

TEXAS LIONS CAMP, INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2014 AND 2013
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

Report on the Financial Statements

We have audited the accompanying financial statements of Texas Lions Camp, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities, statements of net assets, and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texas Lions Camp, Inc. as of September 30, 2014 and 2013, and the changes in its activities, its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for purpose of forming an opinion on the financial statements as a whole. The accompanying Supplemental Schedule of Budgeted and Budgetary Actual Sources and Uses of Funds for the year ended September 30, 2014 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, Fiedle, Espenhorst & Overby, P.C.

Kerrville, Texas
January 19, 2015

TEXAS LIONS CAMP, INC.STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>	<u>Change</u>
ASSETS			
CASH	\$ 1,348,332	\$ 1,176,453	\$ 171,879
CASH - temporarily restricted	443,387	194,121	249,266
ACCOUNTS RECEIVABLE - Dues and other	85,416	83,942	1,474
UNCONDITIONAL PROMISES TO GIVE, NET - temporarily restricted	99,657	69,936	29,721
UNCONDITIONAL PROMISES TO GIVE, NET - permanently restricted	673,918	871,738	(197,820)
INVESTMENTS	12,254,680	11,887,565	367,115
INVESTMENTS - temporarily restricted	1,624,485	1,453,315	171,170
OTHER ASSETS	17,558	21,233	(3,675)
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$8,318,754 and \$7,927,463	5,721,414	5,815,904	(94,490)
LONG-TERM ENDOWMENT INVESTMENTS - permanently restricted	<u>7,010,076</u>	<u>6,381,804</u>	<u>628,272</u>
TOTAL	<u>\$ 29,278,923</u>	<u>\$ 27,956,011</u>	<u>\$ 1,322,912</u>
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts payable	\$ 17,572	\$ 33,940	\$ (16,368)
Annuity payable	<u>107,106</u>	<u>115,107</u>	<u>(8,001)</u>
Total Liabilities	<u>124,678</u>	<u>149,047</u>	<u>(24,369)</u>
NET ASSETS:			
Permanently restricted:			
Endowment fund	7,683,994	7,253,542	430,452
Temporarily restricted:			
Operations and capital expenditures	449,118	336,207	112,911
Unappropriated endowment fund appreciation	1,718,411	1,381,165	337,246
Unrestricted:			
Designated as Trust funds	12,254,680	11,887,565	367,115
Designated for land and buildings	5,345,553	5,497,618	(152,065)
Undesignated	<u>1,702,489</u>	<u>1,450,867</u>	<u>251,622</u>
Total Net Assets	<u>29,154,245</u>	<u>27,806,964</u>	<u>1,347,281</u>
TOTAL	<u>\$ 29,278,923</u>	<u>\$ 27,956,011</u>	<u>\$ 1,322,912</u>

TEXAS LIONS CAMP, INC.STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>	<u>Change</u>
UNRESTRICTED NET ASSETS			
Support:			
Lions membership dues	\$ 527,007	\$ 547,505	\$ (20,498)
Lions Century Club	228,473	196,166	32,307
Lions 100% participation	245,783	272,655	(26,872)
Contributions	65,517	12,005	53,512
Other support	456,376	408,212	48,164
Non-Lion donations	85,609	66,329	19,280
Total unrestricted support	<u>1,608,765</u>	<u>1,502,872</u>	<u>105,893</u>
Revenue:			
Other program fees	856,978	246,731	610,247
Sale of promotional items	54,543	64,304	(9,761)
Investment income including net unrealized gains and losses	558,465	1,017,581	(459,116)
Total unrestricted revenue	<u>1,469,986</u>	<u>1,328,616</u>	<u>141,370</u>
Net assets released from donor restrictions	<u>307,730</u>	<u>384,487</u>	<u>(76,757)</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>3,386,481</u>	<u>3,215,975</u>	<u>170,506</u>
PROGRAM SERVICE EXPENSES	<u>2,216,197</u>	<u>2,078,264</u>	<u>137,933</u>
SUPPORTING SERVICES EXPENSES			
General administration	611,284	569,190	42,094
Fund raising	92,328	87,971	4,357
Total supporting services expenses	<u>703,612</u>	<u>657,161</u>	<u>46,451</u>
TOTAL EXPENSES	<u>2,919,809</u>	<u>2,735,425</u>	<u>184,384</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>466,672</u>	<u>480,550</u>	<u>(13,878)</u>
TEMPORARILY RESTRICTED NET ASSETS			
Contributions	307,197	188,018	119,179
Net endowment investment income	450,690	492,890	(42,200)
Net assets released from donor restrictions	(307,730)	(384,487)	76,757
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>450,157</u>	<u>296,421</u>	<u>153,736</u>
PERMANENTLY RESTRICTED NET ASSETS			
Endowment fund contributions	<u>430,452</u>	<u>409,957</u>	<u>20,495</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>430,452</u>	<u>409,957</u>	<u>20,495</u>
CHANGE IN TOTAL NET ASSETS	<u>\$ 1,347,281</u>	<u>\$ 1,186,928</u>	<u>\$ 160,353</u>

