Camp For All Foundation

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2020 and 2019

Camp For All Foundation

Table of Contents

Blazek & Vetterling
CERTIFIED PUBLIC ACCOUNTANTS

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, 2020 and 2019 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, 2020 and 2019 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 21, 2021

2900 Weslayan, Suite 200 Houston, Texas 77027-5132 (713) 439-5757 Fax (713) 439-5758

Camp For All Foundation

Statements of Financial Position as of December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash	$ 1,179,854	$ 289,330
Accounts receivable and other assets	84,183	131,688
Contributions receivable *(Note 3)*	221,486	167,752
Investments *(Note 4)*	4,119,701	4,422,599
Property, net *(Note 5)*	12,853,362	13,540,139
TOTAL ASSETS	$ 18,458,586	$ 18,551,508
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 190,666	$ 120,514
Deferred revenue:		
Special events	210,531	239,306
Program service fees	87,995	42,726
Total liabilities	489,192	402,546
Commitments *(Note 6)*		
Net assets:		
Without donor restrictions *(Note 7)*	15,280,810	15,598,947
With donor restrictions *(Notes 8 and 9)*	2,688,584	2,550,015
Total net assets	17,969,394	18,148,962
TOTAL LIABILITIES AND NET ASSETS	$ 18,458,586	$ 18,551,508

See accompanying notes to financial statements.

Camp For All Foundation

Statement of Activities for year ended December 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	$ 1,631,372	$ 379,601	$ 2,010,973
Government grant contribution *(Note 2)*		480,600	480,600
Special events	1,084,218		1,084,218
Direct donor benefit costs	(214,446)		(214,446)
Program service fees	389,656		389,656
Net investment return	70,991	111,468	182,459
Other	11,555		11,555
Total revenue	2,973,346	971,669	3,945,015
Net assets released from restrictions:			
Capital expenditures	17,934	(17,934)	
Program expenditures	815,166	(815,166)	
Total	3,806,446	138,569	3,945,015
EXPENSES:			
Program services – camp operations	3,070,378		3,070,378
Management and general	509,489		509,489
Fundraising	544,716		544,716
Total expenses	4,124,583		4,124,583
CHANGES IN NET ASSETS	(318,137)	138,569	(179,568)
Net assets, beginning of year	15,598,947	2,550,015	18,148,962
Net assets, end of year	$ 15,280,810	$ 2,688,584	$ 17,969,394

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:			
Contributions	$ 792,453	$ 427,195	$ 1,219,648
Special events	1,185,741		1,185,741
Direct donor benefit costs	(247,377)		(247,377)
Program service fees	1,961,822		1,961,822
Net investment return	335,128	435,618	770,746
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

Statements of Cash Flows for the years ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (179,568)	$ (40,209)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	720,370	737,019
Net realized and unrealized gain on investments	(77,676)	(661,391)
Contributions restricted for endowment		(50,000)
Contributions restricted for capital additions		(162,250)
Changes in operating assets and liabilities:		
Accounts receivable and other assets	47,505	143,082
Contributions receivable	(138,734)	(53,592)
Accounts payable and accrued expenses	70,152	(44,423)
Deferred revenue	16,494	(102,589)
Net cash provided (used) by operating activities	458,543	(234,353)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(636,820)	(553,968)
Net change in cash and money market mutual funds held as investments	35,521	14,266
Sales of investments	981,873	550,718
Purchase of property	(33,593)	(764,465)
Net cash provided (used) by investing activities	346,981	(753,449)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for endowment		50,000
Proceeds from contributions restricted for capital additions	85,000	247,250
Net cash provided by financing activities	85,000	297,250
NET CHANGE IN CASH	890,524	(690,552)
Cash, beginning of year	289,330	979,882
Cash, end of year	$ 1,179,854	$ 289,330

See accompanying notes to financial statements.

Camp For All Foundation

Statement of Functional Expenses for the year ended December 31, 2020

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and benefits	$ 1,725,060	$ 326,596	$ 378,221	$ 2,429,877
Depreciation	707,114	6,628	6,628	720,370
Electricity, water, telephone	161,682	2,461	2,690	166,833
Professional fees	14,358	56,580	65,643	136,581
Maintenance	117,491	3,830	4,187	125,508
Rent	23,293	58,233	34,939	116,465
Insurance	84,562	4,451		89,013
Supplies	72,485	1,630	2,808	76,923
Food	60,572			60,572
Equipment rental and maintenance	39,796	2,752	3,008	45,556
Credit card and other fees	11,952	24,165	636	36,753
Dues and subscriptions	15,953	3,449	15,060	34,462
Printing	5,485	10,296	15,844	31,625
Travel	15,140	1,715	1,430	18,285
Meetings	2,035	2,918	7,410	12,363
Cost of goods sold	6,291			6,291
Other	7,109	3,785	6,212	17,106
Total expenses	$ 3,070,378	$ 509,489	$ 544,716	4,124,583
Direct donor benefit costs				214,446
Total				$ 4,339,029

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
Electricity, water, telephone	196,060	5,335	1,334	202,729
Professional fees	29,178	49,119	101,431	179,728
Maintenance	118,880	5,664	1,416	125,960
Rent	22,512	56,280	33,768	112,560
Insurance	86,155	4,954		91,109
Supplies	128,657	7,749	21,794	158,200
Food	277,393			277,393
Equipment rental and maintenance	103,962	3,555	889	108,406
Credit card and other fees	11,194	34,222	273	45,689
Dues and subscriptions	26,728	2,034	15,341	44,103
Printing	6,203	8,473	32,047	46,723
Travel	37,221	11,537	4,900	53,658
Meetings	9,036	8,315	37,439	54,790
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.

