

TEXAS LIONS CAMP, INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2012 AND 2011
AND SUPPLEMENTAL SCHEDULE

INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Net Assets	4
Statements of Cash Flows	5
Notes to the Financial Statements	6
Supplemental Schedule of Budgeted and Budgetary Actual Sources and Uses of Funds	17

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, 2012 and 2011, 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, 2012 and 2011, 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, 2012 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information, except for that portion marked "budget" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Davidson, Freedle, Espenhover & Overby, P.C.
January 25, 2013
Kerrville, Texas

Gary A. Davidson, CPA • Patrick L. Freedle, CPA • Greg Espenhover, CPA • Kerwin L. Overby, CPA • Richard B. Cox Jr., CPA
Sherrie E. Gold, CPA • Mandy Langbein, CPA • Kenneth B. Cox, CPA • Keith A. Theis, CPA

TEXAS LIONS CAMP, INC.STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>	<u>Change</u>
ASSETS			
CASH	\$ 518,020	\$ 160,364	\$ 357,656
CASH - temporarily restricted	1,286,075	799,182	486,893
ACCOUNTS RECEIVABLE - Dues and other	50,778	51,291	(513)
UNCONDITIONAL PROMISES TO GIVE, NET - temporarily restricted	134,876	44,103	90,773
UNCONDITIONAL PROMISES TO GIVE, NET - permanently restricted	1,079,119	738,217	340,902
INVESTMENTS	12,136,152	11,215,236	920,916
OTHER ASSETS	17,519	13,515	4,004
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$7,525,425 and \$7,138,732	5,782,491	5,817,575	(35,084)
LONG-TERM ENDOWMENT INVESTMENTS - permanently restricted	<u>5,764,466</u>	<u>5,070,803</u>	<u>693,663</u>
TOTAL	<u>\$ 26,769,496</u>	<u>\$ 23,910,286</u>	<u>\$ 2,859,210</u>
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts payable	\$ 25,854	\$ 10,663	\$ 15,191
Annuity payable	<u>123,606</u>	<u>132,633</u>	<u>(9,027)</u>
Total Liabilities	<u>149,460</u>	<u>143,296</u>	<u>6,164</u>
NET ASSETS:			
Permanently restricted:			
Endowment fund	6,843,585	5,809,020	1,034,565
Temporarily restricted:			
Operations and capital expenditures	437,779	380,935	56,844
Unappropriated endowment fund appreciation	983,172	462,350	520,822
Unrestricted:			
Designated as Trust funds	11,173,107	9,670,162	1,502,945
Designated for land and buildings	5,476,009	5,512,089	(36,080)
Undesignated	<u>1,706,384</u>	<u>1,932,434</u>	<u>(226,050)</u>
Total Net Assets	<u>26,620,036</u>	<u>23,766,990</u>	<u>2,853,046</u>
TOTAL	<u>\$ 26,769,496</u>	<u>\$ 23,910,286</u>	<u>\$ 2,859,210</u>

TEXAS LIONS CAMP, INC.**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>	<u>Change</u>
UNRESTRICTED NET ASSETS			
Support:			
Lions membership dues	\$ 552,770	\$ 512,037	\$ 40,733
Lions Century Club	205,391	206,260	(869)
Lions 100% participation	264,673	264,482	191
Contributions	515,341	51,981	463,360
Other support	320,460	328,780	(8,320)
Non-Lion donations	126,023	171,078	(45,055)
Total unrestricted support	<u>1,984,658</u>	<u>1,534,618</u>	<u>450,040</u>
Revenue:			
Other program fees	183,045	203,820	(20,775)
Sale of promotional items	65,091	52,973	12,118
Investment income including net unrealized gains and losses	1,336,413	264,033	1,072,380
Total unrestricted revenue	<u>1,584,549</u>	<u>520,826</u>	<u>1,063,723</u>
Net assets released from donor restrictions	309,318	230,108	79,210
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>3,878,525</u>	<u>2,285,552</u>	<u>1,592,973</u>
PROGRAM SERVICE EXPENSES			
Summer camp program	<u>2,009,353</u>	<u>1,928,444</u>	<u>80,909</u>
SUPPORTING SERVICES EXPENSES			
General administration	547,915	524,466	23,449
Fund raising	80,442	139,507	(59,065)
Total supporting services expenses	<u>628,357</u>	<u>663,973</u>	<u>(35,616)</u>
TOTAL EXPENSES	<u>2,637,710</u>	<u>2,592,417</u>	<u>45,293</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>1,240,815</u>	<u>(306,865)</u>	<u>1,547,680</u>
TEMPORARILY RESTRICTED NET ASSETS			
Contributions	287,523	207,664	79,859
Net endowment investment income (loss)	599,461	(81,774)	681,235
Net assets released from donor restrictions	(309,318)	(230,108)	(79,210)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>577,666</u>	<u>(104,218)</u>	<u>681,884</u>
PERMANENTLY RESTRICTED NET ASSETS			
Endowment fund contributions	<u>1,034,565</u>	<u>1,146,828</u>	<u>(112,263)</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>1,034,565</u>	<u>1,146,828</u>	<u>(112,263)</u>
CHANGE IN TOTAL NET ASSETS	<u>\$ 2,853,046</u>	<u>\$ 735,745</u>	<u>\$ 2,117,301</u>

