

**TEXAS LIONS CAMP, INC.**

FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2010 AND 2009  
AND SUPPLEMENTAL SCHEDULE

INDEPENDENT AUDITORS' REPORT

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DAVIDSON • FREEDLE  
ESPENHOVER & OVERBY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
Texas Lions Camp, Inc.  
Kerrville, Texas

We have audited the accompanying statements of financial position of the Texas Lions Camp, Inc. (a non profit organization) as of September 30, 2010 and 2009, and the related statements of activities, statements of net assets, and statements of cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Texas Lions Camp, Inc. as of September 30, 2010 and 2009, and the results of its activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the financial statements referred to in the first paragraph taken as a whole. The accompanying Supplemental Schedule of Budgeted and Budgetary Actual Sources and Uses of Funds for the year ended September 30, 2010 is presented for purposes of additional analysis and is not a required part of the above financial statements. Such information, except for that portion marked "budget" on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the financial statements referred to above; and, in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Davidson, Freedle, Espenhover & Overby, P.C.*  
January 21, 2011

Gary A. Davidson, CPA • Patrick L. Freedle, CPA • Greg Espenhover, CPA • Kerwin L. Overby, CPA • Richard B. Cox Jr., CPA  
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**TEXAS LIONS CAMP, INC.****STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
CASH	\$ 37,108	\$ 337,799
CASH - temporarily restricted	920,023	589,522
UNCONDITIONAL PROMISES TO GIVE	124,439	94,524
UNCONDITIONAL PROMISES TO GIVE - temporarily restricted	27,480	-
UNCONDITIONAL PROMISES TO GIVE - permanently restricted	231,184	1,750
INVESTMENTS	11,407,147	10,515,698
OTHER ASSETS	14,796	18,597
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$6,742,568 and \$6,335,477	6,023,817	6,174,155
LONG-TERM ENDOWMENT INVESTMENTS - permanently restricted	<u>4,431,008</u>	<u>3,910,909</u>
TOTAL	<u>\$ 23,217,002</u>	<u>\$ 21,642,954</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES -</b>		
Accounts payable	\$ 33,038	\$ 54,760
Deferred revenue	10,500	-
Annuity payable	<u>142,219</u>	<u>152,397</u>
Total Liabilities	<u>185,757</u>	<u>207,157</u>
<b>NET ASSETS:</b>		
Permanently restricted:		
Endowment fund	4,662,192	3,912,659
Temporarily restricted:		
Operations and capital expenditures	327,900	267,349
Unappropriated endowment fund appreciation	619,603	322,173
Unrestricted:		
Designated as Trust funds	9,652,126	8,866,463
Designated for land and buildings	5,796,475	5,923,196
Undesignated	<u>1,972,949</u>	<u>2,143,957</u>
Total Net Assets	<u>23,031,245</u>	<u>21,435,797</u>
TOTAL	<u>\$ 23,217,002</u>	<u>\$ 21,642,954</u>

See notes to the financial statements.

**TEXAS LIONS CAMP, INC.****STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>UNRESTRICTED NET ASSETS</b>		
Support:		
Lions membership dues	\$ 566,403	\$ 553,294
Lions Century Club	171,415	194,139
Lions 100% participation	274,072	276,051
Contributions	154,606	22,363
Other support	417,028	487,064
Non-Lion donations	82,936	119,934
Total unrestricted support	<u>1,666,460</u>	<u>1,652,845</u>
Revenue:		
Other program fees	199,138	417,013
Sale of promotional items	51,963	49,026
Investment income including net unrealized gains (losses)	943,343	193,412
Total unrestricted revenue	<u>1,194,444</u>	<u>659,451</u>
Net assets reclassified to temporarily restricted	-	(256,110)
Net assets released from donor restrictions	189,218	210,427
<b>TOTAL UNRESTRICTED SUPPORT AND REVENUE</b>	<u>3,050,122</u>	<u>2,266,613</u>
<b>PROGRAM SERVICE EXPENSES</b>		
Summer camp program	<u>1,855,063</u>	<u>1,917,834</u>
<b>SUPPORTING SERVICES EXPENSES</b>		
General administration	514,146	547,755
Fund raising	192,979	162,271
Total supporting services expenses	<u>707,125</u>	<u>710,026</u>
<b>TOTAL EXPENSES</b>	<u>2,562,188</u>	<u>2,627,860</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>487,934</u>	<u>(361,247)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	196,761	64,837
Net endowment investment income	350,438	144,118
Net assets released from donor restrictions	(189,218)	(210,427)
Net assets reclassified from unrestricted	-	256,110
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>357,981</u>	<u>254,638</u>
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Endowment fund contributions	<u>749,533</u>	<u>125,267</u>
<b>CHANGE IN PERMANENTLY RESTRICTED NET ASSETS</b>	<u>749,533</u>	<u>125,267</u>
<b>CHANGE IN TOTAL NET ASSETS</b>	<u>\$ 1,595,448</u>	<u>\$ 18,657</u>

