

**TEXAS LIONS CAMP, INC.**

FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2017 AND 2016  
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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 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, Freadle, Espenhouer + Overby, P.C.*

Kerrville, Texas

January 22, 2018

**TEXAS LIONS CAMP, INC.**STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>	<u>Change</u>
<b>ASSETS</b>			
CASH	\$ 1,637,418	\$ 631,162	\$ 1,006,256
ACCOUNTS RECEIVABLE - Dues and other	84,956	47,096	37,860
INVESTMENTS	15,241,288	12,916,888	2,324,400
OTHER ASSETS	83,970	76,724	7,246
CASH - temporarily restricted	-	389,111	(389,111)
UNCONDITIONAL PROMISES TO GIVE, NET - temporarily restricted	2,400	6,353	(3,953)
INVESTMENTS - temporarily restricted	3,094,693	1,724,497	1,370,196
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$9,332,672 and \$9,231,375	5,529,783	5,855,913	(326,130)
UNCONDITIONAL PROMISES TO GIVE, NET - permanently restricted	109,535	366,722	(257,187)
LONG-TERM ENDOWMENT INVESTMENTS - permanently restricted	8,580,444	8,149,672	430,772
TOTAL	<u>\$ 34,364,487</u>	<u>\$ 30,164,138</u>	<u>\$ 4,200,349</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 34,410	\$ 12,271	\$ 22,139
Annuity payable	84,232	92,489	(8,257)
Total Liabilities	<u>118,642</u>	<u>104,760</u>	<u>13,882</u>
<b>NET ASSETS:</b>			
Permanently restricted:			
Endowment fund	8,689,979	8,516,394	173,585
Temporarily restricted:			
Operations and capital expenditures	389,529	279,704	109,825
Unappropriated endowment fund appreciation	2,707,564	1,840,256	867,308
Unrestricted:			
Designated as Trust funds	14,891,099	12,916,888	1,974,211
Designated for land and buildings	5,142,325	5,390,838	(248,513)
Undesignated	2,425,349	1,115,298	1,310,051
Total Net Assets	<u>34,245,845</u>	<u>30,059,378</u>	<u>4,186,467</u>
TOTAL	<u>\$ 34,364,487</u>	<u>\$ 30,164,138</u>	<u>\$ 4,200,349</u>

**TEXAS LIONS CAMP, INC.**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>	<u>Change</u>
<b>UNRESTRICTED NET ASSETS</b>			
Support:			
Lions membership dues	\$ 506,592	\$ 515,442	\$ (8,850)
Lions Century Club	237,279	235,092	2,187
Lions 100% participation	230,092	233,632	(3,540)
Contributions	1,325,382	52,842	1,272,540
Other support	1,172,622	603,187	569,435
Non-Lion donations	147,600	233,003	(85,403)
Total unrestricted support	<u>3,619,567</u>	<u>1,873,198</u>	<u>1,746,369</u>
Revenue:			
Other program fees	374,990	309,442	65,548
Sale of promotional items	74,821	68,765	6,056
Investment income including net unrealized gains and losses	1,862,299	773,752	1,088,547
Total unrestricted revenue	<u>2,312,110</u>	<u>1,151,959</u>	<u>1,160,151</u>
Net assets released from donor restrictions	<u>271,028</u>	<u>289,377</u>	<u>(18,349)</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>6,202,705</u>	<u>3,314,534</u>	<u>2,888,171</u>
PROGRAM SERVICE EXPENSES	<u>2,277,148</u>	<u>2,122,307</u>	<u>154,841</u>
SUPPORTING SERVICES EXPENSES			
General administration	730,638	684,475	46,163
Fund raising	159,170	165,396	(6,226)
Total supporting services expenses	<u>889,808</u>	<u>849,871</u>	<u>39,937</u>
TOTAL EXPENSES	<u>3,166,956</u>	<u>2,972,178</u>	<u>194,778</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>3,035,749</u>	<u>342,356</u>	<u>2,693,393</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>			
Contributions	232,757	90,536	142,221
Net endowment investment income (loss)	1,015,404	652,361	363,043
Net assets released from donor restrictions	<u>(271,028)</u>	<u>(289,377)</u>	<u>18,349</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>977,133</u>	<u>453,520</u>	<u>523,613</u>
<b>PERMANENTLY RESTRICTED NET ASSETS</b>			
Endowment fund contributions	<u>173,585</u>	<u>320,345</u>	<u>(146,760)</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>173,585</u>	<u>320,345</u>	<u>(146,760)</u>
CHANGE IN TOTAL NET ASSETS	<u>\$ 4,186,467</u>	<u>\$ 1,116,221</u>	<u>\$ 3,070,246</u>