TEXAS LIONS CAMP, INC.

STATEMENTS OF NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	TOTAL	UNRESTRICTED - UNDESIGNATED	UNRESTRICTED - DESIGNATED FOR CERTAIN LAND AND BUILDINGS	UNRESTRICTED - DESIGNATED AS TRUST FUNDS	TEMPORARILY RESTRICTED - OPERATIONS AND CAPITAL EXPENDITURES	TEMPORARILY RESTRICTED - ENDOWMENT FUND EARNINGS AND NET APPRECIATION	PERMANENTLY RESTRICTED - ENDOWMENT FUND
NET ASSETS - SEPTEMBER 30, 2010	\$ 23,031,245	\$ 1,972,949	\$ 5,796,475	9,652,126	\$ 327,900	\$ 619,603	\$ 4,662,192
CHANGE IN NET ASSETS	735,745	(40,515)	(284,386)	18,036	53,035	(157,253)	1,146,828
NET ASSETS - SEPTEMBER 30, 2011	23,766,990	1,932,434	5,512,089	9,670,162	380,935	462,350	5,809,020
CHANGE IN NET ASSETS	2,853,046	(226,050)	(36,080)	1,502,945	56,844	520,822	1,034,565
NET ASSETS - SEPTEMBER 30, 2012	\$ 26,620,036	\$ 1,706,384	\$ 5,476,009	\$ 11,173,107	\$ 437,779	\$ 983,172	\$ 6,843,585

TEXAS LIONS CAMP, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,853,046	\$ 735,745
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	410,356	413,543
Provision for uncollectible promises to give	20,000	40,000
Discount on promises to give	23,236	18,340
Amortization of annuity	3,474	2,916
Donated materials and services	(10,050)	(27,610)
Gain on disposal of assets	(11,190)	(4,956)
Realized and unrealized investment (gains) losses	(1,557,446)	240,174
Decrease (Increase) in other accounts receivable	513	73,148
Decrease (Increase) in unconditional promises to give	(474,911)	(581,996)
Decrease (Increase) in other assets	7,186	6,836
(Decrease) Increase in accounts payable	15,190	(22,375)
(Decrease) Increase in deferred revenue	-	(10,500)
Contributions restricted for long-term investment	(1,034,565)	(1,146,828)
Contributions restricted for investment in property, plant, equipment, and other	<u>(277,473)</u>	<u>(180,054)</u>
Net cash used by operating activities	<u>(32,634)</u>	<u>(443,617)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in investments	345,496	(799,188)
Purchase of fixed assets	<u>(365,222)</u>	<u>(180,291)</u>
Net cash used by investing activities	<u>(19,726)</u>	<u>(979,479)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received restricted to investment in endowment	1,034,565	1,146,828
Contributions received restricted to investment in property, plant, equipment, and other	277,473	180,054
Payments on annuity payable	<u>(12,501)</u>	<u>(12,501)</u>
Net cash provided by financing activities	<u>1,299,537</u>	<u>1,314,381</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,247,177	(108,715)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>1,400,597</u>	<u>1,509,312</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 2,647,774</u>	<u>\$ 1,400,597</u>

TEXAS LIONS CAMP, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

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, 2012. If the Camp incurs any interest or penalties related to taxes, they are included in tax expense in the period incurred. With few exceptions, the Camp is not subject to United States Federal income tax examination by tax authorities for tax years before 2008.