**TEXAS LIONS CAMP, INC.**

**STATEMENTS OF NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

	UNRESTRICTED - UNDESIGNATED	UNRESTRICTED - DESIGNATED FOR CERTAIN LAND AND BUILDINGS	UNRESTRICTED - DESIGNATED FOR REINVESTMENT	UNRESTRICTED - DESIGNATED AS TRUST FUNDS	TEMPORARILY RESTRICTED - PRIMARYLY FOR BUILDING CONSTRUCTION	TEMPORARILY RESTRICTED - ENDOWMENT FUND EARNINGS AND NET APPRECIATION	PERMANENTLY RESTRICTED - ENDOWMENT FUND
NET ASSETS - SEPTEMBER 30, 2008	\$ 21,417,140	\$ 5,984,588	\$ 256,110	\$ 8,947,563	\$ 334,884	\$ -	\$ 3,787,392
CHANGE IN NET ASSETS	18,657	(61,392)	(256,110)	(81,100)	(67,535)	322,173	125,267
NET ASSETS - SEPTEMBER 30, 2009	21,435,797	5,923,196	-	8,866,463	267,349	322,173	3,912,659
CHANGE IN NET ASSETS	1,595,448	(126,721)	-	785,663	60,551	297,430	749,533
NET ASSETS - SEPTEMBER 30, 2010	\$ 23,031,245	\$ 5,796,475	\$ -	\$ 9,652,126	\$ 327,900	\$ 619,603	\$ 4,662,192

See notes to the financial statements.

## TEXAS LIONS CAMP, INC.

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,595,448	\$ 18,657
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	421,437	426,941
Amortization of annuity	2,323	1,697
Donated materials and services	(15,480)	(3,334)
Gain on disposal of assets	(1,419)	(4,364)
Realized and unrealized investment (gains) losses	(999,008)	34,950
Decrease (Increase) in unconditional promises to give	(286,829)	(44,011)
Decrease (Increase) in other assets	5,220	7,750
(Decrease) Increase in accounts payable	(21,722)	32,410
(Decrease) Increase in deferred revenue	10,500	-
Contributions restricted for long-term investment	(749,083)	(125,267)
Contributions restricted for investment in property, plant, equipment, and other	<u>(181,281)</u>	<u>(61,501)</u>
Net cash (used) provided by operating activities	<u>(219,894)</u>	<u>283,928</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net increase in investments	(632,769)	(408,714)
Purchase of fixed assets	<u>(255,620)</u>	<u>(296,106)</u>
Net cash used by investing activities	<u>(888,389)</u>	<u>(704,820)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions received restricted to investment in endowment	749,083	125,267
Contributions received restricted to investment in property, plant, equipment, and other	181,281	61,501
Payments on annuity payable	<u>(12,501)</u>	<u>(12,501)</u>
Net cash provided by financing activities	<u>917,863</u>	<u>174,267</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(190,420)</b>	<b>(246,625)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<b><u>1,699,732</u></b>	<b><u>1,946,357</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<b><u>\$ 1,509,312</u></b>	<b><u>\$ 1,699,732</u></b>

See notes to the financial statements.

## TEXAS LIONS CAMP, INC.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business description – The Texas Lions Camp, Inc. (the “Camp”) was incorporated on April 4, 1949. The Camp was formed to support, maintain, and conduct without charge a children's camp as authorized by the Texas Non-Profit Corporation Act.

Fund accounting – The accounts of the Camp are maintained in accordance with the principles of fund accounting. Under fund accounting, resources are classified for accounting purposes into various funds established according to their nature and purpose. The financial statements of the Camp have been prepared utilizing the accrual basis of accounting.

Contributions – Contributions received, including unconditional promises to give, are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor imposed restrictions. Amounts received that are designated for future periods are reported as temporarily restricted support that increases temporarily restricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Charitable Gift Annuities – The Camp is the beneficiary of a split interest agreement categorized as a charitable gift annuity. Assets received are recorded at their fair value and the related liability is recorded as an annuity payable which is recorded at the present value of expected future payments based on the life expectancy of the donor and the prevailing interest rate. The difference between the fair value of the assets received and the annuity payable is classified as unrestricted contributions on the statement of activities. A discount rate of 6% was utilized to determine the present value of the charitable gift annuity. Amortization of the discount and any changes in the life expectancy of the donor is recorded in the statement of activities – unrestricted supporting services.