TEXAS LIONS CAMP, INC.

**STATEMENTS OF NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	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, 2012	\$ 26,620,036	\$ 1,706,384	\$ 5,476,009	11,173,107	\$ 437,779	\$ 983,172	\$ 6,843,585
CHANGE IN NET ASSETS	1,186,928	(255,517)	21,609	714,458	(101,572)	397,993	409,957
NET ASSETS - SEPTEMBER 30, 2013	27,806,964	1,450,867	5,497,618	11,887,565	336,207	1,381,165	7,253,542
CHANGE IN NET ASSETS	1,347,281	251,622	(152,065)	367,115	112,911	337,246	430,452
NET ASSETS - SEPTEMBER 30, 2014	\$ 29,154,245	\$ 1,702,489	\$ 5,345,553	\$ 12,254,680	\$ 449,118	\$ 1,718,411	\$ 7,683,994

See notes to the financial statements.

TEXAS LIONS CAMP, INC.**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,347,281	\$ 1,186,928
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	445,628	416,231
(Recovery) Provision for uncollectible promises to give	(11,500)	(14,000)
Discount on promises to give	(13,022)	(18,033)
Amortization of annuity	4,500	4,002
Donated materials and services	(14,609)	(9,347)
Gain on disposal of assets	(13,789)	(1,735)
Realized and unrealized investment (gains) losses	(634,934)	(1,096,443)
Decrease (Increase) in other accounts receivable	(1,474)	(33,164)
Decrease (Increase) in unconditional promises to give	192,621	304,354
Decrease (Increase) in other assets	17,464	(561)
(Decrease) Increase in accounts payable	(16,368)	8,086
Contributions restricted for long-term investment	(430,452)	(409,957)
Contributions restricted for investment in property, equipment, and other	<u>(292,588)</u>	<u>(178,671)</u>
Net cash provided by operating activities	<u>578,758</u>	<u>157,690</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (increase) decrease in investments	(1,701,899)	103,778
Purchase of property and equipment	<u>(336,529)</u>	<u>(441,715)</u>
Net cash used by investing activities	<u>(2,038,428)</u>	<u>(337,937)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received restricted to investment in endowment	430,452	409,957
Contributions received restricted to investment in property, equipment, and other	292,588	178,671
Payments on annuity payable	<u>(12,501)</u>	<u>(12,501)</u>
Net cash provided by financing activities	<u>710,539</u>	<u>576,127</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(749,131)	395,880
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>3,043,654</u>	<u>2,647,774</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 2,294,523</u>	<u>\$ 3,043,654</u>

TEXAS LIONS CAMP, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

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, 2014 and 2013. If the Camp incurs any interest or penalties related to taxes, they are included in tax expense in the period incurred. For federal income tax purposes the returns essentially remain open for possible examination for a period of three years after the respective filing deadlines for those returns.

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, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Cash	\$ 1,791,719	\$ 1,370,574
Money market investment accounts	<u>502,804</u>	<u>1,673,080</u>
Cash and cash equivalents	<u>\$ 2,294,523</u>	<u>\$ 3,043,654</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.

Reclassifications - Certain reclassifications have been made to the September 30, 2013 presentation to be comparable with the September 30, 2014 presentation.