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, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Cash	\$ 1,804,095	\$ 959,546
Money market investment accounts	843,679	441,051
Cash and cash equivalents	<u>\$ 2,647,774</u>	<u>\$ 1,400,597</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.

The Camp uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Changes in the allowance for uncollectible promises to give are recorded against contribution revenue in the year of the change.

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 25, 2013, which is the date the financial statements were available to be issued.

2. INVESTMENTS

The Camp carries investments 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, 2012 and 2011, consist of securities held at J. P. Morgan and U.S. Trust and certain other investments and are categorized as follows:

	2012		2011	
	Cost	Value	Cost	Value
Money Market funds	\$ 1,784,285	\$ 1,784,287	\$ 1,209,186	\$ 1,209,186
Debt Securities	5,539,865	5,188,933	7,217,176	7,284,228
Equity Securities	6,371,023	7,558,882	5,154,697	4,860,828
Other	2,918,576	3,368,516	2,585,706	2,931,797
Total	<u>\$16,613,749</u>	<u>\$17,900,618</u>	<u>\$16,166,765</u>	<u>\$16,286,039</u>

Of the investments listed above, \$5,764,466 and \$5,070,803 are permanently restricted net assets (endowment fund) as of September 30, 2012 and 2011, respectively.

The following schedule summarizes the investment returns and classification in the Statement of Activities for the year ended September 30, 2012.

	2012		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 379,822	\$ 109,856	\$ 489,678
Realized gains (losses)	371,455	232,457	603,912
Unrealized gains (losses)	665,169	288,365	953,534
Investment fees	(80,033)	(31,217)	(111,250)
Total	<u>\$ 1,336,413</u>	<u>\$ 599,461</u>	<u>\$ 1,935,874</u>

The following schedule summarizes the investment returns and classification in the Statement of Activities for the year ended September 30, 2011.

	2011		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 429,343	\$ 105,504	\$ 534,847
Realized gains (losses)	267,493	129,632	397,125
Unrealized gains (losses)	(350,915)	(286,384)	(637,299)
Investment fees	(81,888)	(30,526)	(112,414)
Total	<u>\$ 264,033</u>	<u>\$ (81,774)</u>	<u>\$ 182,259</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, 2012 and 2011.

Level 1 Measurements

Money market funds, debt securities, equity securities, 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 that are valued at the estimated present value of future net royalty income which approximates fair value and investment property that 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, 2012:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,784,287		\$ 1,784,287
Debt securities	5,188,933		5,188,933
Equity securities	7,558,882		7,558,882
Other	2,856,762	\$ 511,754	3,368,516
Total	<u>\$ 17,388,864</u>	<u>\$ 511,754</u>	<u>\$ 17,900,618</u>

Assets at Fair Value as of September 30, 2011:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,209,186		\$ 1,209,186
Debt securities	7,284,228		7,284,228
Equity securities	4,860,828		4,860,828
Other	2,434,191	\$ 497,606	2,931,797
Total	<u>\$ 15,788,433</u>	<u>\$ 497,606</u>	<u>\$ 16,286,039</u>

The table below sets forth a summary of changes in the fair value of the Camp's level 3 assets:

	Level 3 Assets Other investments
Balance, September 30, 2010	\$ 246,391
Unrealized gain	251,215
Balance, September 30, 2011	497,606
Unrealized gain	14,148
Balance, September 30, 2012	\$ 511,754

Unrealized gains on level 3 assets are reported in the accompanying statement of activities as a component of investment income in unrestricted support and revenue.

4. PROMISES TO GIVE

Unconditional promises to give at September 30, 2012 and 2011 consist of the following:

	2012	2011
Dues and other receivables	\$ 50,778	\$ 51,291
Temporarily restricted capital and other pledges, net of allowance of \$6,000 in 2012 and \$2,000 in 2011	134,876	44,103
Permanently restricted endowment pledges, net of allowance of \$54,000 in 2012 and \$38,000 in 2011	1,136,459	772,321
Unconditional promises to give before unamortized discount	1,322,113	867,715
Less unamortized discount – permanently restricted	(57,340)	(34,104)
Net unconditional promises to give	\$ 1,264,773	\$ 833,611

Unconditional promises to give due in:

Less than one year	\$ 462,406
One to five years	919,707
Subtotal	1,382,113
Less: Unamortized discount	(57,340)
Allowance for uncollectible pledges	(60,000)
	\$ 1,264,773

For the years ended September 30, 2012 and 2011, the discount rate applied to promises to give that are expected to be collected in future years was approximately 2.24%.

