

**TEXAS LIONS CAMP, INC.**

FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2018 AND 2017  
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, 2018 and 2017, 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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Sherrie E. Gold, CPA • Mandy Langbein, CPA • Keith A. Theis, CPA

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, 2018 and 2017, 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, 2018 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, Epenhauer + Orsby, P.C.*  
Kerrville, Texas  
January 11, 2019

**TEXAS LIONS CAMP, INC.**

STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>ASSETS</b>			
CASH	\$ 2,240,253	\$ 1,637,418	\$ 602,835
ACCOUNTS RECEIVABLE - Dues and other	158,132	84,956	73,176
INVESTMENTS	15,675,024	15,241,288	433,736
OTHER ASSETS	115,772	83,970	31,802
UNCONDITIONAL PROMISES TO GIVE, NET - temporarily restricted	2,400	2,400	-
INVESTMENTS - temporarily restricted	3,648,151	3,094,693	553,458
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$9,862,596 and \$9,332,672	5,271,866	5,529,783	(257,917)
UNCONDITIONAL PROMISES TO GIVE, NET - permanently restricted	76,777	109,535	(32,758)
LONG-TERM ENDOWMENT INVESTMENTS - permanently restricted	<u>8,780,734</u>	<u>8,580,444</u>	<u>200,290</u>
TOTAL	<u>\$ 35,969,109</u>	<u>\$ 34,364,487</u>	<u>\$ 1,604,622</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 74,121	\$ 34,410	\$ 39,711
Annuity payable	<u>79,459</u>	<u>84,232</u>	<u>(4,773)</u>
Total Liabilities	<u>153,580</u>	<u>118,642</u>	<u>34,938</u>
<b>NET ASSETS:</b>			
Permanently restricted:			
Endowment fund	8,857,511	8,689,979	167,532
Temporarily restricted:			
Operations and capital expenditures	442,526	389,529	52,997
Unappropriated endowment fund appreciation	3,208,025	2,707,564	500,461
Unrestricted:			
Designated as Trust funds	15,226,526	14,891,099	335,427
Designated for land and buildings	4,803,848	5,142,325	(338,477)
Undesignated	<u>3,277,093</u>	<u>2,425,349</u>	<u>851,744</u>
Total Net Assets	<u>35,815,529</u>	<u>34,245,845</u>	<u>1,569,684</u>
TOTAL	<u>\$ 35,969,109</u>	<u>\$ 34,364,487</u>	<u>\$ 1,604,622</u>

**TEXAS LIONS CAMP, INC.**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>UNRESTRICTED NET ASSETS</b>			
Support:			
Lions membership dues	\$ 514,031	\$ 506,592	\$ 7,439
Lions Century Club	226,354	237,279	(10,925)
Lions 100% participation	235,582	230,092	5,490
Contributions	48,074	1,325,382	(1,277,308)
Other support	1,138,865	1,072,622	66,243
Non-Lion donations	297,914	147,600	150,314
Total unrestricted support	<u>2,460,820</u>	<u>3,519,567</u>	<u>(1,058,747)</u>
Revenue:			
Other program fees	328,494	374,990	(46,496)
Sale of promotional items	77,054	74,821	2,233
Investment income including net unrealized gains and losses	959,589	1,862,299	(902,710)
Total unrestricted revenue	<u>1,365,137</u>	<u>2,312,110</u>	<u>(946,973)</u>
Net assets released from donor restrictions	<u>204,820</u>	<u>371,028</u>	<u>(166,208)</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>4,030,777</u>	<u>6,202,705</u>	<u>(2,171,928)</u>
PROGRAM SERVICE EXPENSES	<u>2,314,816</u>	<u>2,277,148</u>	<u>37,668</u>
SUPPORTING SERVICES EXPENSES			
General administration	713,419	730,638	(17,219)
Fund raising	153,848	159,170	(5,322)
Total supporting services expenses	<u>867,267</u>	<u>889,808</u>	<u>(22,541)</u>
TOTAL EXPENSES	<u>3,182,083</u>	<u>3,166,956</u>	<u>15,127</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>848,694</u>	<u>3,035,749</u>	<u>(2,187,055)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>			
Contributions	105,651	332,757	(227,106)
Net endowment investment income (loss)	652,627	1,015,404	(362,777)
Net assets released from donor restrictions	(204,820)	(371,028)	166,208
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>553,458</u>	<u>977,133</u>	<u>(423,675)</u>
<b>PERMANENTLY RESTRICTED NET ASSETS</b>			
Endowment fund contributions	<u>167,532</u>	<u>173,585</u>	<u>(6,053)</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>167,532</u>	<u>173,585</u>	<u>(6,053)</u>
CHANGE IN TOTAL NET ASSETS	<u>\$ 1,569,684</u>	<u>\$ 4,186,467</u>	<u>\$ (2,616,783)</u>

