

TEXAS LIONS CAMP, INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2013 AND 2012
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, 2013 and 2012, 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, 2013 and 2012, 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, 2013 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, Friedle, Espenhouer + Orsby, P.C.

Kerrville, Texas

January 13, 2014

TEXAS LIONS CAMP, INC.STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>	<u>Change</u>
ASSETS			
CASH	\$ 1,176,453	\$ 1,481,065	\$ (304,612)
CASH - temporarily restricted	194,121	323,030	(128,909)
ACCOUNTS RECEIVABLE - Dues and other	83,942	50,778	33,164
UNCONDITIONAL PROMISES TO GIVE, NET - temporarily restricted	69,936	134,876	(64,940)
UNCONDITIONAL PROMISES TO GIVE, NET - permanently restricted	871,738	1,079,119	(207,381)
INVESTMENTS	11,887,565	11,173,107	714,458
INVESTMENTS - temporarily restricted	1,453,315	963,045	490,270
OTHER ASSETS	21,233	17,519	3,714
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$7,927,463 and \$7,525,425	5,815,904	5,782,491	33,413
LONG-TERM ENDOWMENT INVESTMENTS - permanently restricted	<u>6,381,804</u>	<u>5,764,466</u>	<u>617,338</u>
TOTAL	<u>\$ 27,956,011</u>	<u>\$ 26,769,496</u>	<u>\$ 1,186,515</u>
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts payable	\$ 33,940	\$ 25,854	\$ 8,086
Annuity payable	<u>115,107</u>	<u>123,606</u>	<u>(8,499)</u>
Total Liabilities	<u>149,047</u>	<u>149,460</u>	<u>(413)</u>
NET ASSETS:			
Permanently restricted:			
Endowment fund	7,253,542	6,843,585	409,957
Temporarily restricted:			
Operations and capital expenditures	336,207	437,779	(101,572)
Unappropriated endowment fund appreciation	1,381,165	983,172	397,993
Unrestricted:			
Designated as Trust funds	11,887,565	11,173,107	714,458
Designated for land and buildings	5,497,618	5,476,009	21,609
Undesignated	<u>1,450,867</u>	<u>1,706,384</u>	<u>(255,517)</u>
Total Net Assets	<u>27,806,964</u>	<u>26,620,036</u>	<u>1,186,928</u>
TOTAL	<u>\$ 27,956,011</u>	<u>\$ 26,769,496</u>	<u>\$ 1,186,515</u>

TEXAS LIONS CAMP, INC.STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>	<u>Change</u>
UNRESTRICTED NET ASSETS			
Support:			
Lions membership dues	\$ 547,505	\$ 552,770	\$ (5,265)
Lions Century Club	196,166	205,391	(9,225)
Lions 100% participation	272,655	264,673	7,982
Contributions	12,005	515,341	(503,336)
Other support	408,212	320,460	87,752
Non-Lion donations	66,329	126,023	(59,694)
Total unrestricted support	<u>1,502,872</u>	<u>1,984,658</u>	<u>(481,786)</u>
Revenue:			
Other program fees	246,731	183,045	63,686
Sale of promotional items	64,304	65,091	(787)
Investment income including net unrealized gains and losses	1,017,581	1,336,413	(318,832)
Total unrestricted revenue	<u>1,328,616</u>	<u>1,584,549</u>	<u>(255,933)</u>
Net assets released from donor restrictions	<u>384,487</u>	<u>309,318</u>	<u>75,169</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>3,215,975</u>	<u>3,878,525</u>	<u>(662,550)</u>
PROGRAM SERVICE EXPENSES			
Summer camp program	<u>2,078,264</u>	<u>2,009,353</u>	<u>68,911</u>
SUPPORTING SERVICES EXPENSES			
General administration	569,190	547,915	21,275
Fund raising	87,971	80,442	7,529
Total supporting services expenses	<u>657,161</u>	<u>628,357</u>	<u>28,804</u>
TOTAL EXPENSES	<u>2,735,425</u>	<u>2,637,710</u>	<u>97,715</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>480,550</u>	<u>1,240,815</u>	<u>(760,265)</u>
TEMPORARILY RESTRICTED NET ASSETS			
Contributions	188,018	287,523	(99,505)
Net endowment investment income	492,890	599,461	(106,571)
Net assets released from donor restrictions	(384,487)	(309,318)	(75,169)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>296,421</u>	<u>577,666</u>	<u>(281,245)</u>
PERMANENTLY RESTRICTED NET ASSETS			
Endowment fund contributions	<u>409,957</u>	<u>1,034,565</u>	<u>(624,608)</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>409,957</u>	<u>1,034,565</u>	<u>(624,608)</u>
CHANGE IN TOTAL NET ASSETS	<u>\$ 1,186,928</u>	<u>\$ 2,853,046</u>	<u>\$ (1,666,118)</u>

