Camp For All Foundation

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2019 and 2018

Camp For All Foundation

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Independent Auditors' Report

To the Board of Directors of
Camp For All Foundation:

We have audited the accompanying financial statements of Camp For All Foundation, which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, of cash flows, and of functional expenses 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 our audits 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 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 Camp For All Foundation as of December 31, 2019 and 2018 and the changes in 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.

Blazek & Vetterling

May 18, 2020

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Camp For All Foundation

Statements of Financial Position as of December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash	$ 289,330	$ 672,077
Accounts receivable and other assets	131,688	274,770
Contributions receivable, net *(Note 4)*	167,752	199,160
Cash for board-designated reserves		307,805
Investments *(Note 5)*	4,422,599	3,772,224
Property, net *(Note 6)*	13,540,139	13,512,693
TOTAL ASSETS	$ 18,551,508	$ 18,738,729
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 120,514	$ 164,937
Deferred revenue:		
Special event	239,306	326,470
Program service fees	42,726	58,151
Total liabilities	402,546	549,558
Commitments *(Note 7)*		
Net assets:		
Without donor restrictions *(Note 8)*	15,598,947	15,285,861
With donor restrictions *(Notes 9 and 10)*	2,550,015	2,903,310
Total net assets	18,148,962	18,189,171
TOTAL LIABILITIES AND NET ASSETS	$ 18,551,508	$ 18,738,729

See accompanying notes to financial statements.

Camp For All Foundation

Statement of Activities for year ended December 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Program service fees	$ 1,961,822		$ 1,961,822
Contributions	792,453	$ 427,195	1,219,648
Special events	1,185,741		1,185,741
Direct donor benefit costs	(247,377)		(247,377)
Net investment return	335,128	435,618	770,746
Camp store sales and other	43,343		43,343
Total revenue	4,071,110	862,813	4,933,923
Net assets released from restrictions:			
Capital expenditures	888,036	(888,036)	
Program expenditures	328,072	(328,072)	
Total	5,287,218	(353,295)	4,933,923
EXPENSES:			
Program services – camp operations	3,708,416		3,708,416
Management and general	612,831		612,831
Fundraising	652,885		652,885
Total expenses	4,974,132		4,974,132
CHANGES IN NET ASSETS	313,086	(353,295)	(40,209)
Net assets, beginning of year	15,285,861	2,903,310	18,189,171
Net assets, end of year	$ 15,598,947	$ 2,550,015	$ 18,148,962

See accompanying notes to financial statements.

Camp For All Foundation

Statement of Activities for year ended December 31, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Program service fees	$ 2,150,219		$ 2,150,219
Contributions	724,695	$ 1,175,721	1,900,416
Special events	995,837		995,837
Direct donor benefit costs	(267,387)		(267,387)
Net investment return	(75,508)	(79,050)	(154,558)
Camp store sales and other	33,297		33,297
Total revenue	3,561,153	1,096,671	4,657,824
Net assets released from restrictions:			
Capital expenditures	158,397	(158,397)	
Program expenditures	271,828	(271,828)	
Total	3,991,378	666,446	4,657,824
EXPENSES:			
Program services – camp operations	3,703,370		3,703,370
Management and general	385,712		385,712
Fundraising	622,026		622,026
Total expenses	4,711,108		4,711,108
CHANGES IN NET ASSETS	(719,730)	666,446	(53,284)
Net assets, beginning of year	16,005,591	2,236,864	18,242,455
Net assets, end of year	$ 15,285,861	$ 2,903,310	$ 18,189,171

See accompanying notes to financial statements.