**TEXAS LIONS CAMP, INC.**

STATEMENTS OF NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	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, 2015	\$ 28,943,157	\$ 1,482,455	\$ 5,269,550	12,328,663	\$ 326,193	\$ 1,340,247	\$ 8,196,049
CHANGE IN NET ASSETS	<u>1,116,221</u>	<u>(367,157)</u>	<u>121,288</u>	<u>588,225</u>	<u>(46,489)</u>	<u>500,009</u>	<u>320,345</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	<u>\$ 34,245,845</u>	<u>\$ 2,425,349</u>	<u>\$ 5,142,325</u>	<u>\$ 14,891,099</u>	<u>\$ 389,529</u>	<u>\$ 2,707,564</u>	<u>\$ 8,689,979</u>

**TEXAS LIONS CAMP, INC.**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,186,467	\$ 1,116,221
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	533,306	505,115
(Recovery) Provision for uncollectible promises to give	(12,400)	(6,300)
Discount on promises to give	(8,205)	(4,070)
Amortization of annuity	7,370	5,528
Donated materials and services	(20,201)	(5,455)
Net gain on disposal of assets	1,799	(11,323)
Realized and unrealized investment (gains) losses	(2,108,068)	(1,027,775)
Decrease (Increase) in other accounts receivable	(37,860)	7,042
Decrease (Increase) in unconditional promises to give	281,745	137,881
Decrease (Increase) in other assets	14,349	(34,255)
(Decrease) Increase in accounts payable	22,139	(13,309)
Contributions restricted for long-term investment	(173,585)	(320,345)
Contributions restricted for investment in property, equipment, and other	<u>(212,556)</u>	<u>(85,081)</u>
Net cash provided by operating activities	<u>2,474,300</u>	<u>263,874</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (increase) decrease in investments	(1,796,569)	(375,565)
Purchase of property and equipment	<u>(210,369)</u>	<u>(644,864)</u>
Net cash used by investing activities	<u>(2,006,938)</u>	<u>(1,020,429)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received restricted to investment in endowment	173,585	320,345
Contributions received restricted to investment in property, equipment, and other	212,556	85,081
Payments on annuity payable	<u>(15,626)</u>	<u>(12,501)</u>
Net cash provided by financing activities	<u>370,515</u>	<u>392,925</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	837,877	(363,630)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>1,675,536</u>	<u>2,039,166</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 2,513,413</u>	<u>\$ 1,675,536</u>

## TEXAS LIONS CAMP, INC.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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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, 2017 and 2016. 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, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Cash	\$ 1,637,418	\$ 1,020,273
Money market investment accounts	<u>875,995</u>	<u>655,263</u>
Cash and cash equivalents	<u>\$ 2,513,413</u>	<u>\$ 1,675,536</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 22, 2018, 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, 2017 and 2016, consist of securities held at J. P. Morgan and U.S. Trust and certain other investments and are categorized as follows:

	2017		2016	
	Cost	Value	Cost	Value
Money Market	\$ 1,293,534	\$ 1,293,534	\$ 1,150,099	\$ 1,150,101
Debt Securities	6,492,620	6,501,067	5,805,302	5,827,389
Equity Securities	13,145,802	16,239,266	10,851,270	12,485,862
Other	2,878,156	2,882,558	3,336,170	3,327,705
Total	<u>\$23,810,112</u>	<u>\$26,916,425</u>	<u>\$ 21,142,841</u>	<u>\$ 22,791,057</u>

Of the investments listed above, \$8,580,444 and \$8,149,672 are permanently restricted net assets (endowment fund) and \$3,094,693 and \$1,724,497 are temporarily restricted as of September 30, 2017 and 2016, respectively.