TEXAS LIONS CAMP, INC.

STATEMENTS OF NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	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, 2011	\$ 23,766,990	\$ 1,932,434	\$ 5,512,089	9,670,162	\$ 380,935	\$ 462,350	\$ 5,809,020
CHANGE IN NET ASSETS	2,853,046	(226,050)	(36,080)	1,502,945	56,844	520,822	1,034,565
NET ASSETS - SEPTEMBER 30, 2012	26,620,036	1,706,384	5,476,009	11,173,107	437,779	983,172	6,843,585
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

See notes to the financial statements.

TEXAS LIONS CAMP, INC.**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,186,928	\$ 2,853,046
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	416,231	410,356
(Recovery) Provision for uncollectible promises to give	(14,000)	20,000
Discount on promises to give	(18,033)	23,236
Amortization of annuity	4,002	3,474
Donated materials and services	(9,347)	(10,050)
Gain on disposal of assets	(1,735)	(11,190)
Realized and unrealized investment (gains) losses	(1,096,443)	(1,557,446)
Decrease (Increase) in other accounts receivable	(33,164)	513
Decrease (Increase) in unconditional promises to give	304,354	(474,911)
Decrease (Increase) in other assets	(561)	7,186
(Decrease) Increase in accounts payable	8,086	15,190
Contributions restricted for long-term investment	(409,957)	(1,034,565)
Contributions restricted for investment in property, equipment, and other	<u>(178,671)</u>	<u>(277,473)</u>
Net cash provided (used) by operating activities	<u>157,690</u>	<u>(32,634)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net decrease in investments	103,778	345,496
Purchase of property and equipment	<u>(441,715)</u>	<u>(365,222)</u>
Net cash used by investing activities	<u>(337,937)</u>	<u>(19,726)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received restricted to investment in endowment	409,957	1,034,565
Contributions received restricted to investment in property, equipment, and other	178,671	277,473
Payments on annuity payable	<u>(12,501)</u>	<u>(12,501)</u>
Net cash provided by financing activities	<u>576,127</u>	<u>1,299,537</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	395,880	1,247,177
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>2,647,774</u>	<u>1,400,597</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u><u>\$ 3,043,654</u></u>	<u><u>\$ 2,647,774</u></u>

TEXAS LIONS CAMP, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

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, 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, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Cash	\$ 1,370,574	\$ 1,804,095
Money market investment accounts	1,673,080	843,679
Cash and cash equivalents	<u>\$ 3,043,654</u>	<u>\$ 2,647,774</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, 2012 presentation to be comparable with the September 30, 2013 presentation.

Date of Management’s Review - Management has evaluated subsequent events through January 13, 2014, 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, 2013 and 2012, consist of securities held at J. P. Morgan and U.S. Trust and certain other investments and are categorized as follows:

	2013		2012	
	Cost	Value	Cost	Value
Money Market	\$ 2,705,141	\$ 2,705,141	\$ 1,784,285	\$ 1,784,287
Debt Securities	5,041,393	5,326,322	5,539,865	5,188,933
Equity Securities	6,691,286	7,552,883	6,371,023	7,558,882
Other	3,775,649	4,138,338	2,918,576	3,368,516
Total	<u>\$18,213,469</u>	<u>\$19,722,684</u>	<u>\$16,613,749</u>	<u>\$17,900,618</u>

Of the investments listed above, \$6,381,804 and \$5,764,466 are permanently restricted net assets (endowment fund) and \$1,453,315 and \$963,045 are temporarily restricted as of September 30, 2013 and 2012, respectively.