Donated property and labor – Donated property, marketable securities and other non-cash donations are recorded as contributions at their estimated market value at the date of donation. Volunteers contribute time to the activities of the Camp without compensation. Unless the criteria for recognition of such volunteer effort under ASC 958-605-25-16 has been satisfied, the financial statements do not reflect the value of those contributed services because, although clearly beneficial, no reliable basis exists for determining an appropriate amount to be associated with certain volunteer services rendered. Contributed services are recognized according to ASC 958-605-25-16 when the services received create or enhance nonfinancial assets or require specialized skills that would need to be purchased if not provided by donation.



Investments – Investments are carried at fair market value. Investment income gains and losses are reported as increases or decreases in unrestricted net assets or temporarily restricted net assets based on the nature of the original investment.

Property and equipment – are stated at cost except for donated equipment that is stated at fair market value at date of receipt. The cost of major renewal and betterments are capitalized. Expenditures for maintenance and repairs and for minor renewals and betterments are charged to expenses.

Income taxes – The Camp is a 501(c)(3) organization exempt from federal income tax as provided under the Internal Revenue Code and therefore has no provision for federal income taxes. The Camp has no material unrecognized tax positions due to uncertainties in income tax positions as of September 30, 2010.

Cash and cash equivalents – For purposes of reporting cash flows, cash equivalents include time deposits, and all highly liquid debt instruments with original maturities of 3 months or less which are not restricted for long-term purposes (see note 2). Cash and cash equivalents as of September 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Cash	\$ 957,131	\$ 927,321
Money market investment accounts	<u>552,181</u>	<u>772,411</u>
Cash and cash equivalents	<u>\$ 1,509,312</u>	<u>\$ 1,699,732</u>

Promises to give – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Use of estimates – 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 and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses – The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Date of Management's Review - Management has evaluated subsequent events through January 21, 2011, which is the date the financial statements were available to be issued.

## 2. INVESTMENTS

The Camp carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

The Camp's investments at September 30, 2010 and 2009, consist of securities held at J. P. Morgan and U.S. Trust and are categorized as follows:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>
Money Market funds	\$ 689,656	\$ 689,656	\$ 1,116,725	\$ 1,116,725
Debt Securities	5,355,918	5,467,805	5,338,933	5,285,262
Equity Securities	6,335,248	6,816,266	7,886,408	7,809,997
Other	2,696,561	2,864,428	140,525	214,623
Total	<u>\$15,077,383</u>	<u>\$15,838,155</u>	<u>\$14,482,591</u>	<u>\$14,426,607</u>

Of the investments listed above, \$4,431,008 and \$3,910,909 are permanently restricted net assets (endowment fund) as of September 30, 2010 and 2009, respectively.

The following schedule summarizes the investment returns and classification in the Statement of Activities for the year ended September 30, 2010.

	<u>2010</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 310,872	\$ 81,338	\$ 392,210
Realized gains (losses)	107,487	78,036	185,523
Unrealized gains (losses)	594,090	219,395	813,485
Investment fees	(69,106)	(28,331)	(97,437)
Total	<u>\$ 943,343</u>	<u>\$ 350,438</u>	<u>\$ 1,293,781</u>

The following schedule summarizes the investment returns and classification in the Statement of Activities for the year ended September 30, 2009.

	2009		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 360,661	\$ 103,040	\$ 463,701
Realized gains (losses)	(670,749)	(368,554)	(1,039,303)
Unrealized gains (losses)	569,736	434,617	1,004,353
Investment fees	(66,236)	(24,985)	(91,221)
Total	<u>\$ 193,412</u>	<u>\$ 144,118</u>	<u>\$ 337,530</u>

### 3. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Accounting Standards Codification, *Fair Value Measurements and Disclosures* (FASB ASC 820), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Various inputs are used in determining fair value. The three levels inputs of the fair value hierarchy under FASB ACS 820 are described below:

Level 1- Quoted prices for identical assets or liabilities in active markets that the Camp has the ability to access.

Level 2- Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Significant, unobservable inputs (including the Camp’s own assumptions in determining the fair value of investments).

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at September 30, 2010 and 2009.

### Level 1 Measurements

U.S. government securities, fixed income, corporate obligations, equities, and other investments consist of investments in individual assets of the types noted as well as investments in mutual funds and other investment vehicles that invest in assets of certain types. The individual securities and the other investment vehicles are valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds are valued at the quoted net asset value (“NAV”) of shares held by the plan at year end.

