

TEXAS LIONS CAMP, INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2011 AND 2010
AND SUPPLEMENTAL SCHEDULE

INDEPENDENT AUDITORS' REPORT

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the Texas Lions Camp, Inc. (a non profit organization) as of September 30, 2011 and 2010, 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, 2011 and 2010, 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, 2011 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.

Gary A. ~~January 23, 2012~~ 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, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
CASH	\$ 160,364	\$ 37,108
CASH - temporarily restricted	799,182	920,023
ACCOUNTS RECEIVABLE - Dues and other	51,291	124,439
UNCONDITIONAL PROMISES TO GIVE, NET - temporarily restricted	44,103	27,480
UNCONDITIONAL PROMISES TO GIVE, NET - permanently restricted	738,217	231,184
INVESTMENTS	11,215,236	11,407,147
OTHER ASSETS	13,515	14,796
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$7,138,732 and \$6,742,568	5,817,575	6,023,817
LONG-TERM ENDOWMENT INVESTMENTS - permanently restricted	<u>5,070,803</u>	<u>4,431,008</u>
TOTAL	<u>\$ 23,910,286</u>	<u>\$ 23,217,002</u>
LIABILITIES AND NET ASSETS		
LIABILITIES -		
Accounts payable	\$ 10,663	\$ 33,038
Deferred revenue	-	10,500
Annuity payable	<u>132,633</u>	<u>142,219</u>
Total Liabilities	<u>143,296</u>	<u>185,757</u>
NET ASSETS:		
Permanently restricted:		
Endowment fund	5,809,020	4,662,192
Temporarily restricted:		
Operations and capital expenditures	380,935	327,900
Unappropriated endowment fund appreciation	462,350	619,603
Unrestricted:		
Designated as Trust funds	9,670,162	9,652,126
Designated for land and buildings	5,512,089	5,796,475
Undesignated	<u>1,932,434</u>	<u>1,972,949</u>
Total Net Assets	<u>23,766,990</u>	<u>23,031,245</u>
TOTAL	<u>\$ 23,910,286</u>	<u>\$ 23,217,002</u>

See notes to the financial statements.

TEXAS LIONS CAMP, INC.**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS		
Support:		
Lions membership dues	\$ 512,037	566,403
Lions Century Club	206,260	171,415
Lions 100% participation	264,482	274,072
Contributions	51,981	154,606
Other support	328,780	417,028
Non-Lion donations	171,078	82,936
Total unrestricted support	<u>1,534,618</u>	<u>1,666,460</u>
Revenue:		
Other program fees	203,820	199,138
Sale of promotional items	52,973	51,963
Investment income including net unrealized gains	264,033	943,343
Total unrestricted revenue	<u>520,826</u>	<u>1,194,444</u>
Net assets released from donor restrictions	<u>230,108</u>	<u>189,218</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>2,285,552</u>	<u>3,050,122</u>
PROGRAM SERVICE EXPENSES		
Summer camp program	<u>1,928,443</u>	<u>1,855,063</u>
SUPPORTING SERVICES EXPENSES		
General administration	524,466	514,146
Fund raising	139,507	192,979
Total supporting services expenses	<u>663,973</u>	<u>707,125</u>
TOTAL EXPENSES	<u>2,592,417</u>	<u>2,562,188</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>(306,865)</u>	<u>487,934</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	207,664	196,761
Net endowment investment income (loss)	(81,774)	350,438
Net assets released from donor restrictions	<u>(230,108)</u>	<u>(189,218)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(104,218)</u>	<u>357,981</u>
PERMANENTLY RESTRICTED NET ASSETS		
Endowment fund contributions	<u>1,146,828</u>	<u>749,533</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>1,146,828</u>	<u>749,533</u>
CHANGE IN TOTAL NET ASSETS	<u>\$ 735,745</u>	<u>\$ 1,595,447</u>

See notes to the financial statements.

TEXAS LIONS CAMP, INC.

STATEMENTS OF NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	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, 2009	\$ 2,143,957	\$ 5,923,196	\$ 8,866,463	\$ 267,349	\$ 322,173	\$ 3,912,659
CHANGE IN NET ASSETS	(171,008)	(126,721)	785,663	60,551	297,430	749,533
NET ASSETS - SEPTEMBER 30, 2010	1,972,949	5,796,475	9,652,126	327,900	619,603	4,662,192
CHANGE IN NET ASSETS	(40,515)	(284,386)	18,036	53,035	(157,253)	1,146,828
NET ASSETS - SEPTEMBER 30, 2011	\$ 1,932,434	\$ 5,512,089	\$ 9,670,162	\$ 380,935	\$ 462,350	\$ 5,809,020

See notes to the financial statements.