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>

The following schedule summarizes the investment returns and classification in the Statement of Activities for the year ended September 30, 2016.

	2016		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 310,078	\$ 195,383	\$ 505,461
Realized gains (losses)	(134,660)	(139,007)	(273,667)
Unrealized gains (losses)	662,426	639,016	1,301,442
Investment fees	(64,092)	(43,031)	(107,123)
Total	<u>\$ 773,752</u>	<u>\$ 652,361</u>	<u>\$ 1,426,113</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, 2017 and 2016.

### 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, 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>

#### Assets at Fair Value as of September 30, 2016:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,150,101		\$ 1,150,101
Debt securities	5,827,389		5,827,389
Equity securities	12,485,862		12,485,862
Other	3,177,238	\$ 150,467	3,327,705
Total	<u>\$ 22,640,590</u>	<u>\$ 150,467</u>	<u>\$ 22,791,057</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, 2015	\$ 315,487
Unrealized loss	<u>(165,020)</u>
Balance, September 30, 2016	150,467
Unrealized loss	<u>(117)</u>
Balance, September 30, 2017	<u>\$ 150,584</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, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Dues and other receivables	\$ 84,956	\$ 47,096
Temporarily restricted capital and other pledges, net of allowance of \$100 in 2017 and \$400 in 2016	2,400	6,353
Permanently restricted endowment pledges, net of allowance of \$5,400 in 2017 and \$17,500 in 2016	<u>113,454</u>	<u>378,846</u>
Unconditional promises to give before unamortized discount	200,810	432,295
Less unamortized discount – permanently restricted	<u>(3,919)</u>	<u>(12,124)</u>
Net unconditional promises to give	<u>\$ 196,891</u>	<u>\$ 420,171</u>

Unconditional promises to give as of  
September 30, 2017 due in:

Less than one year	\$	171,374
One to five years		<u>34,936</u>
Subtotal		206,310
Less: Unamortized discount		(3,919)
Allowance for uncollectible pledges		<u>(5,500)</u>
	\$	<u><u>196,891</u></u>

For the years ended September 30, 2017 and 2016, 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, 2017 and 2016, the Camp recorded depreciation expense in the amount of \$533,306 and \$505,115, 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, 2017 and 2016 are as follows:

	2017 Cost or Donated Value	2016 Cost or Donated Value	Estimated Useful Life In Years
Construction in progress	\$ 34,075	\$ 30,728	
Land	87,488	87,488	
Land improvements	1,206,169	1,139,200	10 - 33
Buildings	9,014,006	8,983,592	33
Campsites, roads, walks and other ground improvements	2,800,199	2,803,592	15 - 33
Furniture and fixtures	352,048	361,126	10
Equipment	806,760	1,028,950	10
Computer equipment	105,087	106,338	6
Vehicles	<u>456,624</u>	<u>545,833</u>	5
Total	14,862,456	15,086,847	
Less: Accumulated depreciation	<u>(9,332,673)</u>	<u>(9,231,375)</u>	
Net	<u><u>\$ 5,529,783</u></u>	<u><u>\$ 5,855,472</u></u>	

## 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash and unconditional promises to give at September 30, 2017 and 2016. Amounts were available for the following purposes:

	<u>2017</u>	<u>2016</u>
Operations	\$ 51,043	\$ 57,254
Capital improvements	338,486	222,450
Unappropriated endowment earnings	<u>2,707,564</u>	<u>1,840,257</u>
Total	<u>\$ 3,097,093</u>	<u>\$ 2,119,961</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, 2017 and 2016.