### Level 3 Measurements

Certain other investment assets are comprised of mineral interests which are valued at the estimated present value of future net royalty income which approximates fair value and investment property which is valued at donated cost which approximates fair value.

The following table sets forth by level, within fair value hierarchy, the Camp’s assets at fair value:

Assets at Fair Value as of September 30, 2010:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 689,656		\$ 689,656
Debt securities	5,467,805		5,467,805
Equity Securities	6,816,266		6,816,266
Other	2,618,037	\$ 246,391	2,864,428
Total	<u>\$ 15,591,764</u>	<u>\$ 246,391</u>	<u>\$ 15,838,155</u>

Assets at Fair Value as of September 30, 2009:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,116,725		\$ 1,116,725
Debt securities	5,285,262		5,285,262
Equity securities	7,809,997		7,809,997
Other	-	\$ 214,623	214,623
Total	<u>\$ 14,211,984</u>	<u>\$ 214,623</u>	<u>\$ 14,426,607</u>

The table below sets forth a summary of changes in the fair value of the Camp's level 3 assets for the years ended September 30, 2009 and 2010, respectively:

	<u>Level 3 Assets</u> <u>Other investments</u>
Balance, September 30, 2008	\$ 391,956
Total gains or losses	<u>(177,333)</u>
Balance, September 30, 2009	214,623
Total gains or losses	<u>31,768</u>
Balance, September 30, 2010	<u>\$ 246,391</u>

#### 4. PROMISES TO GIVE

Unconditional promises to give at September 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Dues and other moneys due from Lions Clubs	\$ 119,121	\$ 91,446
Wills and bequests	5,318	3,078
Capital pledges – temporarily restricted	7,930	-
Other pledges – temporarily restricted	19,550	-
Endowment pledges - permanently restricted	<u>246,949</u>	<u>1,750</u>
Unconditional promises to give before unamortized discount	398,868	96,274
Less discount – permanently restricted	<u>( 15,765)</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 383,103</u>	<u>\$ 96,274</u>

Unconditional promises to give due in:

Less than one year	\$ 179,725
One to five years	<u>219,143</u>
Total	<u>\$ 398,868</u>

For the year ended September 30, 2010, the discount rate applied to promises to give that are expected to be collected in future years was approximately 2%.

5. PROPERTY AND EQUIPMENT

For the fiscal years ended September 30, 2010 and 2009, the Camp recorded depreciation expense in the amount of \$421,437 and \$426,941, respectively. Depreciation is computed on a straight-line basis over the estimated useful lives of the property and equipment.

The cost and estimated useful lives as of September 30, 2010 and 2009 are as follows:

	2010 Cost or <u>Donated Value</u>	2009 Cost or <u>Donated Value</u>	Estimated Useful Life <u>In Years</u>
Construction in progress	\$ 83,974	\$ 130,990	
Land	87,488	87,488	
Land improvements	368,370	368,370	10 - 33
Buildings	8,226,909	8,173,929	33
Campsites, roads, walks and other ground improvements	2,494,010	2,276,708	15 - 33
Furniture and fixtures	290,385	283,464	10
Equipment	724,976	754,748	10
Computer equipment	93,125	80,804	6
Vehicles	397,148	353,131	5
Total	<u>12,766,385</u>	<u>12,509,632</u>	
Less: Accumulated depreciation	<u>(6,742,568)</u>	<u>(6,335,477)</u>	
Net	<u>\$ 6,023,817</u>	<u>\$ 6,174,155</u>	

## 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash and unconditional promises to give at September 30, 2010 and cash at September 30, 2009. Amounts were available for the following purposes:

	<u>2010</u>	<u>2009</u>
Operations	\$ 99,204	\$ 78,235
Capital improvements	228,696	189,114
Endowment earnings	619,603	322,173
Total	<u>\$ 947,503</u>	<u>\$ 589,522</u>

## 7. PERMANENTLY RESTRICTED NET ASSETS

In August 2008, The Financial Accounting Standards Board issued ASC 958-205-45-28 (FAS 117-1), *Endowments of Not-for Profit organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowed Funds*. FSP 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The FSP also improves the disclosure about an organization's endowed funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Texas adopted UPMIFA effective September 1, 2007. The Camp adopted FSP 117-1 during the year ended September 30, 2009. The Board of Directors determined that some of its net assets are endowment funds as defined by UPMIFA. Most contributions are subject to the Texas Lions Camp Governing Instrument. Certain contributions are received subject to other trust instruments, or are subject to specific agreements with the Camp.

Under the terms of the of the Governing Instrument, the Board of Directors has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board shall determine.