Camp For All Foundation

Statements of Cash Flows for the years ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (40,209)	$ (53,284)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	737,019	679,055
Contributions restricted for endowment	(50,000)	
Contributions restricted for capital additions	(162,250)	(932,660)
Net realized and unrealized (gain) loss on investments	(661,391)	209,015
Changes in operating assets and liabilities:		
Accounts receivable and other assets	143,082	(187,534)
Contributions receivable	(53,592)	12,772
Accounts payable and accrued expenses	(44,423)	(5,809)
Deferred revenue – special events and program service fees	(102,589)	98,416
Net cash used by operating activities	(234,353)	(180,029)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(553,968)	(3,949,063)
Net change in cash held as investments	14,266	225,398
Sales of investments	550,718	3,694,225
Purchase of property	(764,465)	(411,545)
Net cash used by investing activities	(753,449)	(440,985)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for capital additions	247,250	762,661
Proceeds from contributions restricted for endowment	50,000	
Net cash provided by financing activities	297,250	762,661
NET CHANGE IN CASH	(690,552)	141,647
Cash, beginning of year	979,882	838,235
Cash, end of year	$ 289,330	$ 979,882
Reconciliation of cash:		
Cash	$ 289,330	$ 672,077
Cash for board-designated reserves		307,805
Total cash	$ 289,330	$ 979,882

See accompanying notes to financial statements.

Camp For All Foundation

Statement of Functional Expenses for the year ended December 31, 2019

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and benefits	$ 1,900,385	$ 396,428	$ 376,834	$ 2,673,647
Depreciation	715,968	13,023	8,028	737,019
Food	277,393			277,393
Electricity, water, telephone	196,060	5,335	1,334	202,729
Professional fees	29,178	49,119	101,431	179,728
Supplies	128,657	7,749	21,794	158,200
Maintenance	118,880	5,664	1,416	125,960
Rent	22,512	56,280	33,768	112,560
Equipment rental and maintenance	103,962	3,555	889	108,406
Insurance	86,155	4,954		91,109
Meetings	9,036	8,315	37,439	54,790
Travel	37,221	11,537	4,900	53,658
Printing	6,203	8,473	32,047	46,723
Credit card and other fees	11,194	34,222	273	45,689
Dues and subscriptions	26,728	2,034	15,341	44,103
Cost of goods sold	21,110			21,110
Other	17,774	6,143	17,391	41,308
Total expenses	$ 3,708,416	$ 612,831	$ 652,885	4,974,132
Direct donor benefit costs				247,377
Total				$ 5,221,509

See accompanying notes to financial statements.

Camp For All Foundation

Statement of Functional Expenses for the year ended December 31, 2018

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and benefits	$ 1,886,953	$ 264,525	$ 357,813	$ 2,509,291
Depreciation	668,005	4,567	6,483	679,055
Food	327,473			327,473
Electricity, water, telephone	184,630	4,516	6,410	195,556
Professional fees	13,025	19,934	115,509	148,468
Supplies	153,694	2,688	9,950	166,332
Maintenance	132,029	4,371	6,205	142,605
Rent	14,243	27,005	19,032	60,280
Equipment rental and maintenance	136,962	3,258	4,625	144,845
Insurance	67,905	8,104	8,104	84,113
Meetings	8,247	3,409	24,645	36,301
Travel	31,429	6,942	4,981	43,352
Printing	2,990	2,677	31,075	36,742
Credit card and other fees	8,609	25,732		34,341
Dues and subscriptions	25,178	1,672	16,022	42,872
Cost of goods sold	25,509			25,509
Other	16,489	6,312	11,172	33,973
Total expenses	$ 3,703,370	$ 385,712	$ 622,026	4,711,108
Direct donor benefit costs				267,387
Total				$ 4,978,495

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Camp For All Foundation (the Foundation) was incorporated in 1993 under the Texas Non-Profit Corporation Act. Its purpose is to provide a camp facility designed for chronically ill or disabled children and adults. The barrier-free facility features paved walkways to assist wheelchair travel, specialized equipment to enable maximum participation in water sports, horseback riding and other physical activities, as well as a medical facility for campers requiring medication.

The Foundation collaborates with more than 65 other non-profits from the greater Houston area, Austin, and throughout Texas and some camps draw campers nationally. The Foundation operates throughout the year and in 2019 provided services for approximately 10,000 children and adults including those with cancer, autism, muscular dystrophy, visual challenges, spinal cord injuries, spinal bifida, sickle cell, severe burns, HIV, and epilepsy, and their caretakers. Through its fundraising efforts, the Foundation provides 50% of the cost for each individual to attend and experience its life-changing facilities and programming.

Federal income tax status – The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §170(b)(1)(A)(vi).