**TEXAS LIONS CAMP, INC.**

STATEMENTS OF NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>TOTAL</u>	<u>UNRESTRICTED - UNDESIGNATED</u>	<u>UNRESTRICTED - DESIGNATED FOR CERTAIN LAND AND BUILDINGS</u>	<u>UNRESTRICTED - DESIGNATED AS TRUST FUNDS</u>	<u>TEMPORARILY RESTRICTED - OPERATIONS AND CAPITAL EXPENDITURES</u>	<u>TEMPORARILY RESTRICTED - ENDOWMENT FUND EARNINGS AND NET APPRECIATION</u>	<u>PERMANENTLY RESTRICTED - ENDOWMENT FUND</u>
NET ASSETS - SEPTEMBER 30, 2016	\$ 30,059,378	\$ 1,115,298	\$ 5,390,838	12,916,888	\$ 279,704	\$ 1,840,256	\$ 8,516,394
CHANGE IN NET ASSETS	<u>4,186,467</u>	<u>1,310,051</u>	<u>(248,513)</u>	<u>1,974,211</u>	<u>109,825</u>	<u>867,308</u>	<u>173,585</u>
NET ASSETS - SEPTEMBER 30, 2017	34,245,845	2,425,349	5,142,325	14,891,099	389,529	2,707,564	8,689,979
CHANGE IN NET ASSETS	<u>1,569,684</u>	<u>851,744</u>	<u>(338,477)</u>	<u>335,427</u>	<u>52,997</u>	<u>500,461</u>	<u>167,532</u>
NET ASSETS - SEPTEMBER 30, 2018	<u>\$ 35,815,529</u>	<u>\$ 3,277,093</u>	<u>\$ 4,803,848</u>	<u>\$ 15,226,526</u>	<u>\$ 442,526</u>	<u>\$ 3,208,025</u>	<u>\$ 8,857,511</u>

See notes to the financial statements.

## TEXAS LIONS CAMP, INC.

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,569,684	\$ 4,186,467
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	529,924	533,306
(Recovery) Provision for uncollectible promises to give	(1,600)	(12,400)
Discount on promises to give	(322)	(8,205)
Amortization of annuity	4,603	7,370
Donated materials and services	(27,377)	(20,201)
Net gain on disposal of assets	(5,389)	1,799
Realized and unrealized investment (gains) losses	(1,193,383)	(2,108,068)
Decrease (Increase) in other accounts receivable	(73,176)	(37,860)
Decrease (Increase) in unconditional promises to give	34,680	281,745
Decrease (Increase) in other assets	(26,369)	14,349
(Decrease) Increase in accounts payable	39,711	22,139
Contributions restricted for long-term investment	(167,532)	(173,585)
Contributions restricted for investment in property, equipment, and other	<u>(78,274)</u>	<u>(212,556)</u>
Net cash provided by operating activities	<u>605,180</u>	<u>2,474,300</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (increase) decrease in investments	(304,660)	(1,796,569)
Purchase of property and equipment	<u>(244,674)</u>	<u>(210,369)</u>
Net cash used by investing activities	<u>(549,334)</u>	<u>(2,006,938)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received restricted to investment in endowment	167,532	173,585
Contributions received restricted to investment in property, equipment, and other	78,274	212,556
Payments on annuity payable	<u>(9,376)</u>	<u>(15,626)</u>
Net cash provided by financing activities	<u>236,430</u>	<u>370,515</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	292,276	837,877
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>2,513,413</u>	<u>1,675,536</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 2,805,689</u>	<u>\$ 2,513,413</u>