In accordance with UPMIFA, the organization considers the following factors in making determination to appropriate or accumulate donor-restricted endowment funds:

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

Contributions that are subject to other gift instruments may be recorded as permanently restricted, temporarily restricted or unrestricted, depending on the specific terms of the agreement. Generally, if the corpus of the contribution will at some future time become available for spending it is recorded as temporarily restricted, if the corpus never becomes available for spending it will be reported as permanently restricted. In addition, contributions that are promised to be given in a future period are presented as temporarily restricted until the payments are due.

During the year ended September 30, 2009 the Camp reviewed its endowment fund and transferred \$256,110 to temporarily restricted net assets for unappropriated net endowment appreciation that are subject to UPMIFA and that were previously classified as unrestricted, designated for reinvestment.

The Camp has the objective to maintain the purchasing power of its endowments over time while generating income for operations. The Camp's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

The current spending policy calls for the appropriation and expenditure of the net income of the endowment investments, exclusive of the net realized and unrealized appreciation. Upon authorization of the Board, any realized and unrealized appreciation can be appropriated.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Camp to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported as unrestricted net assets. There are no such deficiencies as of September 30, 2010 and 2009.



Changes in endowed assets for the year ended September 30, 2010 were as follows:

	<u>Unrestricted, Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net endowed assets, beginning of year		\$ 322,173	\$ 3,912,659	\$ 4,234,832
Interest and dividends		81,338		81,338
Investment fees		( 28,331)		( 28,331)
Net realized and unrealized appreciation		297,431		297,431
Contributions			749,533	749,533
Amounts appropriated for expenditure		( 53,008)		( 53,008)
Changes in endowed assets		<u>297,430</u>	<u>749,533</u>	<u>1,046,513</u>
Endowed assets, end of year	<u>\$ -</u>	<u>\$ 619,603</u>	<u>\$ 4,662,192</u>	<u>\$ 5,281,795</u>

Changes in endowed assets for the year ended September 30, 2009 were as follows:

	<u>Unrestricted, Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net endowed assets, beginning of year	\$ 256,110		\$ 3,787,392	\$ 4,043,502
Reclassification of prior years' endowment fund earnings	( 256,110)	\$ 256,110		
Interest and dividends		103,040		103,040
Investment fees		( 24,985)		( 24,985)
Net realized and unrealized appreciation		66,063		66,063
Contributions			125,267	125,267
Amounts appropriated for expenditure		( 78,055)		( 78,055)
Changes in endowed assets	<u>(256,110)</u>	<u>322,173</u>	<u>125,267</u>	<u>191,330</u>
Endowed assets, end of year	<u>\$ -</u>	<u>\$ 322,173</u>	<u>\$ 3,912,659</u>	<u>\$ 4,234,832</u>

The Endowment fund's permanently restricted net assets consist of the following:

	<u>2010</u>	<u>2009</u>
Receivables due in one to five years, net of discount	\$ 231,184	\$ 1,750
Investments (at amount of original contribution)	<u>4,431,008</u>	<u>3,910,909</u>
	<u>\$ 4,662,192</u>	<u>\$ 3,912,659</u>

## 7. UNRESTRICTED NET ASSETS

The Board has designated that testamentary gifts received by the Camp, not specifically designated for any other purpose, shall be deemed to have been received by the Trust fund. Also, the Board has designated that net gains (both realized and unrealized) on such funds are to be reinvested in the Trust fund. Net income generated by the Trust fund may be used for operations upon authorization by the Board. The principal of the Trust fund may be used for acquisition and replacement of real property and major equipment upon approval by a 2/3 vote by the Board. If the principal of the Trust fund is to be used for any other purpose, a 4/5 vote of the Board is needed. As of September 30, 2010 and 2009, the amount of such funds designated as Trust funds in the accompanying financial statements is \$9,652,126 and \$8,866,463, respectively.

Activity in the Trust fund during the years ended September 30, 2010 and 2009 was as follows:

	<u>2010</u>	<u>2009</u>
Trust fund balance at beginning of year	\$ 8,866,463	\$ 8,947,563
Contributions	154,606	22,363
Net realized and unrealized investment income (losses) designated for reinvestment	824,193	119,654
Net investment income used for operations	<u>(193,136)</u>	<u>( 223,117)</u>
Trust fund balance at end of year	<u>\$ 9,652,126</u>	<u>\$ 8,866,463</u>