Cash – Bank deposits exceed the federally insured limit per depositor per institution. Cash held for investment is excluded from cash for purposes of the statement of cash flows.

Accounts receivable represents amounts due from exchange transactions with non-profit user groups and are based on amounts that reflect the consideration to which the Foundation expects to be entitled to in exchange for services already provided. The Foundation assesses collectability on all non-profit user group accounts prior to providing services and does not require collateral or provide financing. An allowance for accounts receivable is established when changed circumstances indicate that the balance may no longer be collected in full. Accounts are written off after collection efforts have been exhausted and an account is deemed uncollectible. The Foundation believes that all accounts receivable at December 31, 2019 will be fully collected. Accordingly, no allowance for doubtful accounts is required.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contributions revenue. An allowance for uncollectible receivables is provided when it is believed balances may not be collected in full. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and donor-by-donor analysis of balances.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Property is reported at cost, if purchased, or at fair value at the date of gift, if donated. The Foundation capitalizes additions and improvements with a cost of more than $5,000. Depreciation is calculated using the straight-line method over estimated useful lives of 3 to 39 years.

Deferred program service fees result from payments received before the performance obligations are satisfied and is expected to be recognized as revenue in the following year. Deferred program service fees include payments from contracts with non-profit user groups in excess of revenue recognized. At December 31, 2019, 2018 and 2017, deferred program service fees were $42,726, $58,151 and $63,151, respectively.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for the stipulated purpose.

Program service fees represent fees from non-profit user groups for use of camp facilities, meals and incidentals. Revenue is recognized when the services are provided in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those services. Revenue is recognized based on the service output method as services are rendered for the term of the camp as the Foundation believes this to be the most faithful depiction of the transfer of control of services as participants simultaneously receive and consume the benefits provided by the performance obligation. Non-profit user groups pay a deposit when the contract is executed. Prior to camp, a guarantee fee payment is received based on the estimated number of campers which is non-refundable, unless the cancellation is due to weather or other factors beyond the non-profit user group's control. Non-profit user groups are billed after the camp session for additional campers, meals and incidentals.

Subsequent changes to the transaction price are recorded as adjustments to program service fees in the period of change. Subsequent changes that are determined to be a result of an adverse change in the non-profit user group's ability to pay (change in credit risk) are recorded as bad debt expense. The Foundation had no material adjustments related to subsequent changes in the estimate of the transaction price or subsequent changes of an adverse nature in a non-profit user group's ability to pay for the periods reported.

All of the Foundation's performance obligations are for reservation deposits at December 31, 2019 and 2018 relate to contracts which will be completed within one year.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *net assets with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before the organization is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when conditions have been met.

Special event revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special event revenue is recognized when the event occurs. Amounts received for future events represent conditional contributions and are reported in the statement of financial position as deferred revenue until earned. Direct donor benefit costs represent the cost of goods and services provided to attendees of special events.

In-kind contributions – Donated materials and use of facilities are recognized as contributions at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers provide more than 6,000 volunteer hours each year to assist the Foundation in providing program services for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Houston office costs including rent, maintenance, insurance, telephone, supplies and travel are allocated based on estimated time and effort expended by Houston office staff.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The Foundation plans to adopt this ASU for fiscal year ending December 31, 2021. Upon adoption, management expects to recognize lease commitments as both a right of use asset and a lease liability in the statement of financial position for commitments that are currently only disclosed in the financial statements.

NOTE 2 – ADOPTION OF ACCOUNTING STANDARDS UPDATE 2014-09

The Foundation adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the new guidance is that the entity should recognize revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for transferred goods or services using a 5-step process to determine when performance obligations are satisfied and revenue is recognized and requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The Foundation adopted the ASU effective January 1, 2018 using the full retrospective method. The timing and amount of revenue recognized previously is consistent with how revenue is recognized under this ASU and therefore, adoption of this ASU had no impact on total beginning net assets, or changes in net assets for 2018, but resulted in additional disclosures and changes in presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31 comprise the following:

	2019	2018
Financial assets:		
Cash	$ 289,330	$ 979,882
Accounts receivable	30,785	248,761
Contributions receivable	167,752	199,160
Investments	4,422,599	3,772,224
Total financial assets	4,910,466	5,200,027
Financial assets not available for general expenditures:		
Donor-restricted endowment investments	(2,449,215)	(2,133,597)
Donor-restricted for capital projects		(768,098)
Board-designated reserve funds	(1,856,962)	(1,967,734)
Total financial assets available for general expenditure	$ 604,289	$ 330,598

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of providing a camp facility designed for chronically ill or disabled children and adults as well as the conduct of services undertaken to support those activities, other than capital expenditures, to be general expenditures.