Date of Management’s Review - Management has evaluated subsequent events through January 19, 2015, 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, 2014 and 2013, consist of securities held at J. P. Morgan and U.S. Trust and certain other investments and are categorized as follows:

	2014		2013	
	Cost	Value	Cost	Value
Money Market	\$ 835,955	\$ 835,956	\$ 2,705,141	\$ 2,705,141
Debt Securities	6,025,319	6,447,643	5,041,393	5,326,322
Equity Securities	7,632,264	8,779,959	6,691,286	7,552,883
Other	4,815,743	4,825,683	3,775,649	4,138,338
Total	<u>\$19,309,281</u>	<u>\$20,889,241</u>	<u>\$18,213,469</u>	<u>\$19,722,684</u>

Of the investments listed above, \$7,010,076 and \$6,381,804 are permanently restricted net assets (endowment fund) and \$1,624,485 and \$1,453,315 are temporarily restricted as of September 30, 2014 and 2013, respectively.

The following schedule summarizes the investment returns and classification in the Statement of Activities for the year ended September 30, 2014.

	2014		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 323,988	\$ 151,187	\$ 475,175
Realized gains (losses)	317,111	161,895	479,006
Unrealized gains (losses)	(18,923)	174,851	155,928
Investment fees	(63,711)	(37,243)	(100,954)
Total	<u>\$ 558,465</u>	<u>\$ 450,690</u>	<u>\$ 1,009,155</u>

The following schedule summarizes the investment returns and classification in the Statement of Activities for the year ended September 30, 2013.

	2013		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 388,550	\$ 129,914	\$ 518,464
Realized gains (losses)	567,075	306,293	873,368
Unrealized gains (losses)	131,374	91,701	223,075
Investment fees	(69,418)	(35,018)	(104,436)
Total	<u>\$ 1,017,581</u>	<u>\$ 492,890</u>	<u>\$ 1,510,471</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, 2014 and 2013.

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, 2014:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 835,956		\$ 835,956
Debt securities	6,447,643		6,447,643
Equity securities	8,779,959		8,779,959
Other	4,508,448	\$ 317,235	4,825,683
Total	<u>\$ 20,572,006</u>	<u>\$ 317,235</u>	<u>\$ 20,889,241</u>

Assets at Fair Value as of September 30, 2013:

	Level 1	Level 3	Total
Money market funds	\$ 2,705,141		\$ 2,705,141
Debt securities	5,326,322		5,326,322
Equity securities	7,552,883		7,552,883
Other	3,569,862	\$ 568,476	4,138,338
Total	<u>\$ 19,154,208</u>	<u>\$ 568,476</u>	<u>\$ 19,722,684</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, 2012	\$ 511,754
Unrealized gain	56,722
Balance, September 30, 2013	568,476
Unrealized loss	(251,241)
Balance, September 30, 2014	<u>\$ 317,235</u>

Unrealized gains and losses 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, 2014 and 2013 consist of the following:

	2014	2013
Dues and other receivables	\$ 85,416	\$ 83,942
Temporarily restricted capital and other pledges, net of allowance of \$1,500 in 2014 and \$3,000 in 2013	99,657	69,936
Permanently restricted endowment pledges, net of allowance of 33,000 in 2014 and \$43,000 in 2013	700,203	911,045
Unconditional promises to give before unamortized discount	885,276	1,064,923
Less unamortized discount -- permanently restricted	(26,285)	(39,307)
Net unconditional promises to give	<u>\$ 858,991</u>	<u>\$ 1,025,616</u>

Unconditional promises to give as of
September 30, 2014 due in:

Less than one year	\$	604,870
One to five years		<u>314,906</u>
Subtotal		919,776
Less: Unamortized discount		(26,285)
Allowance for uncollectible pledges		<u>(34,500)</u>
	\$	<u><u>858,991</u></u>

For the years ended September 30, 2014 and 2013, 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, 2014 and 2013, the Camp recorded depreciation expense in the amount of \$445,628 and \$416,231, 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, 2014 and 2013 are as follows:

	2014	2013	Estimated
	Cost or	Cost or	Useful Life
	<u>Donated Value</u>	<u>Donated Value</u>	<u>In Years</u>
Construction in progress	\$ 33,598	\$ 85,469	
Land	87,488	87,488	
Land improvements	401,775	397,400	10 - 33
Buildings	8,894,024	8,710,898	33
Campsites, roads, walks and other ground improvements	2,803,592	2,716,131	15 - 33
Furniture and fixtures	301,382	297,685	10
Equipment	888,497	825,279	10
Computer equipment	104,397	102,947	6
Vehicles	<u>525,414</u>	<u>520,067</u>	5
Total	14,040,166	13,743,365	
Less: Accumulated depreciation	<u>(8,318,754)</u>	<u>(7,927,463)</u>	
Net	<u>\$ 5,721,412</u>	<u>\$ 5,815,902</u>	

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash and unconditional promises to give at September 30, 2014 and 2013. Amounts were available for the following purposes:

	2014	2013
Operations	\$ 56,048	\$ 62,791
Capital improvements	393,070	273,416
Unappropriated endowment earnings	1,718,411	1,381,165
Total	<u>\$ 2,167,529</u>	<u>\$ 1,717,372</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, 2014 and 2013.

Changes in endowed assets for the year ended September 30, 2014 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Net endowed assets, beginning of year	\$ 1,381,165	\$ 7,253,542	\$ 8,634,707
Interest and dividends	151,188		151,188
Investment fees	(37,243)		(37,243)
Net realized and unrealized Appreciation	336,746		336,746
Contributions		430,452	430,452
Amounts appropriated for Expenditure	(113,445)		(113,445)
Changes in endowed assets	<u>337,245</u>	<u>430,452</u>	<u>767,696</u>
Net endowed assets, end of year	<u>\$ 1,718,411</u>	<u>\$ 7,683,994</u>	<u>\$ 9,402,405</u>

Changes in endowed assets for the year ended September 30, 2013 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Net endowed assets, beginning of year	\$ 983,172	\$ 6,843,585	\$ 7,826,757
Interest and dividends	129,914		129,914
Investment fees	(35,018)		(35,018)
Net realized and unrealized depreciation	397,994		397,994
Contributions		409,957	409,957
Amounts appropriated for expenditure	(94,897)		(94,897)
Changes in endowed assets	<u>397,994</u>	<u>409,957</u>	<u>807,951</u>
Net endowed assets, end of year	<u>\$ 1,381,165</u>	<u>\$ 7,253,542</u>	<u>\$ 8,634,707</u>

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

	2014	2013
Receivables due in one to five years, net of discount and allowance	\$ 673,918	\$ 871,738
Investments (at amount of original contribution)	7,010,076	6,381,804
	<u>\$ 7,683,994</u>	<u>\$ 7,253,542</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, 2014 and 2013, the amount of such funds designated as Trust funds in the accompanying financial statements is \$12,254,680 and \$11,887,565, respectively.

Activity in the Trust fund during the years ended September 30, 2014 and 2013 was as follows:

	2014	2013
Trust fund balance at beginning of year	\$ 11,887,565	\$ 11,173,107
Contributions	64,424	12,005
Net realized and unrealized investment income designated for reinvestment	548,016	1,011,176
Net investment income used for operations	(245,328)	(308,725)
Trust fund balance at end of year	<u>\$ 12,254,680</u>	<u>\$ 11,887,565</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, 2014 and 2013 are as follows:

	2014	2013
Construction in progress	\$ 33,598	\$ 85,469
Land	53,340	53,340
Land improvements	401,775	397,400
Buildings	8,894,024	8,710,898
Campsites, roads, walks and other improvements	2,803,592	2,716,131
Total	<u>12,186,329</u>	<u>11,963,239</u>
Less: Accumulated depreciation	(6,840,776)	(6,465,620)
Net	<u>\$ 5,345,553</u>	<u>\$ 5,497,618</u>

9. LINE OF CREDIT

At September 30, 2014 and 2013, 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, 2014 or 2013.

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, 2014 and 2013 were \$27,385 and \$16,057, respectively.