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>

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

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

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, 2013 and 2012.

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, 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>

Assets at Fair Value as of September 30, 2012:

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

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, 2011	\$ 497,606
Unrealized gain	14,148
Balance, September 30, 2012	511,754
Unrealized gain	56,722
Balance, September 30, 2013	<u>\$ 568,476</u>

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

4. PROMISES TO GIVE

Unconditional promises to give at September 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Dues and other receivables	\$ 83,942	\$ 50,778
Temporarily restricted capital and other pledges, net of allowance of \$3,000 in 2013 and \$6,000 in 2012	69,936	134,876
Permanently restricted endowment pledges, net of allowance of 43,000 in 2013 and \$54,000 in 2012	911,045	1,136,459
Unconditional promises to give before unamortized discount	1,054,303	1,322,113
Less unamortized discount – permanently restricted	<u>(39,307)</u>	<u>(57,340)</u>
Net unconditional promises to give	<u>\$ 1,025,616</u>	<u>\$ 1,264,773</u>

Unconditional promises to give due in:

Less than one year	\$	507,353
One to five years		<u>603,570</u>
Subtotal		1,110,923
Less: Unamortized discount		(39,307)
Allowance for uncollectible pledges		<u>(46,000)</u>
	\$	<u><u>1,025,616</u></u>

For the years ended September 30, 2013 and 2012, 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, 2013 and 2012, the Camp recorded depreciation expense in the amount of \$416,231 and \$410,356, 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, 2013 and 2012 are as follows:

	2013 Cost or Donated Value	2012 Cost or Donated Value	Estimated Useful Life In Years
Construction in progress	\$ 85,469	\$ 285,978	
Land	87,488	87,488	
Land improvements	397,400	386,913	10 - 33
Buildings	8,710,898	8,316,018	33
Campsites, roads, walks and other ground improvements	2,716,131	2,557,962	15 - 33
Furniture and fixtures	297,685	293,733	10
Equipment	825,279	794,719	10
Computer equipment	102,947	100,604	6
Vehicles	<u>520,067</u>	<u>484,501</u>	5
Total	13,743,365	13,307,916	
Less: Accumulated depreciation	<u>(7,927,463)</u>	<u>(7,525,425)</u>	
Net	<u><u>\$ 5,815,902</u></u>	<u><u>\$ 5,782,491</u></u>	

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash and unconditional promises to give at September 30, 2013 and 2012. Amounts were available for the following purposes:

	<u>2013</u>	<u>2012</u>
Operations	\$ 62,791	\$ 68,158
Capital improvements	273,416	369,621
Endowment earnings	1,381,165	983,172
Total	<u>\$ 1,717,372</u>	<u>\$ 1,420,951</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, 2013 and 2012.

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 Appreciation	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>

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

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

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

	2013	2012
Receivables due in one to five years, net of discount and allowance	\$ 871,738	\$ 1,079,119
Investments (at amount of original contribution)	6,381,804	5,764,466
	<u>\$ 7,253,542</u>	<u>\$ 6,843,585</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, 2013 and 2012, the amount of such funds designated as Trust funds in the accompanying financial statements is \$11,887,565 and \$11,173,107, respectively.

Activity in the Trust fund during the years ended September 30, 2013 and 2012 was as follows:

	2013	2012
Trust fund balance at beginning of year	\$ 11,173,107	\$ 9,670,162
Contributions	12,005	515,341
Net realized and unrealized investment income designated for reinvestment	1,011,176	1,279,826
Net investment income used for operations	(308,725)	(292,222)
Trust fund balance at end of year	<u>\$ 11,887,565</u>	<u>\$ 11,173,107</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, 2013 and 2012 are as follows:

	2013	2012
Construction in progress	\$ 85,469	\$ 285,978
Land	53,340	53,340
Land improvements	397,400	386,913
Buildings	8,710,898	8,316,018
Campsites, roads, walks and other improvements	2,716,131	2,557,962
Total	<u>11,963,239</u>	<u>11,600,211</u>
Less: Accumulated depreciation	(6,465,620)	(6,124,203)
Net	<u>\$ 5,497,618</u>	<u>\$ 5,476,008</u>

9. LINE OF CREDIT

At September 30, 2013 and 2012, 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, 2013 or 2012.