The Foundation regularly monitors liquidity required to meet its operating needs while striving to maximize the investment of available funds. The Foundation operates with a balanced budget and anticipates collecting sufficient fees and contributions revenue to cover general expenditures. To manage unanticipated liquidity needs, the Foundation has a line of credit of $200,000, all of which could be drawn upon. Additionally, the Foundation has board-designated cash and investments of $1,856,962 at December 31, 2019. Although the Foundation does not intend to spend from the board-designated cash and investments, amounts from the board-designated cash and investments could be made available, if necessary.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be collected as follows:

	2019	2018
Within one year	$ 167,752	$ 114,160
One to five years		85,000
Contributions receivable, net	$ 167,752	$ 199,160

In 2018, contributions from three donors represented 23% of total contributions. At December 31, 2019 and 2018, a contribution receivable from one donor represented 51% and 85% of total contributions receivable, respectively, and is restricted for capital expenditure.

NOTE 5 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2019 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Common stock	$ 2,135,519			$ 2,135,519
REITs	262,301			262,301
Corporate bonds	160,808			160,808
Mutual funds:				
High yield bonds	932,298			932,298
Large growth bonds	258,183			258,183
Emerging markets bond	203,452			203,452
Closed-end fund	33,580			33,580
Financial services	23,163			23,163
Exchange-traded funds:				
Preferred stock	22,155			22,155
Total assets measured at fair value	$ 4,031,459	$ 0	$ 0	4,031,459
Cash held for investment				391,140
Total investments				$ 4,422,599

Assets measured at fair value at December 31, 2018 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Common stock	$ 1,706,808			$ 1,706,808
REITs	205,975			205,975
Corporate bonds	178,955			178,955
Mutual funds:				
High yield bonds	778,561			778,561
Large growth bonds	136,929			136,929
Closed-end fund	100,958			100,958
Financial services	19,350			19,350
Foreign large blend	64,388			64,388
Exchange-traded funds:				
Preferred stock	19,882			19,882
Mid-cap blend	101,424			101,424
Small-cap blend	53,588			53,588
Total assets measured at fair value	$ 3,366,818	$ 0	$ 0	3,366,818
Cash held for investment				405,406
Total investments				$ 3,772,224

Valuation methods used for assets measured at fair value are as follows:

- *Common stock*, *REITs,* and *exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities are traded.
- *Corporate bonds* are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves, and broker quotes to calculate fair values or from active market makers and inter-dealer brokers.
- *Mutual funds* are valued at the reported net asset value of shares held.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least 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 statement of financial position and statement of activities.

NOTE 6 – PROPERTY

Property consists of the following:

	2019	2018
Land	$ 435,332	$ 435,332
Camp facilities	21,228,772	20,479,921
Camp furniture and equipment	1,297,713	1,202,139
Office furniture and equipment	115,388	110,810
Construction in progress		112,567
Property, at cost	23,077,205	22,340,769
Accumulated depreciation	(9,537,066)	(8,828,076)
Property, net	$ 13,540,139	$ 13,512,693

NOTE 7 – LEASE COMMITMENT

The Foundation leases office space under a noncancelable operating lease. Lease expense was $112,560 during fiscal year 2019 and $60,279 during fiscal year 2018. Future minimum lease payments at December 31, 2019 are as follows:

2020	$ 114,671
2021	116,781
2022	118,892
2023	121,002
2024-2025	206,126
Total	$ 677,472

NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	2019	2018
Investment in property, net	$ 13,540,139	$ 13,512,693
Board-designated reserves:		
Operating	613,196	828,949
Capital maintenance	974,988	809,676
Strategic initiatives	268,778	329,109
Undesignated	201,846	(194,566)
Total net assets without donor restrictions	$ 15,598,947	$ 15,285,861