## TEXAS LIONS CAMP, INC.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

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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, 2018 and 2017. 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, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Cash	\$ 2,240,253	\$ 1,637,418
Money market investment accounts	565,436	875,995
Cash and cash equivalents	<u>\$ 2,805,689</u>	<u>\$ 2,513,413</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 11, 2019, 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, 2018 and 2017, consist of securities held at J. P. Morgan and U.S. Trust and certain other investments and are categorized as follows:

	2018		2017	
	Cost	Value	Cost	Value
Money Market	\$ 832,072	\$ 832,072	\$ 1,293,534	\$ 1,293,534
Debt Securities	6,861,850	8,019,593	6,492,620	6,501,067
Equity Securities	12,796,803	15,289,141	13,145,802	16,239,266
Other	3,849,914	3,963,103	2,878,156	2,882,558
Total	<u>\$24,340,639</u>	<u>\$28,103,909</u>	<u>\$ 23,810,112</u>	<u>\$ 26,916,425</u>

Of the investments listed above, \$8,780,734 and \$8,580,444 are permanently restricted net assets (endowment fund) and \$3,648,151 and \$3,094,693 are temporarily restricted as of September 30, 2018 and 2017, respectively.

The following schedule summarizes the investment returns and classification in the Statement of Activities for the year ended September 30, 2018.

	2018		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 345,850	\$ 206,651	\$ 552,501
Realized gains (losses)	347,567	218,797	566,364
Unrealized gains (losses)	345,354	281,665	627,019
Investment fees	(79,182)	(54,486)	(133,668)
	<u>\$ 959,589</u>	<u>\$ 652,627</u>	<u>\$ 1,612,216</u>

The following schedule summarizes the investment returns and classification in the Statement of Activities for the year ended September 30, 2017.

	2017		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 718,829	\$ 195,326	\$ 914,155
Realized gains (losses)	622,197	319,737	941,934
Unrealized gains (losses)	618,563	547,571	1,166,134
Investment fees	(97,290)	(47,230)	(144,520)
Total	<u>\$ 1,862,299</u>	<u>\$ 1,015,404</u>	<u>\$ 2,877,703</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, 2018 and 2017.

### 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, 2018:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 832,072		\$ 832,072
Debt securities	8,019,593		8,019,593
Equity securities	15,289,141		15,289,141
Other	3,784,611	\$ 178,492	3,963,103
Total	<u>\$ 27,925,417</u>	<u>\$ 178,492</u>	<u>\$ 28,103,909</u>

#### Assets at Fair Value as of September 30, 2017:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,293,534		\$ 1,293,534
Debt securities	6,501,067		6,501,067
Equity securities	16,239,266		16,239,266
Other	2,731,974	\$ 150,584	2,882,558
Total	<u>\$ 26,765,841</u>	<u>\$ 150,584</u>	<u>\$ 26,916,425</u>

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

	<u>Level 3 Assets</u> <u>Other investments</u>
Balance, September 30, 2016	\$ 150,467
Unrealized gain	117
Balance, September 30, 2017	<u>150,584</u>
Unrealized gain	27,908
Balance, September 30, 2018	<u>\$ 178,492</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, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Dues and other receivables	\$ 158,132	\$ 84,956
Temporarily restricted capital and other pledges, net of allowance of \$100 in 2018 and \$100 in 2017	2,400	2,400
Permanently restricted endowment pledges, net of allowance of \$3,800 in 2018 and \$5,400 in 2017	<u>80,374</u>	<u>113,454</u>
Unconditional promises to give before unamortized discount	240,906	200,810
Less unamortized discount – permanently restricted	<u>(3,597)</u>	<u>(3,919)</u>
Net unconditional promises to give	<u>\$ 237,309</u>	<u>\$ 196,891</u>

Unconditional promises to give as of  
September 30, 2018 due in:

Less than one year	\$	197,928
One to five years		<u>46,878</u>
Subtotal		244,806
Less: Unamortized discount		(3,597)
Allowance for uncollectible pledges		<u>(3,900)</u>
	\$	<u><u>237,309</u></u>

For the years ended September 30, 2018 and 2017, 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, 2018 and 2017, the Camp recorded depreciation expense in the amount of \$529,924 and \$533,306, 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, 2018 and 2017 are as follows:

	2018 Cost or Donated Value	2017 Cost or Donated Value	Estimated Useful Life In Years
Construction in progress	\$ 89,530	\$ 34,075	
Land	87,488	87,488	
Land improvements	1,208,669	1,206,169	10 - 33
Buildings	9,039,681	9,014,006	33-39
Campsites, roads, walks and other ground improvements	2,800,199	2,800,199	15 - 33
Furniture and fixtures	359,615	352,048	10
Equipment	836,686	806,760	10
Computer equipment	113,753	105,087	6
Vehicles	598,841	456,624	5
Total	<u>15,134,462</u>	<u>14,862,456</u>	
Less: Accumulated depreciation	<u>(9,862,596)</u>	<u>(9,332,673)</u>	
Net	<u><u>\$ 5,271,866</u></u>	<u><u>\$ 5,529,783</u></u>	

## 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash and unconditional promises to give at September 30, 2018 and 2017. Amounts were available for the following purposes:

	2018	2017
Operations	\$ 85,429	\$ 51,043
Capital improvements	357,097	338,486
Unappropriated endowment earnings	3,208,025	2,707,564
Total	<u>\$ 3,650,551</u>	<u>\$ 3,097,093</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, 2018 and 2017.

Changes in endowed assets for the year ended September 30, 2018 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Net endowed assets, beginning of year	\$ 2,707,564	\$ 8,689,979	\$ 11,397,543
Interest and dividends	206,651		206,651
Investment fees	(54,486)		(54,486)
Net realized and unrealized appreciation	500,461		500,461
Contributions		167,532	167,532
Amounts appropriated for expenditure	(152,165)		(152,165)
Changes in endowed assets	<u>500,461</u>	<u>167,532</u>	<u>667,993</u>
Net endowed assets, end of year	<u>\$ 3,208,025</u>	<u>\$ 8,857,511</u>	<u>\$ 12,065,536</u>

Changes in endowed assets for the year ended September 30, 2017 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Net endowed assets, beginning of year	\$ 1,840,256	\$ 8,516,394	\$ 10,356,650
Interest and dividends	195,326		195,326
Investment fees	(47,230)		(47,230)
Net realized and unrealized depreciation	867,308		867,308
Contributions		173,585	173,585
Amounts appropriated for expenditure	(148,096)		(148,096)
Changes in endowed assets	867,308	173,585	1,040,893
Net endowed assets, end of year	<u>\$ 2,707,564</u>	<u>\$ 8,689,979</u>	<u>\$ 11,397,543</u>

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

	2018	2017
Receivables due in one to five years, net of discount and allowance	\$ 76,777	\$ 109,535
Investments (at amount of original contribution)	8,780,734	8,580,444
	<u>\$ 8,857,511</u>	<u>\$ 8,689,979</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, 2018 and 2017, the amount of such funds designated as Trust funds in the accompanying financial statements is \$15,226,526 and \$14,891,099, respectively.

Activity in the Trust fund during the years ended September 30, 2018 and 2017 was as follows:

	<u>2018</u>	<u>2017</u>
Trust fund balance at beginning of year	\$ 14,891,099	\$ 12,916,888
Contributions	45,902	1,325,382
Net realized and unrealized investment income		
(loss) designated for reinvestment	939,820	1,852,308
Net investment income used for operations	<u>(650,295)</u>	<u>(1,203,479)</u>
Trust fund balance at end of year	<u>\$ 15,226,526</u>	<u>\$ 14,891,099</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, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Construction in progress	\$ 89,530	\$ 34,074
Land	53,340	53,340
Land improvements	1,208,669	1,206,169
Buildings	9,039,681	9,014,006
Campsites, roads, walks and other improvements	<u>2,800,199</u>	<u>2,800,199</u>
Total	13,191,419	13,107,788
Less: Accumulated depreciation	<u>(8,387,571)</u>	<u>(7,965,463)</u>
Net	<u>\$ 4,803,848</u>	<u>\$ 5,142,325</u>

#### 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, 2018 and 2017 were \$32,167 and \$31,280, respectively.

## 10. CONCENTRATIONS OF CREDIT AND MARKET RISK

In 2018 and 2017, the Camp received approximately 64% and 87%, respectively, of its support and revenues from Lions in the State of Texas. As of September 30, 2018 and 2017, approximately 99% of unconditional promises to give were from Lions in the State of Texas.