TEXAS LIONS CAMP, INC.**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 735,745	\$ 1,595,448
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	413,543	421,437
Provision for uncollectible promises to give	40,000	-
Discount on promises to give	18,340	15,764
Amortization of annuity	2,916	2,323
Donated materials and services	(27,610)	(15,480)
Gain on disposal of assets	(4,956)	(1,419)
Realized and unrealized investment (gains) losses	240,174	(999,008)
Decrease (Increase) in other accounts receivable	73,148	(29,915)
Decrease (Increase) in unconditional promises to give	(581,996)	(272,678)
Decrease (Increase) in other assets	6,836	5,220
(Decrease) Increase in accounts payable	(22,375)	(21,722)
(Decrease) Increase in deferred revenue`	(10,500)	10,500
Contributions restricted for long-term investment	(1,146,828)	(749,083)
Contributions restricted for investment in property, plant, equipment, and other	<u>(180,054)</u>	<u>(181,281)</u>
Net cash used by operating activities	<u>(443,617)</u>	<u>(219,894)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in investments	(799,188)	(632,769)
Purchase of fixed assets	<u>(180,291)</u>	<u>(255,620)</u>
Net cash used by investing activities	<u>(979,479)</u>	<u>(888,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received restricted to investment in endowment	1,146,828	749,083
Contributions received restricted to investment in property, plant, equipment, and other	180,054	181,281
Payments on annuity payable	<u>(12,501)</u>	<u>(12,501)</u>
Net cash provided by financing activities	<u>1,314,381</u>	<u>917,863</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(108,715)	(190,420)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>1,509,312</u>	<u>1,699,732</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 1,400,597</u>	<u>\$ 1,509,312</u>

See notes to the financial statements.

TEXAS LIONS CAMP, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

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, 2011. 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 2007.

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, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Cash	\$ 959,546	\$ 957,131
Money market investment accounts	<u>441,051</u>	<u>552,181</u>
Cash and cash equivalents	<u>\$ 1,400,597</u>	<u>\$ 1,509,312</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 prior year amounts to conform to current year presentation.

Date of Management’s Review - Management has evaluated subsequent events through January 23, 2012, which is the date the financial statements were available to be issued.

2. INVESTMENTS

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

The Camp’s investments at September 30, 2011 and 2010, consist of securities held at J. P. Morgan and U.S. Trust and are categorized as follows:

	2011		2010	
	Cost	Value	Cost	Value
Money Market funds	\$ 1,209,186	\$ 1,209,186	\$ 689,656	\$ 689,656
Debt Securities	7,217,176	7,284,228	5,355,918	5,467,805
Equity Securities	5,154,697	4,860,828	6,335,248	6,816,266
Other	2,585,706	2,931,797	2,696,561	2,864,428
Total	<u>\$ 16,166,765</u>	<u>\$ 16,286,039</u>	<u>\$ 15,077,383</u>	<u>\$ 15,838,155</u>

Of the investments listed above, \$5,070,803 and \$4,431,008 are permanently restricted net assets (endowment fund) as of September 30, 2011 and 2010, respectively.

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>

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

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

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, 2011 and 2010.

Level 1 Measurements

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

Level 3 Measurements

Certain other investment assets are comprised of mineral interests 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, 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>

Assets at Fair Value as of September 30, 2010:

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

The table below sets forth a summary of changes in the fair value of the Camp's level 3 assets for the years ended September 30, 2010 and 2011, respectively:

	<u>Level 3 Assets</u> <u>Other investments</u>
Balance, September 30, 2009	\$ 214,623
Total gains or losses	<u>31,768</u>
Balance, September 30, 2010	246,391
Total gains or losses	<u>251,215</u>
Balance, September 30, 2011	<u>\$ 497,606</u>