11. CONCENTRATIONS OF CREDIT AND MARKET RISK

In 2014 and 2013, the Camp received approximately 69% and 84%, respectively, of its support and revenues from Lions in the State of Texas. As of September 30, 2014 and 2013, 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 those 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, 2014 (SEE NOTE AT PAGE 22)

	2014	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
SOURCES OF FUNDS				
CENTURY CLUB	\$ 228,473	\$ 210,000	\$ 18,473	8.80
LIFE MEMBERSHIP	23,045	30,000	(6,955)	(23.18)
MEMORIALS	67,822	75,000	(7,178)	(9.57)
INTEREST INCOME	2,002	5,000	(2,998)	(59.96)
MEMBERSHIP DUES	527,007	550,000	(22,993)	(4.18)
DONATIONS	225,222	180,000	45,222	25.12
100% PARTICIPATION	245,783	275,000	(29,217)	(10.62)
OUTSIDE DONATIONS	80,870	130,000	(49,130)	(37.79)
CORPORATE SPONSORSHIP	2,487	25,000	(22,513)	(90.05)
SALE OF PROMOTIONAL ITEMS	53,968	50,000	3,968	7.94
CHRISTMAS CARDS	67,358	55,000	12,358	22.47
VENDING INCOME	505	1,000	(495)	(49.50)
LEASE GROUPS	40,230	175,000	(134,770)	(77.01)
SERVICE REVENUE PHYSICAL DISBABILITY	174,654	-	174,654	100.00
SERVICE REVENUE SHELTER	609,067	150,000	459,067	306.04
GOLF TOURNAMENT PROCEEDS	33,027	40,000	(6,973)	(17.43)
CAMP PICTURES	575	2,000	(1,425)	(71.25)
MATERIAL/SERVICE CONTRIBUTION	2,252	-	2,252	100.00
CONTRIBUTIONS - JACK WIECH	32,775	40,000	(7,225)	(18.06)
WILLS & BEQUESTS	1,093	-	1,093	100.00
OTHER INCOME	7,230	1,000	6,230	623.00
INCOME FROM SALE OF ASSET	13,789	-	13,789	100.00
INSURANCE REFUNDS	29,919	-	29,919	100.00
COUNSELOR SCHOLARSHIPS	2,000	-	2,000	100.00
LICENSE PLATE INCOME	-	10,000	(10,000)	100.00
ROYALTY INCOME	500	2,400	(1,900)	(79.17)
SPECIAL PROJECTS	-	13,600	(13,600)	(100.00)
DIVIDEND INCOME	8,446	-	8,446	100.00
DESIGNATED REVENUE	47,120	100,000	(52,880)	(52.88)
TRANSFER FROM ENDOWMENT	113,945	130,000	(16,055)	(12.35)
TRANSFER FROM TRUST FUND	245,328	300,000	(54,672)	(18.22)
TOTAL SOURCES OF FUNDS	2,886,492	2,550,000	336,492	13.20
USES OF FUNDS				
ARCHERY	635	1,500	(865)	(57.67)
ARTS & CRAFTS	1,150	1,650	(500)	(30.30)
AQUATICS	3,806	4,500	(694)	(15.42)
AWARDS	2,077	2,000	77	3.85
BANQUET	5,440	5,600	(160)	(2.86)
BARN YARD/PETTING ZOO	1,670	2,000	(330)	(16.50)
CAMPER PROVISIONS	85	750	(665)	(88.67)
CAMPER PICTURES	(1,030)	1,750	(2,780)	(158.86)
CERAMICS	96	500	(404)	(80.80)
CERTIFICATION	10,396	12,000	(1,604)	(13.37)
COUNSELOR SCHOLARSHIPS	1,500	1,000	500	50.00
DUES & SUBSCRIPTIONS	6,007	5,000	1,007	20.14
DIABETIC WEEKEND	13,220	10,000	3,220	32.20
DIRECTORS TRAINING	7,305	10,000	(2,695)	(26.95)

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014 (SEE NOTE AT PAGE 22)