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, 2013 and 2012 were \$16,057 and \$27,114, respectively.

11. CONCENTRATIONS OF CREDIT AND MARKET RISK

In 2013 and 2012, the Camp received approximately 77% and 81%, respectively, of its support and revenues from Lions in the State of Texas. As of September 30, 2013 and 2012, 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, 2013 (SEE NOTE AT PAGE 22)**

	2013	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
SOURCES OF FUNDS				
CENTURY CLUB	\$ 196,166	\$ 200,000	\$ (3,834)	(1.92)
LIFE MEMBERSHIP	26,540	35,000	(8,460)	(24.17)
MEMORIALS	68,353	75,000	(6,647)	(8.86)
INTEREST INCOME	1,241	5,000	(3,759)	(75.18)
MEMBERSHIP DUES	547,505	550,000	(2,495)	(0.45)
DONATIONS	204,189	180,000	24,189	13.44
100% PARTICIPATION	272,655	275,000	(2,345)	(0.85)
OUTSIDE DONATIONS	62,701	130,000	(67,299)	(51.77)
SALE OF PROMOTIONAL ITEMS	53,907	50,000	3,907	7.81
CHRISTMAS CARDS	60,167	50,000	10,167	20.33
VENDING INCOME	1,238	1,000	238	23.80
LEASE GROUPS	208,836	175,000	33,836	19.33
GOLF TOURNAMENT PROCEEDS	37,895	45,000	(7,105)	(15.79)
CAMP PICTURES	1,317	2,000	(683)	(34.15)
MATERIAL/SERVICE CONTRIBUTION	4,700		4,700	100.00
CONTRIBUTIONS - JACK WIECH	31,714	70,000	(38,286)	(54.69)
OTHER INCOME	7,385	1,000	6,385	638.50
INCOME FROM SALE OF ASSET	1,735	-	1,735	100.00
INSURANCE REFUNDS	6,036	-	6,036	100.00
COUNSELOR SCHOLARSHIPS	2,000	-	2,000	100.00
LICENSE PLATE INCOME	9,080	-	9,080	100.00
ROYALTY INCOME	500	2,400	(1,900)	(79.17)
SPECIAL PROJECTS	90	13,600	(13,510)	(99.34)
DIVIDEND INCOME	6,583	60,000	(53,417)	(89.03)
DESIGNATED REVENUE	50,833	50,000	833	1.67
TRANSFER FROM ENDOWMENT	94,897	120,000	(25,103)	(20.92)
TRANSFER FROM TRUST FUND	308,725	280,000	28,725	10.26
TOTAL SOURCES OF FUNDS	2,266,988	2,370,000	(103,012)	(4.35)
USES OF FUNDS				
ARCHERY	634	550	84	15.27
ARTS & CRAFTS	770	1,650	(880)	(53.33)
AQUATICS	4,790	4,500	290	6.44
AWARDS	2,814	2,000	814	40.70
BANQUET	11,359	5,600	5,759	102.84
BARN YARD/PETTING ZOO	1,925	1,400	525	37.50
CAMPER PROVISIONS	123	750	(627)	(83.60)
CAMPER PICTURES	301	1,750	(1,449)	(82.80)
CERAMICS	846	500	346	69.20
CERTIFICATION	12,901	10,000	2,901	29.01
COUNSELOR SCHOLARSHIPS	2,000	1,000	1,000	100.00
DUES & SUBSCRIPTIONS	4,755	5,000	(245)	(4.90)
DIABETIC WEEKEND	10,055	10,000	55	0.55
DIRECTORS TRAINING	10,531	10,000	531	5.31
WORK WEEKEND	16,390	3,000	13,390	446.33
FIREWORKS	805	1,000	(195)	(19.50)
FINE ARTS	233	500	(267)	(53.40)