Deposits at FDIC-insured institutions are insured up to \$250,000. The balances in the Camp accounts were in excess of these federally insured limits as of September 30, 2018.

## 11. 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, 2018 (SEE NOTE AT PAGE 23)

	2018	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
<b>SOURCES OF FUNDS</b>				
CENTURY CLUB	\$ 226,354	\$ 225,000	\$ 1,354	0.60
LIFE MEMBERSHIP	18,550	25,000	(6,450)	(25.80)
MEMORIALS	63,735	65,000	(1,265)	(1.95)
INTEREST INCOME	13,914	2,000	11,914	595.70
MEMBERSHIP DUES	514,031	525,000	(10,969)	(2.09)
DONATIONS	16,103	225,000	(208,897)	(92.84)
LIONS GENERAL DONATIONS	245,342	75,000	170,342	227.12
100% PARTICIPATION	235,582	240,000	(4,418)	(1.84)
OUTSIDE DONATIONS	264,737	125,000	139,737	111.79
FOUNDATION GRANTS	158,150	200,000	(41,850)	(20.93)
CORPORATE SPONSORSHIP	5,800	50,000	(44,200)	(88.40)
CORPORATE MATCHING	2,518	5,000	(2,482)	(49.64)
SALE OF PROMOTIONAL ITEMS	76,459	50,000	26,459	52.92
CHRISTMAS CARDS	86,013	100,000	(13,987)	(13.99)
VENDING INCOME	230	500	(270)	(54.00)
LEASE GROUPS	30,985	40,000	(9,015)	(22.54)
SERVICE REVENUE PHYSICAL DISBABILITY	176,408	175,000	1,408	0.80
GOLF TOURNAMENT PROCEEDS	121,101	55,000	66,101	120.18
CAMP PICTURES	595	1,500	(905)	(60.33)
MATERIAL/SERVICE CONTRIBUTION	27,377		27,377	-
CONTRIBUTIONS - JACK WIECH	64,272	50,000	14,272	28.54
OTHER INCOME	439,164	10,000	429,164	4,291.64
INCOME FROM SALE OF ASSET	5,389	2,500	2,889	115.56
INSURANCE REFUNDS	17,378	20,000	(2,622)	(13.11)
COUNSELOR SCHOLARSHIPS	2,000	2,000	-	-
LICENSE PLATE INCOME	-	10,000	(10,000)	(100.00)
SPECIAL PROJECTS	15,510	2,000	13,510	675.50
DIVIDEND INCOME	5,856	10,000	(4,144)	(41.44)
DESIGNATED REVENUE	105,651	80,000	25,651	32.06
TRANSFER FROM ENDOWMENT	152,164	130,000	22,164	17.05
TRANSFER FROM TRUST FUND	242,295	275,000	(32,705)	(11.89)
<b>TOTAL SOURCES OF FUNDS</b>	<b>3,335,834</b>	<b>2,775,500</b>	<b>560,334</b>	<b>20.19</b>
<b>USES OF FUNDS</b>				
ARCHERY	178	1,000	(822)	(82.20)
ARTS & CRAFTS	1,022	1,650	(628)	(38.06)
AQUATICS	4,005	4,500	(495)	(11.00)
AWARDS	3,905	2,000	1,905	95.25
BANQUET	8,620	8,500	120	1.41
BARN YARD/PETTING ZOO	1,820	2,000	(180)	(9.00)
CAMPER PROVISIONS	2,616	500	2,116	423.20
CAMPER PICTURES	2,190	2,200	(10)	(0.45)

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018 (SEE NOTE AT PAGE 23)