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 appreciation	867,308		867,308
Contributions		173,585	173,585
Amounts appropriated for expenditure	(148,096)		(148,096)
Changes in endowed assets	<u>867,308</u>	<u>173,585</u>	<u>1,040,893</u>
Net endowed assets, end of year	<u>\$ 2,707,564</u>	<u>\$ 8,689,979</u>	<u>\$ 11,397,543</u>

Changes in endowed assets for the year ended September 30, 2016 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Net endowed assets, beginning of year	\$ 1,340,247	\$ 8,196,049	\$ 9,536,296
Interest and dividends	195,383		195,383
Investment fees	(43,031)		(43,031)
Net realized and unrealized depreciation	500,009		500,009
Contributions		320,345	320,345
Amounts appropriated for expenditure	(152,352)		(152,352)
Changes in endowed assets	<u>500,009</u>	<u>320,345</u>	<u>820,354</u>
Net endowed assets, end of year	<u>\$ 1,840,256</u>	<u>\$ 8,516,394</u>	<u>\$ 10,356,650</u>

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

	2017	2016
Receivables due in one to five years, net of discount and allowance	\$ 109,535	\$ 366,722
Investments (at amount of original contribution)	8,580,444	8,149,672
	<u>\$ 8,689,979</u>	<u>\$ 8,516,394</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, 2017 and 2016, the amount of such funds designated as Trust funds in the accompanying financial statements is \$14,891,099 and \$12,916,888, respectively.

Activity in the Trust fund during the years ended September 30, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Trust fund balance at beginning of year	\$ 12,916,888	\$ 12,328,663
Contributions	1,325,382	52,842
Net realized and unrealized investment income (loss) designated for reinvestment	1,852,308	762,724
Net investment income used for operations	<u>(1,203,479)</u>	<u>(227,341)</u>
Trust fund balance at end of year	<u>\$ 14,891,099</u>	<u>\$ 12,916,888</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, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Construction in progress	\$ 34,074	\$ 30,729
Land	53,340	53,340
Land improvements	1,206,169	1,139,200
Buildings	9,014,006	8,983,592
Campsites, roads, walks and other improvements	<u>2,800,199</u>	<u>2,803,592</u>
Total	13,107,788	13,010,453
Less: Accumulated depreciation	<u>(7,965,463)</u>	<u>(7,619,613)</u>
Net	<u>\$ 5,142,325</u>	<u>\$ 5,390,840</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, 2017 and 2016 were \$31,280 and \$25,847, respectively.

## 10. CONCENTRATIONS OF CREDIT AND MARKET RISK

In 2017 and 2016, the Camp received approximately 87% and 77%, respectively, of its support and revenues from Lions in the State of Texas. As of September 30, 2017 and 2016, 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, 2016.