TEXAS LIONS CAMP, INC.
**SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013 (SEE NOTE AT PAGE 22)**

	2013	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
DINING HALL:				
FOOD	149,695	135,000	14,695	10.89
PAPER PRODUCTS	13,781	4,000	9,781	244.53
SALARIES	64,125	62,000	2,125	3.43
PAYROLL TAXES	5,921	5,270	651	12.35
GREENHOUSE	-	500	(500)	(100.00)
INSURANCE CAMPERS	3,691	3,500	191	5.46
LAUNDRY	24,379	20,000	4,379	21.90
LEADERSHIP WEEKEND	42	-	42	100.00
MUSIC	1,638	500	1,138	227.60
NATURE CRAFTS	2,515	1,200	1,315	109.58
OFFICE SUPPLIES	2,155	2,800	(645)	(23.04)
POSTAGE	4,185	5,000	(815)	(16.30)
PRINTING	20,595	7,500	13,095	174.60
PHOTOGRAPHY	2,512	1,500	1,012	67.47
PHOTO ACTIVITY	-	-	-	100.00
RECREATION	957	900	57	6.33
ROPES COURSE	1,396	4,000	(2,604)	(65.10)
SPECIAL ACTIVITIES	7,667	1,450	6,217	428.76
STORE INVENTORY	29,798	35,000	(5,202)	(14.86)
SALES AND OTHER TAXES	2,998	4,000	(1,002)	(25.05)
SECURITY RECORD CHECK	-	4,000	(4,000)	(100.00)
TRAVEL	18,756	20,000	(1,244)	(6.22)
UNIFORMS	13,748	10,000	3,748	37.48
UNIT ACTIVITIES	165	250	(85)	(34.00)
VENDING	4,551	4,000	551	13.78
EMPLOYEE RELATIONS	125	500	(375)	(75.00)
INFIRMARY:				
SUPPLIES	2,269	3,000	(731)	(24.37)
OUTSIDE MEDICAL FEES	7,220	3,500	3,720	106.29
SALARIES	47,614	55,000	(7,386)	(13.43)
PAYROLL TAXES	4,387	4,675	(288)	(6.16)
EQUESTRIAN:				
DUES & SUBS	287	1,000	(713)	(71.30)
FARRIER	2,750	2,800	(50)	(1.79)
HORSE FEED	25,313	19,000	6,313	33.23
MEDICAL COST	1,714	2,400	(686)	(28.58)
RIDING SUPPLIES	1,011	500	511	102.20
RANCH SUPPLIES	4,918	2,600	2,318	89.15
WILDLIFE MANAGEMENT	5,342	-	5,342	100.00
JANITORIAL	2,863	3,500	(637)	(18.20)
SALARIES:				
PROGRAM STAFF	180,425	186,160	(5,735)	(3.08)
PROGRAM STAFF PAYROLL TAXES	13,750	15,824	(2,074)	(13.11)
SUMMER STAFF	256,683	260,000	(3,317)	(1.28)
SUMMER STAFF PAYROLL TAXES	17,921	22,000	(4,079)	(18.54)
DIABETIC CAMP:				
MEDICAL GRANT	49,073	45,000	4,073	9.05
OUTSIDE MEDICAL FEES	-	250	(250)	(100.00)

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013 (SEE NOTE AT PAGE 22)