The Board of Directors does not have a specific policy in regards to establishing board-designated reserves. However, the Board of Directors may designate excess cash flow for reserves and specific projects as deemed prudent.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	2019	2018
Subject to expenditure for specified purpose:		
Programs	$ 50,800	$ 1,615
Camp facility construction and enhancements		768,098
Total subject to expenditure for specified purpose	50,800	769,713
Endowments subject to spending policy and appropriation:		
General operations	2,499,215	2,133,597
Total net assets with donor restrictions	$ 2,550,015	$ 2,903,310

NOTE 10 – ENDOWMENT FUND

The Foundation has a donor-restricted general endowment fund to support operations. Donor-restricted endowment funds are subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA). The Board of Directors has interpreted TUPMIFA as allowing the Foundation to appropriate for expenditure or accumulate as much of an endowment fund as determined is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to explicit donor stipulations.

Donor-restricted endowment net assets are classified as *net assets with donor restrictions* until appropriated in accordance with spending policies and used for the stipulated purpose, if any. The Foundation classifies contributions to an endowment plus any donor-stipulated accumulations as *net assets with donor restrictions* required to be maintained in perpetuity. The unappropriated investment earnings on donor-restricted endowments are classified as *net assets with donor restrictions* accumulated net investment return. The Board of Directors has interpreted TUPMIFA as not precluding the Foundation from spending below the amount required to be maintained in perpetuity subject to prudent standards. An endowment fund is *underwater* if the fair value of the fund's investments falls below the amount required to be maintained in perpetuity because of declines in the fair value of investments and/or continued appropriation and spending in accordance with prudent measures.

Changes in endowment net assets are as follows:

	WITH DONOR RESTRICTIONS		
	ACCUMULATED NET INVESTMENT RETURN	REQUIRED TO BE MAINTAINED IN PERPETUITY	TOTAL
Endowment net assets, December 31, 2017	$ 661,066	$ 1,551,581	$ 2,212,647
Net investment return	(79,050)		(79,050)
Endowment net assets, December 31, 2018	582,016	1,551,581	2,133,597
Net investment return	435,618		435,618
Contribution		50,000	50,000
Distribution	(120,000)		(120,000)
Endowment net assets, December 31, 2019	$ 897,634	$ 1,601,581	$ 2,499,215

Spending Policy

The Board of Directors may approve a distribution of available endowment funds equal to a maximum of 6% of the average endowment investment balance for the previous three years. A distribution was not approved by the Board of Directors in 2018.

Investment Objectives

Endowment funds are maintained in an investment account which is managed by independent financial advisors that follow guidance provided on an investment policy approved by the Board of Directors. The Foundation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on a blend of equity-based investments and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor specified as a fund of perpetual duration. These deficiencies are reported in *net assets with donor restrictions* as an aggregate deficiency of endowment funds.

NOTE 11 – LINE OF CREDIT

The Foundation has a $200,000 line of credit with an interest rate of 1% plus the bank's prime rate (6.50% at December 31, 2019) and an expiration date of June 21, 2021. At December 31, 2019, no amounts were outstanding on this line of credit.

NOTE 12 – SUBSEQUENT EVENTS

On March 11, 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States.

The Foundation has closed camp and camp 2U during the spring through the summer in order to protect its campers from the potential spread of COVID-19. As a result, there will be a significant decrease in program service fees and a reduction of the associated variable camp expenses. Additionally, the Foundation had to cancel its special event, Over the Edge, which raised approximately $60,000 prior to being canceled, $70,000 less than budgeted. The Foundation was granted a loan of approximately $481,000 under the Paycheck Protection Program legislation passed by the Federal government in order to continue to pay its employees in the short-term. The loan accrues interest at 1% and is payable over two years. The loan may be forgiven if used for qualifying expenditures.

The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on developments such as the duration and spread of the outbreak, impact on customers, donors, employees, and vendors all of which are uncertain and cannot be predicted. Therefore, while the Foundation expects this matter to negatively impact its operating results and financial position, the financial impact cannot be reasonably estimated at this time.

Management has evaluated subsequent events through May 18, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.