	2018	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
CERAMICS	-	500	(500)	(100.00)
CERTIFICATION	15,973	12,000	3,973	33.11
COUNSELOR SCHOLARSHIPS	(1,500)	2,000	(3,500)	(175.00)
DUES & SUBSCRIPTIONS	12,454	6,000	6,454	107.57
DIRECTORS TRAINING	10,953	10,000	953	9.53
WORK WEEKEND	11,791	15,000	(3,209)	(21.39)
FIREWORKS	1,068	1,000	68	6.80
FINE ARTS	23	500	(477)	(95.40)
DINING HALL:				
FOOD	165,242	165,000	242	0.15
PAPER PRODUCTS	12,123	14,000	(1,877)	(13.41)
SALARIES	55,155	65,000	(9,845)	(15.15)
PAYROLL TAXES	4,491	5,687	(1,196)	(21.03)
GREENHOUSE	-	500	(500)	(100.00)
INSURANCE CAMPERS	-	3,800	(3,800)	(100.00)
LAUNDRY	32,968	25,000	7,968	31.87
MUSIC	431	500	(69)	(13.80)
NATURE CRAFTS	1,619	1,200	419	34.92
WORKSHOP	759	2,000	(1,241)	(62.05)
OFFICE SUPPLIES	5,837	4,916	921	18.73
CSI	448	750	(302)	(40.27)
POSTAGE	3,623	5,000	(1,377)	(27.54)
PRINTING	1,809	10,000	(8,191)	(81.91)
PROMOTIONAL EXPENSE	252	-	252	-
PHOTOGRAPHY	333	1,500	(1,167)	(77.80)
RECREATION	206	900	(694)	(77.11)
ROPES COURSE	3,188	2,500	688	27.52
SPECIAL ACTIVITIES	6,946	3,500	3,446	98.46
STORE INVENTORY	45,313	40,000	5,313	13.28
SALES AND OTHER TAXES	5,703	4,000	1,703	42.58
TRAVEL	31,326	15,000	16,326	108.84
UNIFORMS	16,316	18,000	(1,684)	(9.36)
UNIT ACTIVITIES	54	250	(196)	(78.40)
VENDING	538	3,000	(2,462)	(82.07)
EMPLOYEE RELATIONS	5,274	500	4,774	954.80
INFIRMARY:				
SUPPLIES	5,202	4,000	1,202	30.05
OUTSIDE MEDICAL FEES	1,798	3,000	(1,202)	(40.07)
SALARIES	69,923	55,000	14,923	27.13
PAYROLL TAXES	4,842	4,675	167	3.57
EQUESTRIAN:				
DUES & SUBS	(195)	500	(695)	(139.00)
FARRIER	3,064	2,800	264	9.43

TEXAS LIONS CAMP, INC.

SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2018 (SEE NOTE AT PAGE 23)

	2018	BUDGET	VARIANCE	PERCENTAGE VARIANCE
HORSE FEED	21,676	25,000	(3,324)	(13.30)
MEDICAL COST	1,739	3,000	(1,261)	(42.03)
RIDING SUPPLIES	456	500	(44)	(8.80)
RANCH SUPPLIES	4,252	2,600	1,652	63.54
WILDLIFE MANAGEMENT	1,567	2,500	(933)	(37.32)
JANITORIAL	5,841	2,000	3,841	192.05
SALARIES:				
PROGRAM STAFF	172,281	215,000	(42,719)	(19.87)
PROGRAM STAFF PAYROLL TAXES	13,067	18,275	(5,208)	(28.50)
SUMMER STAFF	284,460	300,000	(15,540)	(5.18)
SUMMER STAFF PAYROLL TAXES	19,801	25,500	(5,699)	(22.35)
DIABETIC CAMP:				
MEDICAL GRANT	58,838	60,000	(1,162)	(1.94)
OUTSIDE MEDICAL FEES	14,768	12,000	2,768	23.07
AUDIT FEE	23,300	22,000	1,300	5.91
BAD DEBT EXPENSE	125	-	125	-
BANK CHARGES	8,782	10,000	(1,218)	(12.18)
A/C CHARGES	2,130	2,000	130	6.50
PAYROLL SERVICE CHARGES	27,759	30,000	(2,241)	(7.47)
BOARD MEETING COST	22,600	25,000	(2,400)	(9.60)
DUES & SUBSCRIPTIONS	5,565	5,000	565	11.30
LEASE GROUP EXPENSES	14,515	-	14,515	-
LEGAL FEES	23,104	3,500	19,604	560.11
OFFICE SUPPLIES	4,740	10,000	(5,260)	(52.60)
POSTAGE	2,612	3,500	(888)	(25.37)
PRINTING	3,510	1,000	2,510	251.00
COMPUTER SERVICES & SUPPLIES	17,805	40,000	(22,195)	(55.49)
SALARIES	176,884	256,000	(79,116)	(30.90)
PAYROLL TAXES	12,829	21,760	(8,931)	(41.04)
EMPLOYEE RELATIONS	1,027	1,000	27	2.70
PROGRAM DEVELOPMENT:				
DUES & SUBSCRIPTIONS	1,025	2,500	(1,475)	(59.00)
PRINTING	4,919	15,000	(10,081)	(67.21)
PRODUCTION PROGRAMS	9,402	5,000	4,402	88.04
POSTAGE	9,852	15,000	(5,148)	(34.32)
CHRISTMAS CARD POSTAGE	14,687	16,000	(1,313)	(8.21)
SUPPLIES	2,208	2,000	208	10.40
SALARIES	114,591	142,200	(27,609)	(19.42)
PAYROLL TAXES	7,701	12,087	(4,386)	(36.29)
RECOGNITION EMBLEMS	62,129	65,000	(2,871)	(4.42)
VEHICLES - FUEL	10,781	12,000	(1,219)	(10.16)
VEHICLES - MAINTENANCE	3,462	5,500	(2,038)	(37.05)
VEHICLES - PARTS	4,686	5,000	(314)	(6.28)