4. PROMISES TO GIVE

Unconditional promises to give at September 30, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Dues and other receivables	\$ 51,291	\$ 124,439
Temporarily restricted capital and other pledges, net of allowance of \$2,000 in 2011 and \$0 in 2010	44,103	27,480
Permanently restricted endowment pledges, net of allowance of \$38,000 in 2011 and \$0 in 2010	<u>772,321</u>	<u>246,949</u>
Unconditional promises to give before unamortized discount	867,715	398,868
Less unamortized discount – permanently restricted	<u>(34,104)</u>	<u>(15,765)</u>
Net unconditional promises to give	<u>\$ 833,611</u>	<u>\$ 383,103</u>

Unconditional promises to give due in:

Less than one year	\$ 374,499
One to five years	<u>533,216</u>
Subtotal	907,715
Less: Unamortized discount	(34,104)
Allowance for uncollectible pledges	<u>(40,000)</u>
	<u>\$ 833,611</u>

For the years ended September 30, 2011 and 2010, 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, 2011 and 2010, the Camp recorded depreciation expense in the amount of \$413,543 and \$421,437, 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, 2011 and 2010 are as follows:

	2011 Cost or Donated Value	2010 Cost or Donated Value	Estimated Useful Life In Years
Construction in progress	\$ 65,982	\$ 83,974	
Land	87,488	87,488	
Land improvements	368,370	368,370	10 - 33
Buildings	8,268,414	8,226,909	33
Campsites, roads, walks and other ground improvements	2,535,592	2,494,010	15 - 33
Furniture and fixtures	293,168	290,385	10
Equipment	783,838	724,976	10
Computer equipment	98,717	93,125	6
Vehicles	454,738	397,148	5
Total	<u>12,956,307</u>	<u>12,766,385</u>	
Less: Accumulated depreciation	<u>(7,138,732)</u>	<u>(6,742,568)</u>	
Net	<u>\$ 5,817,575</u>	<u>\$ 6,023,817</u>	

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash and unconditional promises to give at September 30, 2011 and 2010. Amounts were available for the following purposes:

	<u>2011</u>	<u>2010</u>
Operations	\$ 55,454	\$ 99,204
Capital improvements	325,481	228,696
Endowment earnings	462,350	619,603
Total	<u>\$ 843,285</u>	<u>\$ 947,503</u>

7. PERMANENTLY RESTRICTED NET ASSETS

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 it 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, 2011 and 2010.

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

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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	(156,752)		(156,752)
Contributions		1,146,828	1,146,828
Amounts appropriated for expenditure	(75,478)		(75,478)
Changes in endowed assets	<u>(157,252)</u>	<u>1,146,828</u>	<u>989,576</u>
Net endowed assets, end of year	<u>\$ 462,351</u>	<u>\$ 5,809,020</u>	<u>\$6,271,371</u>

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

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

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

	<u>2011</u>	<u>2010</u>
Receivables due in one to five years, net of discount	\$ 738,217	231,184
Investments (at amount of original contribution)	<u>5,070,803</u>	<u>4,431,008</u>
	<u>\$ 5,809,020</u>	<u>\$ 4,662,192</u>

7. UNRESTRICTED NET ASSETS

The Board has designated that testamentary gifts received by the Camp, not specifically designated for any other purpose, shall be deemed to have been received by the Trust fund. Also, the Board has designated that net gains (both realized and unrealized) on such funds are to be reinvested in the Trust fund. Net income generated by the Trust fund may be used for operations upon authorization by the Board. The principal of the Trust fund may be used for acquisition and replacement of real property and major equipment upon approval by a 2/3 vote by the Board. If the principal of the Trust fund is to be used for any other purpose, a 4/5 vote of the Board is needed. As of September 30, 2011 and 2010, the amount of such funds designated as Trust funds in the accompanying financial statements is \$9,670,162 and \$9,652,126, respectively.

Activity in the Trust fund during the years ended September 30, 2011 and 2010 was as follows:

	<u>2011</u>	<u>2010</u>
Trust fund balance at beginning of year	\$ 9,652,126	\$ 8,866,463
Contributions	51,981	154,606
Net realized and unrealized investment income designated for reinvestment	249,703	824,193
Net investment income used for operations	<u>(283,648)</u>	<u>(193,136)</u>
Trust fund balance at end of year	<u>\$ 9,670,162</u>	<u>\$ 9,652,126</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, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Construction in progress	\$ 65,982	\$ 83,974
Land	53,340	53,340
Land improvements	368,370	368,370
Buildings	8,268,414	8,226,909
Campsites, roads, walks and other improvements	<u>2,535,592</u>	<u>2,494,009</u>
Total	11,291,698	11,226,602
Less: Accumulated depreciation	<u>(5,779,609)</u>	<u>(5,430,127)</u>
Net	<u>\$ 5,512,089</u>	<u>\$ 5,796,475</u>

8. LINE OF CREDIT

At September 30, 2011 and 2010, 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. \$0 and \$8,381 was due on the line of credit at September 30, 2011 and 2010, respectively and is included in accounts payable in the accompanying statements.