5. PROPERTY AND EQUIPMENT

For the fiscal years ended September 30, 2012 and 2011, the Camp recorded depreciation expense in the amount of \$410,356 and \$413,543, 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, 2012 and 2011 are as follows:

	2012 Cost or <u>Donated Value</u>	2011 Cost or <u>Donated Value</u>	Estimated Useful Life <u>In Years</u>
Construction in progress	\$ 285,978	\$ 65,982	
Land	87,488	87,488	
Land improvements	386,913	368,370	10 - 33
Buildings	8,316,018	8,268,414	33
Campsites, roads, walks and other ground improvements	2,557,962	2,535,592	15 - 33
Furniture and fixtures	293,733	293,168	10
Equipment	794,719	783,838	10
Computer equipment	100,604	98,717	6
Vehicles	484,501	454,738	5
Total	<u>13,307,916</u>	<u>12,956,307</u>	
Less: Accumulated depreciation	<u>(7,525,425)</u>	<u>(7,138,732)</u>	
Net	<u>\$ 5,782,491</u>	<u>\$ 5,817,575</u>	

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash and unconditional promises to give at September 30, 2012 and 2011. Amounts were available for the following purposes:

	<u>2012</u>	<u>2011</u>
Operations	\$ 68,158	\$ 55,454
Capital improvements	369,621	325,481
Endowment earnings	983,172	462,350
Total	<u>\$ 1,420,951</u>	<u>\$ 843,285</u>

7. ENDOWMENT FUND

The State of Texas adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) effective September 1, 2007. The Camp adopted ASC 958-205-45-28, *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* during the year ended September 30, 2009. The Board of Directors has 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.

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, 2012 and 2011.

Changes in endowed assets for the year ended September 30, 2012 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Net endowed assets, beginning of year	\$ 462,350	\$ 5,809,020	\$ 6,271,370
Interest and dividends	109,855		109,855
Investment fees	(31,217)		(31,217)
Net realized and unrealized appreciation	520,822		520,822
Contributions		1,034,565	1,034,565
Amounts appropriated for expenditure	(78,638)		(78,638)
Changes in endowed assets	<u>520,822</u>	<u>1,034,565</u>	<u>1,555,387</u>
Net endowed assets, end of year	<u>\$ 983,172</u>	<u>\$ 6,843,585</u>	<u>\$ 7,826,757</u>

Changes in endowed assets for the year ended September 30, 2011 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Net endowed assets, beginning of year	\$ 619,603	\$ 4,662,192	\$ 5,281,795
Interest and dividends	105,504		105,504
Investment fees	(30,526)		(30,526)
Net realized and unrealized depreciation	(156,753)		(156,753)
Contributions		1,146,828	1,146,828
Amounts appropriated for expenditure	(75,478)		(75,478)
Changes in endowed assets	<u>(157,253)</u>	<u>1,146,828</u>	<u>989,575</u>
Net endowed assets, end of year	<u>\$ 462,350</u>	<u>\$ 5,809,020</u>	<u>\$ 6,271,370</u>

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

	2012	2011
Receivables due in one to five years, net of discount and allowance	\$ 1,079,119	\$ 738,217
Investments (at amount of original contribution)	5,764,466	5,070,803
	<u>\$ 6,843,585</u>	<u>\$ 5,809,020</u>

8. 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, 2012 and 2011, the amount of such funds designated as Trust funds in the accompanying financial statements is \$11,173,107 and \$9,670,162, respectively.