## 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, 2017 (SEE NOTE AT PAGE 23)

SOURCES OF FUNDS	2017	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
CENTURY CLUB	\$ 237,279	\$ 225,000	\$ 12,279	5.46
LIFE MEMBERSHIP	15,075	25,000	(9,925)	(39.70)
MEMORIALS	46,961	65,000	(18,039)	(27.75)
INTEREST INCOME	2,392	2,000	392	19.60
MEMBERSHIP DUES	506,592	525,000	(18,408)	(3.51)
DONATIONS	25,921	225,000	(199,079)	(88.48)
LIONS GENERAL DONATIONS	564,755	75,000	489,755	653.01
100% PARTICIPATION	230,092	240,000	(9,908)	(4.13)
OUTSIDE DONATIONS	122,329	125,000	(2,671)	(2.14)
FOUNDATION GRANTS	221,000	200,000	21,000	10.50
CORPORATE SPONSORSHIP	10,000	50,000	(40,000)	(80.00)
CORPORATE MATCHING	4,031	5,000	(969)	(19.38)
SALE OF PROMOTIONAL ITEMS	70,261	50,000	20,261	40.52
CHRISTMAS CARDS	87,849	100,000	(12,151)	(12.15)
VENDING INCOME	532	500	32	6.40
LEASE GROUPS	40,985	40,000	985	2.46
SERVICE REVENUE PHYSICAL DISBABILITY	181,345	175,000	6,345	3.63
GOLF TOURNAMENT PROCEEDS	152,660	55,000	97,660	177.56
CAMP PICTURES	4,560	1,500	3,060	204.00
MATERIAL/SERVICE CONTRIBUTION	20,201		20,201	-
CONTRIBUTIONS - JACK WIECH	83,949	50,000	33,949	67.90
OTHER INCOME	8,597	7,500	1,097	14.63
INCOME FROM SALE OF ASSET	(1,358)	5,000	(6,358)	(127.16)
INSURANCE REFUNDS	10,311	20,000	(9,689)	(48.45)
COUNSELOR SCHOLARSHIPS	1,500	2,000	(500)	(25.00)
LICENSE PLATE INCOME	-	10,000	(10,000)	(100.00)
SPECIAL PROJECTS	27,141	2,000	25,141	1,257.05
DIVIDEND INCOME	7,599	10,000	(2,401)	(24.01)
DESIGNATED REVENUE	19,430	80,000	(60,570)	(75.71)
TRANSFER FROM ENDOWMENT	148,096	130,000	18,096	13.92
TRANSFER FROM TRUST FUND	603,479	275,000	328,479	119.45
<b>TOTAL SOURCES OF FUNDS</b>	<b>3,453,564</b>	<b>2,775,500</b>	<b>678,064</b>	<b>24.43</b>
<b>USES OF FUNDS</b>				
ARCHERY	3,975	1,000	2,975	297.50
ARTS & CRAFTS	3,343	1,650	1,693	102.61
AQUATICS	10,007	4,500	5,507	122.38
AWARDS	3,610	2,000	1,610	80.50
BANQUET	8,552	8,500	52	0.61
BARN YARD/PETTING ZOO	2,449	2,000	449	22.45
CAMPER PROVISIONS	851	500	351	70.20
CAMPER PICTURES	2,085	500	1,585	317.00

**TEXAS LIONS CAMP, INC.**SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017 (SEE NOTE AT PAGE 23)

	2017	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
CERAMICS	370	500	(130)	(26.00)
CERTIFICATION	13,839	12,000	1,839	15.33
COUNSELOR SCHOLARSHIPS	3,000	1,000	2,000	200.00
DUES & SUBSCRIPTIONS	8,588	5,000	3,588	71.76
DIRECTORS TRAINING	11,545	10,000	1,545	15.45
WORK WEEKEND	17,252	15,000	2,252	15.01
FIREWORKS	1,090	1,000	90	9.00
FINE ARTS	575	500	75	15.00
DINING HALL:				
FOOD	165,143	155,802	9,341	6.00
PAPER PRODUCTS	16,040	14,000	2,040	14.57
SALARIES	53,639	62,000	(8,361)	(13.49)
PAYROLL TAXES	4,478	5,270	(792)	(15.03)
GREENHOUSE	609	500	109	21.80
INSURANCE CAMPERS	2,848	3,500	(652)	(18.63)
LAUNDRY	29,044	25,000	4,044	16.18
MUSIC	751	500	251	50.20
NATURE CRAFTS	1,056	1,200	(144)	(12.00)
WORKSHOP	980	2,000	(1,020)	(51.00)
OFFICE SUPPLIES	4,129	5,000	(871)	(17.42)
CSI	55	750	(695)	(92.67)
POSTAGE	3,659	5,000	(1,341)	(26.82)
PRINTING	4,281	10,000	(5,719)	(57.19)
PROMOTIONAL EXPENSE	105	-	105	-
PHOTOGRAPHY	135	1,500	(1,365)	(91.00)
RECREATION	1,404	900	504	56.00
ROPES COURSE	4,258	3,000	1,258	41.93
SPECIAL ACTIVITIES	8,848	1,450	7,398	510.21
STORE INVENTORY	44,779	40,000	4,779	11.95
SALES AND OTHER TAXES	6,463	4,000	2,463	61.58
TRAVEL	35,126	15,000	20,126	134.17
UNIFORMS	11,873	18,000	(6,127)	(34.04)
UNIT ACTIVITIES	1,382	250	1,132	452.80
VENDING	322	3,000	(2,678)	(89.27)
EMPLOYEE RELATIONS	-	500	(500)	(100.00)
INFIRMARY:				
SUPPLIES	5,665	4,000	1,665	41.63
OUTSIDE MEDICAL FEES	1,021	3,000	(1,979)	(65.97)
SALARIES	50,904	55,000	(4,096)	(7.45)
PAYROLL TAXES	4,235	4,675	(440)	(9.41)
EQUESTRIAN:				
DUES & SUBS	260	500	(240)	(48.00)
FARRIER	2,460	2,800	(340)	(12.14)