9. 401(k) PROFIT-SHARING PLAN

The Camp has a 401(k) profit sharing plan covering substantially all employees over the age of 21 with one year of service or more. The Company may contribute a discretionary percentage of the amount of an employee's elected salary deferrals and other discretionary contributions. Total contributions to the plan for the years ended September 30, 2011 and 2010 were \$22,384 and \$28,359, respectively.

10. CONCENTRATIONS OF CREDIT AND MARKET RISK

In 2011 and 2010, the Camp received approximately 86% and 88%, respectively, of its support and revenues from Lions in the State of Texas. As of September 30, 2011 and 2010, approximately 99% of unconditional promises to give were from Lions in the State of Texas.

11. RISKS AND UNCERTAINTIES

The Camp has cash deposits in two financial institutions. During the years ended September 30, 2011 and 2010, the accounts at each financial institution were insured by the Federal Deposit Insurance Corporation. Effective October 3, 2008, deposits at FDIC-insured institutions are insured up to at least \$250,000 until December 31, 2013. The balances in Camp accounts may be in excess of these federally insured limits from time to time.

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

TEXAS LIONS CAMP, INC.
 SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011 (SEE NOTE AT PAGE 22)

	2011	BUDGET	VARIANCE	PERCENTAGE VARIANCE
SOURCES OF FUNDS				
CENTURY CLUB	\$ 206,260	\$ 215,000	\$ (8,740)	(4.07)
LIFE MEMBERSHIP	27,298	55,000	(27,702)	(50.37)
MEMORIALS	74,330	65,532	8,798	13.43
INTEREST INCOME	4,331	20,000	(15,669)	(78.35)
MEMBERSHIP DUES	512,037	556,000	(43,963)	(7.91)
DONATIONS	168,961	150,000	18,961	12.64
100% PARTICIPATION	264,482	284,300	(19,818)	(6.97)
OUTSIDE DONATIONS	169,228	85,600	83,628	97.70
SALE OF PROMOTIONAL ITEMS	51,766	50,000	1,766	3.53
VENDING INCOME	747	2,068	(1,321)	(63.88)
LEASE GROUPS	173,749	180,000	(6,251)	(3.47)
GOLF TOURNAMENT PROCEEDS	30,071	45,000	(14,929)	(33.18)
CAMP PICTURES	1,207	4,000	(2,793)	(69.83)
ALUMNI ASSOCIATION DUES	30	-	30	100.00
CONTRIBUTIONS - JACK WIECH	47,425	130,000	(82,575)	(63.52)
OTHER INCOME	2,317	1,000	1,317	131.70
INCOME FROM SALE OF ASSET	4,956	-	4,956	100.00
INSURANCE REFUNDS	874	-	874	100.00
COUNSELOR SCHOLARSHIPS	1,000	-	1,000	100.00
ROYALTY INCOME	2,167	10,000	(7,833)	(78.33)
SPECIAL PROJECTS	3,705	-	3,705	100.00
DIVIDEND INCOME	63,097	60,000	3,097	5.16
DESIGNATED REVENUE	59,219	30,000	29,219	97.40
TRANSFER FROM ENDOWMENT	74,978	120,000	(45,022)	(37.52)
TRANSFER FROM TRUST FUND	278,330	266,500	11,830	4.44
TOTAL SOURCES OF FUNDS	2,222,565	2,330,000	(107,435)	(4.61)
USES OF FUNDS				
ARCHERY	988	200	788	393.80
ARTS & CRAFTS	1,745	1,100	645	58.64
AQUATICS	3,675	5,000	(1,325)	(26.50)
AWARDS	1,867	1,320	547	41.44
BANQUET	5,782	4,500	1,282	28.49
BARN YARD/PETTING ZOO	1,187	900	287	31.89
CAMPER PROVISIONS	689	500	189	37.80
CAMPER PICTURES	210	3,000	(2,790)	(93.00)
CERAMICS	-	500	(500)	(100.00)
CERTIFICATION	8,979	10,000	(1,021)	(10.21)
COUNSELOR SCHOLARSHIPS	2,500	1,000	1,500	150.00
DUES & SUBSCRIPTIONS	2,587	5,000	(2,413)	(48.26)
DIRECTORS TRAINING	5,638	10,000	(4,362)	(43.62)
WORK WEEKEND	11,998	3,000	8,998	299.93
FIREWORKS	534	500	34	6.80

TEXAS LIONS CAMP, INC.

SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 (SEE NOTE AT PAGE 22)

	2011	BUDGET	VARIANCE	PERCENTAGE VARIANCE
FINE ARTS	-	500	(500)	(100.00)
DINING HALL:				
FOOD	136,445	130,000	6,445	4.96
PAPER PRODUCTS	3,503	4,000	(497)	(12.43)
SALARIES	68,827	55,000	13,827	25.14
PAYROLL TAXES	6,338	4,500	1,838	40.84
GREENHOUSE	84	500	(416)	(83.15)
INSURANCE CAMPERS	3,419	3,500	(81)	(2.31)
LAUNDRY	15,775	18,000	(2,225)	(12.36)
LEADERSHIP WEEKEND	55	-	55	100.00
MUSIC	-	500	(500)	(100.00)
NATURE CRAFTS	360	1,000	(640)	(64.00)
OFFICE SUPPLIES	8,842	2,800	6,042	215.79
POSTAGE	4,466	5,500	(1,034)	(18.80)
PRINTING	16,153	10,000	6,153	61.53
PHOTOGRAPHY	2,183	500	1,683	336.60
RECREATION	943	500	443	88.60
RIFLERY	-	-	-	-
ROPES COURSE	1,059	1,500	(441)	(29.40)
SPECIAL ACTIVITIES	669	1,200	(531)	(44.25)
STORE INVENTORY	40,568	40,000	568	1.42
SALES AND OTHER TAXES	2,479	7,200	(4,721)	(65.57)
SECURITY RECORD CHECK	2,496	4,000	(1,504)	(37.60)
TRAVEL	15,349	18,000	(2,651)	(14.73)
UNIFORMS	10,306	10,000	306	3.06
UNIT ACTIVITIES	-	250	(250)	(100.00)
VENDING	3,514	4,000	(486)	(12.15)
EMPLOYEE RELATIONS	231	500	(269)	(53.80)
INFIRMARY:				
SUPPLIES	2,170	2,500	(330)	(13.20)
OUTSIDE MEDICAL FEES	490	3,500	(3,010)	(86.00)
SALARIES	46,404	42,000	4,404	10.49
PAYROLL TAXES	4,301	3,500	801	22.89
EQUESTRIAN:				
DUES & SUBS	340	300	40	13.33
FARRIER	2,050	2,800	(750)	(26.79)
HORSE FEED	14,997	17,500	(2,503)	(14.30)
MEDICAL COST	2,612	2,400	212	8.83
RIDING SUPPLIES	622	500	122	24.40
RANCH SUPPLIES	3,667	2,582	1,085	42.02
WILDLIFE MANAGEMENT	6,986	-	6,986	100.00
JANITORIAL	41	5,000	(4,959)	(99.18)
SALARIES:				
PROGRAM STAFF	167,608	186,160	(18,552)	(9.97)
PROGRAM STAFF PAYROLL TAXES	13,206	15,824	(2,618)	(16.54)
SUMMER STAFF	217,927	220,000	(2,073)	(0.94)

TEXAS LIONS CAMP, INC.
 SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011 (SEE NOTE AT PAGE 22)