The Board has also designated net assets for the net book value of certain land, buildings and improvements that by their nature are not disposable by the Camp as long as it maintains its operations of the summer camp. These assets at September 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Construction in progress	\$ 83,974	\$ 130,991
Land	53,340	53,340
Land improvements	368,370	368,370
Buildings	8,226,909	8,173,929
Campsites, roads, walks and other improvements	<u>2,494,009</u>	<u>2,276,708</u>
Total	11,226,602	11,003,338
Less: Accumulated depreciation	<u>(5,430,127)</u>	<u>(5,080,142)</u>
Net	<u>\$ 5,796,475</u>	<u>\$ 5,923,196</u>

#### 8. LINE OF CREDIT

At September 30, 2010 and 2009, the Camp had a \$50,000 unsecured line of credit with a bank to be drawn upon as needed, with an interest rate of 2.5% above prime. \$8,381 and \$0 was due on the line of credit at September 30, 2010 and 2009, respectively and is included in accounts payable in the accompanying statements.

#### 9. 401(k) PROFIT-SHARING PLAN

The Camp has a 401(k) profit sharing plan covering substantially all employees over the age of 21 with one year of service or more. The Company may contribute a discretionary percentage of the amount of an employee's elected salary deferrals and other discretionary contributions. Total contributions to the plan for the years ended September 30, 2010 and 2009 were \$28,359 and \$24,435, respectively.

#### 10. CONCENTRATIONS OF CREDIT AND MARKET RISK

In 2010 and 2009, the Camp received approximately 56% and 68%, respectively, of its support and revenues from Lions in the State of Texas. As of September 30, 2010 and 2009, approximately 99% and 96%, respectively, of unconditional promises to give were from Lions in the State of Texas.

## 11. RISKS AND UNCERTAINTIES

The Camp has cash deposits in two financial institutions. During the years ended September 30, 2010 and 2009, the accounts at each financial institution were insured by the Federal Deposit Insurance Corporation. Effective October 3, 2008, deposits at FDIC-insured institutions are insured up to at least \$250,000 until December 31, 2013. The balances in Camp accounts may be in excess of these federally insured limits from time to time.

The Camp utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

TEXAS LIONS CAMP, INC.  
 SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (SEE NOTE AT PAGE 22)

	2010	BUDGET	VARIANCE	PERCENTAGE VARIANCE
<b>SOURCES OF FUNDS</b>				
CENTURY CLUB	\$ 171,415	\$ 215,000	\$ (43,585)	(20.27)
LIFE MEMBERSHIP	34,022	55,000	(20,978)	(38.14)
MEMORIALS	64,771	57,200	7,571	13.24
INTEREST INCOME	7,091	20,000	(12,909)	(64.55)
MEMBERSHIP DUES	566,403	556,000	10,403	1.87
DONATIONS	190,214	137,500	52,714	38.34
100% PARTICIPATION	274,072	284,300	(10,228)	(3.60)
OUTSIDE DONATIONS	82,936	50,000	32,936	65.87
SALE OF PROMOTIONAL ITEMS	48,881	50,000	(1,119)	(2.24)
CHRISTMAS CARDS	17	-	17	100.00
VENDING INCOME	954	2,000	(1,046)	(52.30)
LEASE GROUPS	153,953	150,000	3,953	2.64
GOLF TOURNAMENT PROCEEDS	45,185	30,000	15,185	50.62
CAMP PICTURES	3,065	3,000	65	2.17
ALUMNI ASSOCIATION DUES	45	-	45	100.00
CONTRIBUTIONS - JACK WIECH	102,165	110,000	(7,835)	(7.12)
OTHER INCOME	13	1,000	(987)	100.00
INCOME FROM SALE OF ASSET	1,419	-	1,419	100.00
INSURANCE REFUNDS	15,570	-	15,570	100.00
COUNSELOR SCHOLARSHIPS	1,000	-	1,000	100.00
ROYALTY INCOME	4,573	6,000	(1,427)	(23.78)
SPECIAL PROJECTS	3,701	-	3,701	100.00
DIVIDEND INCOME	63,046	60,000	3,046	5.08
DESIGNATED REVENUE	47,143	30,000	17,143	100.00
TRANSFER FROM ENDOWMENT	53,007	83,000	(29,993)	(36.14)
TRANSFER FROM TRUST FUND	193,136	200,000	(6,864)	(3.43)
TOTAL SOURCES OF FUNDS	<u>2,127,798</u>	<u>2,100,000</u>	<u>27,798</u>	1.32
<b>USES OF FUNDS</b>				
ARCHERY	312	200	112	56.21
ARTS & CRAFTS	1,150	1,100	50	4.55
AQUATICS	4,080	5,000	(920)	(18.40)
AWARDS	2,138	1,320	818	61.97
BANQUET	6,557	4,500	2,057	45.71
BARN YARD/PETTING ZOO	1,825	900	925	102.78
CAMPER PROVISIONS	1,043	500	543	108.60
CAMPER PICTURES	-	300	(300)	100.00
CERAMICS	-	500	(500)	(100.00)
CERTIFICATION	4,094	12,000	(7,906)	(65.88)
COUNSELOR SCHOLARSHIPS	500	1,000	(500)	(50.00)
DUES & SUBSCRIPTIONS	8,889	5,000	3,889	77.78
DIRECTORS TRAINING	8,068	12,000	(3,932)	(32.77)