See independent auditors' report and notes to 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, 2018 (SEE NOTE AT PAGE 23)

	2018	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
VEHICLES - REGISTRATION	1,816	2,000	(184)	(9.20)
VEHICLES - REPAIRS	7,834	5,000	2,834	56.68
REPAIRS & MAINTENANCE	55,806	40,000	15,806	39.52
BUILDINGS	19,508	20,000	(492)	(2.46)
EQUIPMENT	4,365	1,000	3,365	336.50
FURNITURE & FIXTURES	19,801	20,000	(199)	(1.00)
GENERAL	2,736	4,000	(1,264)	(31.60)
LAND	8,590	15,000	(6,410)	(42.73)
MAINTENANCE CONTRACTS	4,583	8,000	(3,417)	(42.71)
MAINTENANCE SALARIES	138,292	134,500	3,792	2.82
MARKETING & PR EXPENSES:	10,550	11,433	(883)	(7.72)
SALARIES	135,677	105,500	30,177	28.60
PAYROLL TAX	10,495	8,967	1,528	17.04
ADVERTISING AND PROMOTION	7,470	5,000	2,470	49.40
DUES & SUBSCRIPTIONS	456	1,000	(544)	(54.40)
MEDIA	5,458	2,500	2,958	118.32
POSTAGE	12,808	5,000	7,808	156.16
PRINTING	10,628	8,500	2,128	25.04
PUBLIC RELATIONS	161	2,000	(1,839)	(91.95)
OFFICE SUPPLIES	1,452	500	952	190.40
INSURANCE:	3,075	3,000	75	2.50
ACCIDENT	16,516	16,000	516	3.23
AUTO	92,646	90,000	2,646	2.94
BUILDINGS	3,971	1,000	2,971	297.10
EQUIPMENT	9,207	3,000	6,207	206.90
EMPLOYEE HEALTH	149,099	152,500	(3,401)	(2.23)
EMPLOYEE RETIREMENT	32,167	35,000	(2,833)	(8.09)
WORKERS COMPENSATION	25,402	25,000	402	1.61
DIRECTORS & OFFICERS	4,611	7,200	(2,589)	(35.96)
UTILITIES:	72,311	75,000	(2,689)	(3.59)
ELECTRICITY	4,970	5,000	(30)	(0.60)
GARBAGE	5,436	8,500	(3,064)	(36.05)
GAS	8,657	9,000	(343)	(3.81)
TELEPHONE	7,155	8,500	(1,345)	(15.82)
T.V.	11,727	10,000	1,727	17.27
WATER	862	650	212	32.62
PROPERTY TAXES-TRUST	2,657,501	2,775,500	(117,999)	(4.25)
TOTAL USES	2,657,501	2,775,500	(117,999)	(4.25)

See independent auditor's report and notes to 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, 2018 (SEE NOTE AT PAGE 23)

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	2018	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
NET INCREASE/(DECREASE)	<u>\$ 678,333</u>	<u>\$ -</u>	<u>\$ 678,333</u>	*****
DEPRECIATION	<u>529,924</u>	<u>\$ -</u>	<u>\$ 529,924</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.