevention Activities Health Department Based	93.940	17-360	129,234	-	129,234
National Endowment for the Arts (NEA)					
Pass-through Award from the Delaware Division of the Arts:					
Project CAMPfire	45.025	17-6100-2007	<u>4,000</u>	<u>-</u>	<u>4,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,756,234</u>	<u>\$ -</u>	<u>\$ 2,744,241</u>

See accompanying notes to the consolidated schedule of expenditures of federal awards.

CAMP REHOBOTH, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying consolidated schedule of expenditures of federal awards (the Schedule) includes the federal loan/grant activity of CAMP Rehoboth, Inc. and subsidiary under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CAMP Rehoboth, Inc. and subsidiary, it is not intended to and does not present the assets, liabilities, net assets, revenue, expenses, and changes in net assets of CAMP Rehoboth, Inc. and subsidiary.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the consolidated schedule are reported on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis, certain expenses are recorded when paid rather than when the obligations are incurred. However, property and equipment, and related debt, are capitalized and depreciated over the estimated useful life of each asset. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – BALANCE OF FEDERAL LOAN OUTSTANDING

On May 12, 2017, the Rural Housing Services Department of the USDA, advanced initial loan funds of \$2,608,893 of the total loan commitment of \$2,623,000 to CAMP Rehoboth Properties, LLC. In September 2017, CAMP drew additional funds totaling \$2,114. The balance outstanding on the loan as of December 31, 2017 was \$2,577,864.

NOTE 4 – INDIRECT COST RATE

CAMP has not elected to use the 10% de minimis indirect cost rate.

To the Board of Directors of
CAMP Rehoboth, Inc. and subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of the CAMP Rehoboth, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statement of assets, liabilities and net assets – modified cash basis as of December 31, 2017, and related consolidated statements of revenue, expenses and changes in net assets – modified cash basis and functional expenses – modified cash basis for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered CAMP Rehoboth, Inc. and subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of CAMP Rehoboth, Inc. and subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CAMP Rehoboth, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KAHN, BERMAN, SOLOMON, TAIBEL & MOGOL, P.A.

Kahn, Berman, Solomon, Taibel & Mogol, P.A.

Timonium, Maryland
May 25, 2018

To the Board of Directors of
CAMP Rehoboth, Inc. and subsidiary

Report on Compliance for Each Major Federal Program

We have audited CAMP Rehoboth, Inc. and subsidiary's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CAMP Rehoboth, Inc. and subsidiary's major federal programs for the year ended December 31, 2017. CAMP Rehoboth, Inc. and subsidiary's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CAMP Rehoboth, Inc. and subsidiary's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CAMP Rehoboth, Inc. and subsidiary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on CAMP Rehoboth, Inc. and subsidiary's compliance.

Opinion on Each Major Federal Program

In our opinion, CAMP Rehoboth, Inc. and subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of CAMP Rehoboth, Inc. and subsidiary are responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CAMP Rehoboth, Inc. and subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CAMP Rehoboth, Inc. and subsidiary's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KAHN, BERMAN, SOLOMON, TAIBEL & MOGOL, P.A.

Kahn, Berman, Solomon, Taibel & Mogol, P.A.

Timonium, Maryland
May 25, 2018

CAMP REHOBOTH, INC.
SCHEDULE OF FINDINGS & QUESTIONED COSTS
DECEMBER 31, 2017

SUMMARY OF AUDITORS' RESULTS

Consolidated Financial Statements

- | | | |
|----|--|-------------|
| 1. | Type of auditors' report issued: | Unqualified |
| 2. | Internal control over financial reporting: | |
| | Material weaknesses identified? | No |
| | Significant deficiencies identified? | No |
| 3. | Noncompliance material to consolidated financial statements noted: | No |

Federal Awards

- | | | |
|----|--|-------------|
| 4. | Internal control over major programs: | |
| | Material weaknesses identified? | No |
| | Significant deficiencies identified? | No |
| 5. | Type of auditors' report issued on compliance for major programs: | Unqualified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
| 7. | Identification of major programs: | |
| | 10.766 USDA/Community Facilities Loans & Grants | |
| 8. | Dollar threshold used to distinguish between Type A and Type B programs was \$750,000. | |
| 9. | Auditee qualified as low-risk auditee? | No |

FINDINGS – CONSOLIDATED FINANCIAL STATEMENT AUDIT

NONE NOTED

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE NOTED