TEXAS LIONS CAMP, INC.  
 SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (SEE NOTE AT PAGE 22)

	2010	BUDGET	VARIANCE	PERCENTAGE VARIANCE
WORK WEEKEND	1,979	2,000	(21)	(1.05)
FIREWORKS	534	500	34	100.00
FINE ARTS	442	250	192	76.80
DINING HALL:				
FOOD	119,085	115,000	4,085	3.55
PAPER PRODUCTS	3,292	4,000	(708)	(17.70)
SALARIES	56,213	48,000	8,213	17.11
PAYROLL TAXES	5,090	4,000	1,090	27.25
GREENHOUSE	243	300	(57)	(19.05)
INSURANCE CAMPERS	3,437	3,500	(63)	(1.80)
LAUNDRY	17,559	17,000	559	3.29
LEADERSHIP WEEKEND	-	300	(300)	(100.00)
MUSIC	90	700	(610)	(87.14)
NATURE CRAFTS	1,425	300	1,125	375.00
OFFICE SUPPLIES	2,790	2,800	(10)	(0.36)
POSTAGE	5,134	7,500	(2,366)	(31.55)
PRINTING	4,078	14,000	(9,922)	(70.87)
PHOTOGRAPHY	2,859	3,000	(141)	(4.70)
RECREATION	1,222	250	972	388.80
RIFLERY	3,142	-	3,142	100.00
ROPES COURSE	-	500	(500)	(100.00)
SPECIAL ACTIVITIES	2,727	1,200	1,527	127.25
STORE INVENTORY	33,245	40,000	(6,755)	(16.89)
SALES AND OTHER TAXES	1,938	7,200	(5,262)	100.00
SECURITY RECORD CHECK	5,402	4,000	1,402	35.05
TRAVEL	20,072	20,000	72	0.36
UNIFORMS	10,182	10,000	182	1.82
UNIT ACTIVITIES	295	250	45	18.00
VENDING	4,684	4,000	684	17.10
EMPLOYEE RELATIONS	1,328	500	828	165.60
INFIRMARY:				
SUPPLIES	3,085	2,000	1,085	54.25
OUTSIDE MEDICAL FEES	1,647	4,000	(2,353)	(58.83)
SALARIES	45,088	45,000	88	0.20
PAYROLL TAXES	4,126	4,200	(74)	(1.76)
EQUESTRIAN:				
DUES & SUBS	1,005	350	655	187.14
FARRIER	2,824	3,000	(176)	(5.87)
HORSE FEED	18,652	16,000	2,652	16.58
MEDICAL COST	3,141	2,300	841	36.57
RIDING SUPPLIES	562	500	62	12.40
RANCH SUPPLIES	3,200	2,050	1,150	56.10
WILDLIFE MANAGEMENT	9,303	-	9,303	100.00
JANITORIAL	5,275	6,500	(1,225)	(18.85)
SALARIES:				

TEXAS LIONS CAMP, INC.  
 SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (SEE NOTE AT PAGE 22)