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017 (SEE NOTE AT PAGE 23)

	2017	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
HORSE FEED	19,567	25,000	(5,433)	(21.73)
MEDICAL COST	4,237	3,000	1,237	41.23
RIDING SUPPLIES	1,266	500	766	153.20
RANCH SUPPLIES	3,728	2,600	1,128	43.38
WILDLIFE MANAGEMENT	617	2,500	(1,883)	(75.32)
JANITORIAL	4,300	2,000	2,300	115.00
SALARIES:				
PROGRAM STAFF	209,115	219,166	(10,051)	(4.59)
PROGRAM STAFF PAYROLL TAXES	15,736	18,629	(2,893)	(15.53)
SUMMER STAFF	287,324	300,000	(12,676)	(4.23)
SUMMER STAFF PAYROLL TAXES	19,781	25,500	(5,719)	(22.43)
DIABETIC CAMP:				
MEDICAL GRANT	53,098	60,000	(6,902)	(11.50)
OUTSIDE MEDICAL FEES	5,245	-	5,245	-
AUDIT FEE	22,200	22,000	200	0.91
BAD DEBT EXPENSE	250	-	250	-
BANK CHARGES	6,644	10,000	(3,356)	(33.56)
ACH CHARGES	2,508	2,000	508	25.40
PAYROLL SERVICE CHARGES	24,961	30,000	(5,039)	(16.80)
BOARD MEETING COST	23,155	25,000	(1,845)	(7.38)
DUES & SUBSCRIPTIONS	2,556	5,000	(2,444)	(48.88)
LEASE GROUP EXPENSES	24,923	-	24,923	-
LEGAL FEES	3,720	3,500	220	6.29
OFFICE SUPPLIES	4,891	10,000	(5,109)	(51.09)
POSTAGE	895	3,500	(2,605)	(74.43)
PRINTING	914	1,000	(86)	(8.60)
COMPUTER SERVICES & SUPPLIES	35,580	40,000	(4,420)	(11.05)
SALARIES	206,214	256,000	(49,786)	(19.45)
PAYROLL TAXES	14,391	21,760	(7,369)	(33.86)
EMPLOYEE RELATIONS	620	1,000	(380)	(38.00)
PROGRAM DEVELOPMENT:				
DUES & SUBSCRIPTIONS	1,793	2,500	(707)	(28.28)
PRINTING	1,610	15,000	(13,390)	(89.27)
PRODUCTION PROGRAMS	-	5,000	(5,000)	(100.00)
POSTAGE	10,336	15,000	(4,664)	(31.09)
CHRISTMAS CARD POSTAGE	12,947	16,000	(3,053)	(19.08)
SUPPLIES	1,612	2,000	(388)	(19.40)
SALARIES	122,674	176,000	(53,326)	(30.30)
PAYROLL TAXES	9,000	12,051	(3,051)	(25.32)
RECOGNITION EMBLEMS	60,414	65,000	(4,586)	(7.06)
VEHICLES - FUEL	12,350	12,000	350	2.92
VEHICLES - MAINTENANCE	10,361	5,500	4,861	88.38
VEHICLES - PARTS	2,546	5,000	(2,454)	(49.08)