	2014	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
WORK WEEKEND	9,200	15,000	(5,800)	(38.67)
FIREWORKS	764	1,000	(236)	(23.60)
FINE ARTS	3	500	(497)	(99.40)
DINING HALL:				
FOOD	151,154	135,000	16,154	11.97
PAPER PRODUCTS	6,653	4,000	2,653	66.33
SALARIES	91,887	62,000	29,887	48.20
PAYROLL TAXES	7,832	5,270	2,562	48.61
GREENHOUSE	28	500	(472)	(94.40)
INSURANCE CAMPERS	4,367	3,500	867	24.77
LAUNDRY	31,509	20,000	11,509	57.55
LEADERSHIP WEEKEND	122	-	122	100.00
MUSIC	78	500	(422)	(84.40)
NATURE CRAFTS	863	1,200	(337)	(28.08)
OFFICE SUPPLIES	2,019	5,000	(2,981)	(59.62)
POSTAGE	3,954	5,000	(1,046)	(20.92)
PRINTING	6,258	25,000	(18,742)	(74.97)
PHOTOGRAPHY	2,259	1,500	759	50.60
PHOTO ACTIVITY	16	-	16	100.00
RECREATION	508	900	(392)	(43.56)
ROPES COURSE	2,093	4,000	(1,907)	(47.68)
SPECIAL ACTIVITIES	2,985	1,450	1,535	105.86
STORE INVENTORY	39,455	35,000	4,455	12.73
SALES AND OTHER TAXES	4,063	4,000	63	1.58
SECURITY RECORD CHECK	-	4,000	(4,000)	(100.00)
TRAVEL	17,074	20,000	(2,926)	(14.63)
UNIFORMS	16,478	10,000	6,478	64.78
UNIT ACTIVITIES	481	250	231	92.40
VENDING	4,879	4,000	879	21.98
EMPLOYEE RELATIONS	-	500	(500)	(100.00)
INFIRMARY:				
SUPPLIES	3,034	3,000	34	1.13
OUTSIDE MEDICAL FEES	629	3,500	(2,871)	(82.03)
SALARIES	48,690	55,000	(6,310)	(11.47)
PAYROLL TAXES	4,060	4,675	(615)	(13.16)
EQUESTRIAN:				
DUES & SUBS	285	1,000	(715)	(71.50)
FARRIER	2,800	2,800	-	-
HORSE FEED	23,664	23,648	16	0.07
MEDICAL COST	1,771	2,400	(629)	(26.21)
RIDING SUPPLIES	1,157	500	657	131.40
RANCH SUPPLIES	2,371	2,600	(229)	(8.81)
WILDLIFE MANAGEMENT	2,550	-	2,550	100.00
PASTURE MANAGEMENT	532	-	532	100.00
JANITORIAL	2,067	3,500	(1,433)	(40.94)
SALARIES:				
PROGRAM STAFF	165,054	191,000	(25,946)	(13.58)
PROGRAM STAFF PAYROLL TAXES	12,470	16,300	(3,830)	(23.50)
SUMMER STAFF	312,726	260,000	52,726	20.28
SUMMER STAFF PAYROLL TAXES	20,176	22,000	(1,824)	(8.29)

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014 (SEE NOTE AT PAGE 22)