Activity in the Trust fund during the years ended September 30, 2012 and 2011 was as follows:

	2012	2011
Trust fund balance at beginning of year	\$ 9,670,162	\$ 9,652,126
Contributions	515,341	51,981
Net realized and unrealized investment income designated for reinvestment	1,279,826	249,703
Net investment income used for operations	(292,222)	(283,648)
Trust fund balance at end of year	<u>\$ 11,173,107</u>	<u>\$ 9,670,162</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, 2012 and 2011 are as follows:

	2012	2011
Construction in progress	\$ 285,978	\$ 65,982
Land	53,340	53,340
Land improvements	386,913	368,370
Buildings	8,316,018	8,268,414
Campsites, roads, walks and other improvements	2,557,962	2,535,592
Total	11,600,211	11,291,698
Less: Accumulated depreciation	(6,124,203)	(5,779,609)
Net	<u>\$ 5,476,008</u>	<u>\$ 5,512,089</u>

9. LINE OF CREDIT

At September 30, 2012 and 2011, 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. There was no outstanding balance due on the line of credit at September 30, 2012 or 2011.

10. 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, 2012 and 2011 were \$27,114 and \$22,384, respectively.

11. CONCENTRATIONS OF CREDIT AND MARKET RISK

In 2012 and 2011, the Camp received approximately 81% and 86%, respectively, of its support and revenues from Lions in the State of Texas. As of September 30, 2012 and 2011, approximately 99% of unconditional promises to give were from Lions in the State of Texas.

12. RISKS AND UNCERTAINTIES

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, 2012 (SEE NOTE AT PAGE 20)

	2012	BUDGET	VARIANCE	PERCENTAGE VARIANCE
SOURCES OF FUNDS				
CENTURY CLUB	\$ 205,391	\$ 175,000	\$ 30,391	17.37
LIFE MEMBERSHIP	20,115	35,000	(14,885)	(42.53)
MEMORIALS	79,720	70,000	9,720	13.89
INTEREST INCOME	-	10,000	(10,000)	(100.00)
MEMBERSHIP DUES	552,770	556,000	(3,230)	(0.58)
DONATIONS	169,691	175,000	(5,309)	(3.03)
100% PARTICIPATION	264,673	280,000	(15,327)	(5.47)
OUTSIDE DONATIONS	120,423	100,000	20,423	20.42
SALE OF PROMOTIONAL ITEMS	53,159	50,000	3,159	6.32
CHRISTMAS CARDS	21	-	21	100.00
VENDING INCOME	1,052	2,068	(1,016)	(49.13)
LEASE GROUPS	146,371	180,000	(33,629)	(18.68)
GOLF TOURNAMENT PROCEEDS	36,674	45,000	(8,326)	(18.50)
CAMP PICTURES	2,310	4,000	(1,690)	(42.25)
CONTRIBUTIONS - JACK WIECH	36,720	130,000	(93,280)	(71.75)
OTHER INCOME	2,749	1,000	1,749	174.90
INCOME FROM SALE OF ASSET	11,190	-	11,190	100.00
INSURANCE REFUNDS	6,551	-	6,551	100.00
COUNSELOR SCHOLARSHIPS	2,000	-	2,000	100.00
LICENSE PLATE INCOME	9,601	-	9,601	100.00
ROYALTY INCOME	924	10,432	(9,508)	(91.14)
SPECIAL PROJECTS	938	-	938	100.00
DIVIDEND INCOME	15,743	60,000	(44,257)	(73.76)
DESIGNATED REVENUE	93,016	30,000	63,016	210.05
TRANSFER FROM ENDOWMENT	78,638	120,000	(41,362)	(34.47)
TRANSFER FROM TRUST FUND	301,066	266,500	34,566	12.97
TOTAL SOURCES OF FUNDS	2,211,506	2,300,000	(88,494)	(3.85)
USES OF FUNDS				
ARCHERY	388	200	188	94.00
ARTS & CRAFTS	1,487	1,100	387	35.18
AQUATICS	4,411	5,000	(589)	(11.78)
AWARDS	1,749	1,320	429	32.50
BANQUET	4	4,500	(4,496)	(99.91)
BARN YARD/PETTING ZOO	682	1,800	(1,118)	(62.11)
CAMPER PROVISIONS	72	1,000	(928)	(92.80)
CAMPER PICTURES	244	3,000	(2,756)	(91.87)
CERAMICS	67	500	(433)	(86.60)
CERTIFICATION	5,544	10,000	(4,456)	(44.56)
COUNSELOR SCHOLARSHIPS	3,000	1,000	2,000	200.00
DUES & SUBSCRIPTIONS	5,379	5,000	379	7.58
DIABETIC WEEKEND	9,791	-	9,791	100.00
DIRECTORS TRAINING	9,045	10,000	(955)	(9.55)
WORK WEEKEND	15,471	3,000	12,471	415.70
FIREWORKS	-	500	(500)	(100.00)
FINE ARTS	18	500	(482)	(96.40)