	2013	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
AUDIT FEE	17,000	18,500	(1,500)	(8.11)
BAD DEBT EXPENSE	63	-	63	100.00
BANK CHARGES	8,887	3,200	5,687	177.72
ACH CHARGES	1,826	1,000	826	82.60
PAYROLL SERVICE CHARGES	27,703	25,000	2,703	10.81
BOARD MEETING COST	21,880	25,000	(3,120)	(12.48)
DUES & SUBSCRIPTIONS	2,743	1,000	1,743	174.30
LEASE GROUP EXPENSES	9,060	7,500	1,560	20.80
LEGAL FEES	2,488	3,500	(1,012)	(28.91)
OFFICE SUPPLIES	10,172	10,000	172	1.72
POSTAGE	6,608	3,500	3,108	88.80
PRINTING	342	1,000	(658)	(65.80)
COMPUTER SERVICES & SUPPLIES	42,618	15,000	27,618	184.12
SALARIES	204,632	201,000	3,632	1.81
PAYROLL TAXES	15,315	17,000	(1,685)	(9.91)
EMPLOYEE RELATIONS	962	1,000	(38)	(3.80)
ENDOWMENT CAMPAIGN	559	-	559	100.00
PROGRAM DEVELOPMENT:				
ADVERTISING & PROMOTION	4,406	10,000	(5,594)	(55.94)
DUES & SUBSCRIPTIONS	370	2,500	(2,130)	(85.20)
PRINTING	3,808	25,000	(21,192)	(84.77)
PRODUCTION PROGRAMS	-	25,000	(25,000)	(100.00)
POSTAGE	21,633	20,000	1,633	8.17
CHRISTMAS CARD POSTAGE	-	-	-	100.00
PUBLIC RELATIONS	2,605	2,000	605	30.25
SUPPLIES	901	3,500	(2,599)	(74.26)
SALARIES	108,111	120,000	(11,889)	(9.91)
PAYROLL TAXES	8,507	10,200	(1,693)	(16.60)
RECOGNITION EMBLEMS	64,089	75,000	(10,911)	(14.55)
VEHICLES - FUEL	7,972	17,000	(9,028)	(53.11)
VEHICLES - MAINTENANCE	2,563	5,500	(2,937)	(53.40)
VEHICLES - PARTS	4,565	5,000	(435)	(8.70)
VEHICLES - REGISTRATION	1,681	1,250	431	34.48
VEHICLES - RENTALS	453	-	453	100.00
VEHICLES - REPAIRS	6,595	5,000	1,595	31.90
REPAIRS & MAINTENANCE				
BUILDINGS	38,965	33,000	5,965	18.08
EQUIPMENT	18,938	25,000	(6,062)	(24.25)
FURNITURE & FIXTURES	560	2,300	(1,740)	(75.65)
GENERAL	15,210	15,000	210	1.40
LAND	10,383	2,000	8,383	419.15
MAINTENANCE CONTRACTS	17,699	18,000	(301)	(1.67)
JANITORIAL SUPPLIES	1,984	8,000	(6,016)	(75.20)
MAINTENANCE SALARIES	105,206	114,400	(9,194)	(8.04)
MAINTENANCE PAYROLL TAXES	8,204	9,724	(1,520)	(15.63)

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013 (SEE NOTE AT PAGE 22)

	2013	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
INSURANCE:				
ACCIDENT	2,725	-	2,725	100.00
AUTO	14,506	14,000	506	3.61
BUILDINGS	76,462	75,000	1,462	1.95
BOND	1,178	1,000	178	17.80
EQUIPMENT	2,621	6,500	(3,879)	(59.68)
EMPLOYEE HEALTH	143,784	150,000	(6,216)	(4.14)
EMPLOYEE RETIREMENT	16,057	37,000	(20,943)	(56.60)
WORKERS COMPENSATION	21,054	21,000	54	0.26
DIRECTORS & OFFICERS	6,582	6,647	(65)	(0.98)
UTILITIES:				
ELECTRICITY	78,814	100,000	(21,186)	(21.19)
GARBAGE	5,013	4,000	1,013	25.33
GAS	19,092	16,500	2,592	15.71
TELEPHONE	10,424	12,000	(1,576)	(13.13)
T.V.	6,814	9,500	(2,686)	(28.27)
WATER	6,775	10,000	(3,225)	(32.25)
PROPERTY TAXES-TRUST	593	-	593	100.00
TOTAL USES	<u>2,320,927</u>	<u>2,370,000</u>	<u>(49,073)</u>	<u>(2.07)</u>
NET INCREASE/(DECREASE)	<u>\$ (53,939)</u>	<u>\$ -</u>	<u>\$ (53,939)</u>	*****
DEPRECIATION	<u>\$ 416,231</u>	<u>\$ -</u>	<u>\$ 416,231</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.