	2011	BUDGET	VARIANCE	PERCENTAGE VARIANCE
SUMMER STAFF PAYROLL TAXES	13,979	14,000	(21)	(0.15)
DIABETIC CAMP:				
MEDICAL GRANT	43,530	39,750	3,780	9.51
OUTSIDE MEDICAL FEES	-	250	(250)	(100.00)
AUDIT FEE	17,138	17,000	138	0.81
BANK CHARGES	2,563	2,000	563	28.15
ACH CHARGES	1,103	3,000	(1,897)	(63.23)
PAYROLL SERVICE CHARGES	22,399	40,000	(17,601)	(44.00)
BOARD MEETING COST	22,425	10,000	12,425	124.25
DUES & SUBSCRIPTIONS	2,799	1,000	1,799	179.90
LEASE GROUP EXPENSES	6,968	9,000	(2,032)	(22.58)
LEGAL FEES	1,474	5,000	(3,526)	(70.52)
OFFICE SUPPLIES	13,328	8,000	5,328	66.60
POSTAGE	2,214	5,000	(2,786)	(55.72)
PRINTING	130	1,000	(870)	(87.00)
COMPUTER SERVICES & SUPPLIES	19,839	50,482	(30,643)	(60.70)
SALARIES	189,134	190,320	(1,186)	(0.62)
PAYROLL TAXES	14,463	16,177	(1,714)	(10.60)
EMPLOYEE RELATIONS	532	1,000	(468)	(46.80)
PROGRAM DEVELOPMENT:				
ADVERTISING & PROMOTION	1,181	25,000	(23,819)	(95.28)
DUES & SUBSCRIPTIONS	60	7,500	(7,440)	(99.20)
PRINTING	12,317	25,000	(12,683)	(50.73)
PRODUCTION PROGRAMS	169	25,000	(24,831)	(99.32)
POSTAGE	19,398	20,000	(602)	(3.01)
PUBLIC RELATIONS	950	5,000	(4,050)	(81.00)
SUPPLIES	202	1,200	(998)	(83.17)
SALARIES	95,780	102,960	(7,180)	(6.97)
PAYROLL TAXES	7,731	8,751	(1,020)	(11.66)
RECOGNITION EMBLEMS	71,310	75,000	(3,690)	(4.92)
CONSULTING	27,403	120,000	(92,597)	(77.16)
VEHICLES - FUEL	12,187	15,000	(2,813)	(18.75)
VEHICLES - MAINTENANCE	4,031	3,000	1,031	34.37
VEHICLES - PARTS	3,094	3,500	(406)	(11.60)
VEHICLES - REGISTRATION	1,237	1,250	(13)	(1.04)
VEHICLES - REPAIRS	4,632	5,000	(368)	(7.36)
REPAIRS & MAINTENANCE				
BUILDINGS	37,294	25,000	12,294	49.17
EQUIPMENT	37,803	10,000	27,803	278.03
FURNITURE & FIXTURES	471	800	(329)	(41.13)
GENERAL	12,555	8,000	4,555	56.94
LAND	2,401	2,000	401	20.05
MAINTENANCE CONTRACTS	15,257	14,500	757	5.22
JANITORIAL SUPPLIES	8,137	7,000	1,137	16.24
MAINTENANCE SALARIES	100,100	114,400	(14,300)	(12.50)
MAINTENANCE PAYROLL TAXES	8,219	9,724	(1,505)	(15.48)

TEXAS LIONS CAMP, INC.
 SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011 (SEE NOTE AT PAGE 22)

	<u>2011</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>PERCENTAGE VARIANCE</u>
OTHER	2,167	-	2,167	100.00
INSURANCE:				
AUTO	13,391	18,000	(4,609)	(25.61)
BUILDINGS	70,303	70,000	303	0.43
BOND	1,144	1,000	144	14.40
EQUIPMENT	-	6,500	(6,500)	(100.00)
EMPLOYEE HEALTH	153,582	140,000	13,582	9.70
EMPLOYEE RETIREMENT	22,384	31,000	(8,616)	(27.79)
WORKERS COMPENSATION	18,070	18,000	70	0.39
DIRECTORS & OFFICERS	6,425	6,500	(75)	(1.15)
UTILITIES:				
ELECTRICITY	99,041	80,000	19,041	23.80
GARBAGE	2,996	2,400	596	24.83
GAS	14,032	15,000	(968)	(6.45)
TELEPHONE	8,592	10,000	(1,408)	(14.08)
T.V.	6,993	3,500	3,493	99.80
WATER	4,203	6,000	(1,797)	(29.95)
TOTAL USES	<u>2,157,124</u>	<u>2,330,000</u>	<u>(172,876)</u>	<u>(7.42)</u>
NET INCREASE/(DECREASE)	<u>\$ 65,442</u>	<u>\$ -</u>	<u>\$ 65,442</u>	*****
DEPRECIATION	<u>\$ 413,543</u>	<u>\$ -</u>	<u>\$ 413,543</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.