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012 (SEE NOTE AT PAGE 20)

	2012	BUDGET	VARIANCE	PERCENTAGE VARIANCE
DINING HALL:				
FOOD	139,182	125,000	14,182	11.35
PAPER PRODUCTS	13,588	4,000	9,588	239.70
SALARIES	60,817	58,000	2,817	4.86
PAYROLL TAXES	5,615	4,800	815	16.98
GREENHOUSE	148	500	(352)	(70.40)
INSURANCE CAMPERS	3,487	3,500	(13)	(0.37)
LAUNDRY	22,446	20,000	2,446	12.23
LEADERSHIP WEEKEND	782	-	782	100.00
MUSIC	217	500	(283)	(56.60)
NATURE CRAFTS	878	1,500	(622)	(41.47)
OFFICE SUPPLIES	4,119	2,800	1,319	47.11
POSTAGE	4,480	5,500	(1,020)	(18.55)
PRINTING	25,744	7,500	18,244	243.25
PHOTOGRAPHY	3,186	1,500	1,686	112.40
PHOTO ACTIVITY	147	-	147	100.00
RECREATION	796	500	296	59.20
ROPES COURSE	6,110	4,000	2,110	52.75
SPECIAL ACTIVITIES	1,868	1,450	418	28.83
STORE INVENTORY	43,390	35,000	8,390	23.97
SALES AND OTHER TAXES	5,209	4,000	1,209	30.23
SECURITY RECORD CHECK	-	4,000	(4,000)	(100.00)
TRAVEL	17,989	20,000	(2,011)	(10.06)
UNIFORMS	12,735	10,000	2,735	27.35
UNIT ACTIVITIES	1,005	250	755	302.00
VENDING	5,611	4,000	1,611	40.28
EMPLOYEE RELATIONS	136	500	(364)	(72.80)
INFIRMARY:				
SUPPLIES	3,029	3,000	29	0.97
OUTSIDE MEDICAL FEES	2,890	3,500	(610)	(17.43)
SALARIES	49,260	46,000	3,260	7.09
PAYROLL TAXES	4,566	4,200	366	8.71
EQUESTRIAN:				
DUES & SUBS	180	1,000	(820)	(82.00)
FARRIER	1,740	2,800	(1,060)	(37.86)
HORSE FEED	30,087	19,000	11,087	58.35
MEDICAL COST	3,070	2,400	670	27.92
RIDING SUPPLIES	195	500	(305)	(61.00)
RANCH SUPPLIES	1,879	2,600	(721)	(27.73)
WILDLIFE MANAGEMENT	999	-	999	100.00
JANITORIAL	804	5,000	(4,196)	(83.92)
SALARIES:				
PROGRAM STAFF	174,151	186,160	(12,009)	(6.45)
PROGRAM STAFF PAYROLL TAXES	13,875	15,824	(1,949)	(12.32)
SUMMER STAFF	250,887	260,000	(9,113)	(3.51)
SUMMER STAFF PAYROLL TAXES	16,113	22,000	(5,887)	(26.76)
DIABETIC CAMP:				
MEDICAL GRANT	50,483	45,000	5,483	12.18
OUTSIDE MEDICAL FEES	1,287	250	1,037	414.80

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012 (SEE NOTE AT PAGE 20)