	2010	BUDGET	VARIANCE	PERCENTAGE VARIANCE
PROGRAM STAFF	167,676	175,760	(8,084)	(4.60)
PROGRAM STAFF PAYROLL TAXES	13,223	14,940	(1,717)	(11.49)
SUMMER STAFF	228,614	210,000	18,614	8.86
SUMMER STAFF PAYROLL TAXES	13,907	14,000	(93)	(0.66)
DIABETIC CAMP:				
MEDICAL GRANT	41,808	39,750	2,058	5.18
OUTSIDE MEDICAL FEES	-	250	(250)	(100.00)
AUDIT FEE	17,000	17,000	-	-
BANK CHARGES	3,169	2,000	1,169	58.45
ACH CHARGES	866	3,000	(2,134)	100.00
PAYROLL SERVICE CHARGES	21,815	40,000	(18,185)	(45.46)
BOARD MEETING COST	28,427	10,000	18,427	184.27
DUES & SUBSCRIPTIONS	715	1,000	(285)	(28.50)
LEASE GROUP EXPENSES	5,422	9,000	(3,578)	100.00
LEGAL FEES	2,646	5,000	(2,354)	(47.08)
OFFICE SUPPLIES	14,077	8,000	6,077	75.96
POSTAGE	4,684	5,000	(316)	(6.32)
PRINTING	1,195	1,000	195	19.50
COMPUTER SERVICES & SUPPLIES	21,152	50,482	(29,330)	(58.10)
SALARIES	183,000	187,840	(4,840)	(2.58)
PAYROLL TAXES	14,180	15,967	(1,787)	(11.19)
EMPLOYEE RELATIONS	236	1,000	(764)	(76.40)
PROGRAM DEVELOPMENT:				
ADVERTISING & PROMOTION	6,634	20,000	(13,366)	(66.83)
DUES & SUBSCRIPTIONS	-	255	(255)	(100.00)
PRINTING	11,903	12,000	(97)	(0.81)
PRODUCTION PROGRAMS	1,060	15,000	(13,940)	(92.93)
POSTAGE	10,757	15,000	(4,243)	(28.29)
PUBLIC RELATIONS	364	3,000	(2,636)	(87.87)
SUPPLIES	107	1,200	(1,093)	(91.08)
SALARIES	89,636	102,960	(13,324)	(12.94)
PAYROLL TAXES	7,263	8,752	(1,489)	(17.01)
RECOGNITION EMBLEMS	44,956	59,000	(14,044)	(23.80)
CONSULTING	127,431	-	127,431	100.00
VEHICLES - FUEL	10,933	19,000	(8,067)	(42.46)
VEHICLES - MAINTENANCE	2,274	3,000	(726)	(24.20)
VEHICLES - PARTS	2,255	3,500	(1,245)	(35.57)
VEHICLES - REGISTRATION	1,430	1,250	180	14.40
VEHICLES - REPAIRS	3,424	3,000	424	14.13

TEXAS LIONS CAMP, INC.  
 SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (SEE NOTE AT PAGE 22)

	2010	BUDGET	VARIANCE	PERCENTAGE VARIANCE
REPAIRS & MAINTENANCE				
BUILDINGS	17,822	20,000	(2,178)	(10.89)
EQUIPMENT	10,438	8,000	2,438	30.48
FURNITURE & FIXTURES	3,789	800	2,989	373.63
GENERAL	21,311	8,000	13,311	166.39
LAND	1,367	2,000	(633)	(31.65)
MAINTENANCE CONTRACTS	17,792	14,500	3,292	22.70
JANITORIAL SUPPLIES	7,661	7,000	661	9.44
MAINTENANCE SALARIES	105,203	114,400	(9,197)	(8.04)
MAINTENANCE PAYROLL TAXES	8,412	9,724	(1,312)	(13.49)
OTHER	(78)	-	(78)	100.00
INSURANCE:				
AUTO	13,120	11,000	2,120	19.27
BUILDINGS	68,877	70,000	(1,123)	(1.60)
BOND	100	1,000	(900)	(90.00)
EQUIPMENT	-	6,500	(6,500)	(100.00)
EMPLOYEE HEALTH	140,280	140,000	280	0.20
EMPLOYEE RETIREMENT	28,359	31,000	(2,641)	(8.52)
WORKERS COMPENSATION	18,557	14,000	4,557	32.55
DIRECTORS & OFFICERS	6,873	6,000	873	14.55
UTILITIES:				
ELECTRICITY	78,917	80,000	(1,083)	(1.35)
GARBAGE	3,629	2,400	1,229	51.21
GAS	15,750	15,000	750	5.00
TELEPHONE	8,476	10,000	(1,524)	(15.24)
T.V.	6,124	3,500	2,624	74.97
WATER	10,103	6,000	4,103	68.38
TOTAL USES	<u>2,142,172</u>	<u>2,100,000</u>	<u>42,172</u>	2.01
NET INCREASE/(DECREASE)	<u>\$ (14,374)</u>	<u>\$ -</u>	<u>\$ (14,374)</u>	*****
DEPRECIATION	<u>\$ 421,437</u>	<u>\$ -</u>	<u>\$ 421,437</u>	*****

NOTE: THIS STATEMENT IS PRESENTED FOR PURPOSES OF COMPARISON OF THE BUDGETARY ACTUAL SOURCES AND USES OF CERTAIN FUNDS TO THOSE AMOUNTS BUDGETED. IT IS NOT INTENDED TO PRESENT ALL SOURCES AND USES OF FUNDS, AS DUE TO THEIR NATURE, NOT ALL SOURCES AND USES ARE BUDGETED BY MANAGEMENT.