**TEXAS LIONS CAMP, INC.**SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017 (SEE NOTE AT PAGE 23)

	2017	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
VEHICLES - REGISTRATION	2,053	2,000	53	2.65
VEHICLES - REPAIRS	3,556	5,000	(1,444)	(28.88)
REPAIRS & MAINTENANCE				
BUILDINGS	36,600	40,000	(3,400)	(8.50)
EQUIPMENT	14,693	20,000	(5,307)	(26.54)
FURNITURE & FIXTURES	1,617	1,000	617	61.70
GENERAL	16,319	20,000	(3,681)	(18.41)
LAND	4,207	4,000	207	5.18
MAINTENANCE CONTRACTS	18,066	15,000	3,066	20.44
JANITORIAL SUPPLIES	1,500	8,000	(6,500)	(81.25)
MAINTENANCE SALARIES	117,930	144,500	(26,570)	(18.39)
MAINTENANCE PAYROLL TAXES	8,958	12,283	(3,325)	(27.07)
MARKETING & PR EXPENSES:				
SALARIES	122,026	99,000	23,026	23.26
PAYROLL TAX	6,780	8,414	(1,634)	(19.42)
ADVERTISING AND PROMOTION	8,317	5,000	3,317	66.34
DUES & SUBSCRIPTIONS	213	1,000	(787)	(78.70)
MEDIA	12,366	2,500	9,866	394.64
POSTAGE	15,568	5,000	10,568	211.36
PRINTING	15,775	8,500	7,275	85.59
PUBLIC RELATIONS	4,092	2,000	2,092	104.60
OFFICE SUPPLIES	1,324	500	824	164.80
INSURANCE:				
ACCIDENT	3,075	3,000	75	2.50
AUTO	15,084	16,000	(916)	(5.73)
BUILDINGS	92,946	90,000	2,946	3.27
BOND	892	1,000	(108)	(10.80)
EQUIPMENT	9,823	3,000	6,823	227.43
EMPLOYEE HEALTH	135,265	135,000	265	0.20
EMPLOYEE RETIREMENT	31,280	32,000	(720)	(2.25)
WORKERS COMPENSATION	20,729	25,000	(4,271)	(17.08)
DIRECTORS & OFFICERS	7,836	7,200	636	8.83
UTILITIES:				
ELECTRICITY	63,630	80,000	(16,370)	(20.46)
GARBAGE	4,077	5,000	(923)	(18.46)
GAS	3,988	12,000	(8,012)	(66.77)
TELEPHONE	8,358	9,000	(642)	(7.13)
T.V.	7,643	8,500	(857)	(10.08)
WATER	10,051	10,000	51	0.51
PROPERTY TAXES-TRUST	1,300	650	650	100.00
TOTAL USES	<u>2,629,099</u>	<u>2,775,500</u>	<u>(146,401)</u>	<u>(5.27)</u>

**TEXAS LIONS CAMP, INC.**

**SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017 (SEE NOTE AT PAGE 23)**

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	<u>2017</u>	("Unaudited") <u>BUDGET</u>	<u>VARIANCE</u>	<u>PERCENTAGE VARIANCE</u>
NET INCREASE/(DECREASE)	<u>\$ 824,465</u>	<u>\$ -</u>	<u>\$ 824,465</u>	*****
DEPRECIATION	<u>\$ 533,306</u>	<u>\$ -</u>	<u>\$ 533,306</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.