	2012	BUDGET	VARIANCE	PERCENTAGE VARIANCE
AUDIT FEE	17,000	18,500	(1,500)	(8.11)
BANK CHARGES	2,037	3,200	(1,163)	(36.34)
ACH CHARGES	2,717	1,000	1,717	171.70
PAYROLL SERVICE CHARGES	25,015	30,000	(4,985)	(16.62)
BOARD MEETING COST	25,721	30,000	(4,279)	(14.26)
DUES & SUBSCRIPTIONS	1,644	1,000	644	64.40
LEASE GROUP EXPENSES	7,003	9,000	(1,997)	(22.19)
LEGAL FEES	4,301	3,500	801	22.89
OFFICE SUPPLIES	17,485	10,000	7,485	74.85
POSTAGE	3,424	5,000	(1,576)	(31.52)
PRINTING	1,564	1,500	64	4.27
COMPUTER SERVICES & SUPPLIES	26,318	15,000	11,318	75.45
SALARIES	189,961	195,300	(5,339)	(2.73)
PAYROLL TAXES	14,373	16,600	(2,227)	(13.42)
EMPLOYEE RELATIONS	1,104	1,000	104	10.40
ENDOWMENT CAMPAIGN	1,108	-	1,108	100.00
PROGRAM DEVELOPMENT:				
ADVERTISING & PROMOTION	5,074	25,000	(19,926)	(79.70)
DUES & SUBSCRIPTIONS	7,596	7,500	96	1.28
PRINTING	802	25,000	(24,198)	(96.79)
PRODUCTION PROGRAMS	1,000	25,000	(24,000)	(96.00)
POSTAGE	13,793	20,000	(6,207)	(31.04)
CHRISTMAS CARD POSTAGE	4,800	-	4,800	100.00
PUBLIC RELATIONS	1,589	5,000	(3,411)	(68.22)
SUPPLIES	232	1,200	(968)	(80.67)
SALARIES	103,325	105,525	(2,200)	(2.08)
PAYROLL TAXES	8,288	8,970	(682)	(7.60)
RECOGNITION EMBLEMS	58,669	75,000	(16,331)	(21.77)
VEHICLES - FUEL	20,069	17,000	3,069	18.05
VEHICLES - MAINTENANCE	(180)	5,500	(5,680)	(103.27)
VEHICLES - PARTS	3,769	5,000	(1,231)	(24.62)
VEHICLES - REGISTRATION	1,853	1,250	603	48.24
VEHICLES - RENTALS	829	-	829	100.00
VEHICLES - REPAIRS	4,607	5,000	(393)	(7.86)
REPAIRS & MAINTENANCE				
BUILDINGS	38,770	33,000	5,770	17.48
EQUIPMENT	23,786	15,000	8,786	58.57
FURNITURE & FIXTURES	6,061	2,300	3,761	163.52
GENERAL	14,299	12,000	2,299	19.16
LAND	3,666	2,000	1,666	83.30
MAINTENANCE CONTRACTS	17,235	18,000	(765)	(4.25)
JANITORIAL SUPPLIES	4,809	8,000	(3,191)	(39.89)
MAINTENANCE SALARIES	108,872	114,400	(5,528)	(4.83)
MAINTENANCE PAYROLL TAXES	8,109	9,724	(1,615)	(16.61)

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012 (SEE NOTE AT PAGE 20)

	<u>2012</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>PERCENTAGE VARIANCE</u>
INSURANCE:				
AUTO	13,982	14,000	(18)	(0.13)
BUILDINGS	73,404	71,000	2,404	3.39
BOND	1,178	1,000	178	17.80
EQUIPMENT	-	6,500	(6,500)	(100.00)
EMPLOYEE HEALTH	131,333	142,427	(11,094)	(7.79)
EMPLOYEE RETIREMENT	27,114	34,650	(7,536)	(21.75)
WORKERS COMPENSATION	24,191	21,000	3,191	15.20
DIRECTORS & OFFICERS	6,094	7,000	(906)	(12.94)
UTILITIES:				
ELECTRICITY	80,639	85,000	(4,361)	(5.13)
GARBAGE	3,640	4,000	(360)	(9.00)
GAS	10,794	16,500	(5,706)	(34.58)
TELEPHONE	10,982	10,000	982	9.82
T.V.	6,695	3,500	3,195	91.29
WATER	2,727	10,000	(7,273)	(72.73)
TOTAL USES	<u>2,237,802</u>	<u>2,300,000</u>	<u>(62,198)</u>	<u>(2.70)</u>
NET INCREASE/(DECREASE)	<u>\$ (26,296)</u>	<u>\$ -</u>	<u>\$ (26,296)</u>	*****
DEPRECIATION	<u>\$ 410,356</u>	<u>\$ -</u>	<u>\$ 410,356</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.