	2014	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
DIABETIC CAMP:				
MEDICAL GRANT	41,810	45,000	(3,190)	(7.09)
OUTSIDE MEDICAL FEES	17	250	(233)	(93.20)
EMERGENCY SHELTER EXPENSES	-	150,000	(150,000)	(100.00)
AUDIT FEE	20,620	20,000	620	3.10
BAD DEBT EXPENSE	-	-	-	100.00
BANK CHARGES	8,898	3,200	5,698	178.06
ACH CHARGES	1,510	1,000	510	51.00
PAYROLL SERVICE CHARGES	28,262	25,000	3,262	13.05
BOARD MEETING COST	27,274	25,000	2,274	9.10
DUES & SUBSCRIPTIONS	6,697	1,000	5,697	569.70
LEASE GROUP EXPENSES	77,137	7,500	69,637	928.49
LEGAL FEES	7,124	3,500	3,624	103.54
OFFICE SUPPLIES	9,645	10,000	(355)	(3.55)
POSTAGE	3,986	3,500	486	13.89
PRINTING	-	1,000	(1,000)	(100.00)
COMPUTER SERVICES & SUPPLIES	38,093	15,000	23,093	153.95
SALARIES	211,475	211,000	475	0.23
PAYROLL TAXES	15,698	18,000	(2,302)	(12.79)
EMPLOYEE RELATIONS	729	1,000	(271)	(27.10)
ENDOWMENT CAMPAIGN	383	-	383	100.00
PROGRAM DEVELOPMENT:				
ADVERTISING & PROMOTION	1,279	10,000	(8,721)	(87.21)
DUES & SUBSCRIPTIONS	1,795	2,500	(705)	(28.20)
PRINTING	13,924	15,000	(1,076)	(7.17)
PRODUCTION PROGRAMS	805	10,000	(9,195)	(91.95)
POSTAGE	14,326	20,000	(5,674)	(28.37)
CHRISTMAS CARD POSTAGE	4,610	-	4,610	100.00
PUBLIC RELATIONS	718	2,000	(1,282)	(64.10)
SUPPLIES	503	3,500	(2,997)	(85.63)
SALARIES	106,858	120,000	(13,142)	(10.95)
PAYROLL TAXES	8,317	10,200	(1,883)	(18.46)
RECOGNITION EMBLEMS	68,910	65,000	3,910	6.02
VEHICLES - FUEL	3,511	17,000	(13,489)	(79.35)
VEHICLES - MAINTENANCE	3,561	5,500	(1,939)	(35.25)
VEHICLES - PARTS	3,781	5,000	(1,219)	(24.38)
VEHICLES - REGISTRATION	2,051	1,250	801	64.08
VEHICLES - RENTALS	640	-	640	100.00
VEHICLES - REPAIRS	9,943	5,000	4,943	98.86
REPAIRS & MAINTENANCE				
BUILDINGS	58,090	33,000	25,090	76.03
EQUIPMENT	22,577	25,000	(2,423)	(9.69)
FURNITURE & FIXTURES	94	2,300	(2,206)	(95.91)
GENERAL	29,495	15,000	14,495	96.63
LAND	2,835	2,000	835	41.75
MAINTENANCE CONTRACTS	13,685	18,000	(4,315)	(23.97)
JANITORIAL SUPPLIES	18,299	8,000	10,299	128.74
MAINTENANCE SALARIES	90,300	116,500	(26,200)	(22.49)
MAINTENANCE PAYROLL TAXES	6,877	9,907	(3,030)	(30.58)

TEXAS LIONS CAMP, INC.

SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014 (SEE NOTE AT PAGE 22)

	2014	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
INSURANCE:				
UMBRELLA	6,729	12,000	(5,271)	(43.93)
ACCIDENT	-	3,000	(3,000)	100.00
AUTO	14,831	14,000	831	5.94
BUILDINGS	84,129	70,000	14,129	20.18
BOND	4,499	1,000	3,499	349.90
EQUIPMENT	3,995	3,000	995	33.17
EMPLOYEE HEALTH	132,472	156,000	(23,528)	(15.08)
EMPLOYEE RETIREMENT	27,385	30,000	(2,615)	(8.72)
WORKERS COMPENSATION	23,032	25,000	(1,968)	(7.87)
DIRECTORS & OFFICERS	-	6,500	(6,500)	(100.00)
UTILITIES:				
ELECTRICITY	78,492	95,000	(16,508)	(17.38)
GARBAGE	5,226	4,000	1,226	30.65
GAS	23,732	16,500	7,232	43.83
TELEPHONE	12,210	12,000	210	1.75
T.V.	7,765	9,500	(1,735)	(18.26)
WATER	11,886	10,000	1,886	18.86
PROPERTY TAXES-TRUST	1,070	650	420	64.62
TOTAL USES	<u>2,487,970</u>	<u>2,550,000</u>	<u>(62,030)</u>	<u>(2.43)</u>
NET INCREASE/(DECREASE)	<u>\$ 398,522</u>	<u>\$ -</u>	<u>\$ 398,522</u>	*****
DEPRECIATION	<u>\$ 445,628</u>	<u>\$ -</u>	<u>\$ 445,628</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.