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 life changing experiences for children and adults with challenging illnesses or special needs. 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 to meet campers' medical needs.

The Foundation collaborates with more than 65 different not-for-profit organizations from the greater Houston area, Austin, and throughout Texas and some camps draw campers nationally. The Foundation normally operates throughout the year, but because of the COVID-19 pandemic was closed most of 2020, serving campers in early spring and family camps in the fall. Except for 2020, the Foundation normally provides 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. The nonprofit organizations that the Foundation partners with provide the other 50%; therefore, most of the campers come free of charge.

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 represent 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 an adverse change in 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, 2020 will be fully collected; accordingly, no allowance has been provided. Accounts receivable were $5,586, $30,785 and $248,761 at December 31, 2020, 2019 and 2018, respectively.

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 contributions receivable 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, 2020, 2019 and 2018, deferred program service fees were $87,995, $42,726, and $58,151, respectively. All of the Foundation's performance obligations for deferred revenue at December 31, 2020 and 2019 relate to contracts which will be completed within one year.

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.

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.

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.

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, 2022. 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 – 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:

	2020	2019
Financial assets:		
Cash	$ 1,179,854	$ 289,330
Accounts receivable	5,586	30,785
Contributions receivable	221,486	167,752
Investments	4,119,701	4,422,599
Total financial assets	5,526,627	4,910,466
Less financial assets not available for general expenditure:		
Donor-restricted endowment investments	(2,460,683)	(2,449,215)
Donor-restricted for capital projects	(10,000)	
Board-designated reserve funds	(2,112,860)	(1,856,962)
Total financial assets available for general expenditure	$ 943,084	$ 604,289

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.

In March 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and a national emergency was declared in the United States. As a result of stay-at-home orders and other restrictions, the Foundation closed camp and camp 2U during the spring through summer, held limited camps in the fall and experienced a decrease in program service fees and a reduction of the associated variable camp expenses in 2020. Additionally, the Foundation had to cancel a special event, Over the Edge. The extent of the impact of COVID-19 on the Foundation's future operational and financial performance will depend on developments such as the duration and spread of the outbreak, impact on the State of Texas, as well as the Foundation's donors, employees, and non-profit user groups, all of which are uncertain and cannot be predicted. 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.

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 expiring July 21, 2021, all of which was available to be drawn at December 2020. Additionally, the Foundation has board-designated cash and investments of $2,112,860 at December 31, 2020. 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.

To enhance the Foundation's liquidity, the Foundation received an unsecured bank loan of $480,600 in April 2020, funded under the Small Business Administration's Paycheck Protection Program (PPP). The loan bore interest at 1%. The PPP loan principal of $480,600 and accrued interest was forgiven in December 2020 as the Foundation met the eligibility requirements and used to loan to fund qualified payroll and other eligible costs. Subsequent to year end, the Foundation received a $601,164 Second Draw PPP loan (Note 12).

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be collected as follows:

	2020	2019
Within one year	$ 121,486	$ 167,752
One to five years	100,000	
Contributions receivable	$ 221,486	$ 167,752

At December 31, 2020 and 2019, a contribution receivable from one donor represented 90% and 51% of total contributions receivable, respectively.

NOTE 4 – INVESTMENTS AND 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, 2020 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Common stock	$ 2,147,806			$ 2,147,806
Corporate bonds	188,735			188,735
REITs	155,149			155,149
Mutual funds:				
High yield bonds	776,225			776,225
Money market	310,057			310,057
Large growth bonds	240,195			240,195
Emerging markets bond	204,452			204,452
Financial services	20,977			20,977
Event driven	8,019			8,019
Exchange-traded funds:				
Preferred stock	22,524			22,524
Total assets measured at fair value	$ 4,074,139	$ 0	$ 0	4,074,139
Cash held for investment				45,562
Total investments				$ 4,119,701

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
Corporate bonds	160,808			160,808
REITs	262,301			262,301
Mutual funds:				
High yield bonds	932,298			932,298
Large growth bonds	258,183			258,183
Emerging markets bond	203,452			203,452
Financial services	23,163			23,163
Closed-end fund	33,580			33,580
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

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 5 – PROPERTY

Property consists of the following:

	2020	2019
Land	$ 435,332	$ 435,332
Camp facilities	21,246,706	21,228,772
Camp furniture and equipment	1,291,011	1,297,713
Office furniture and equipment	116,047	115,388
Property, at cost	23,089,096	23,077,205
Accumulated depreciation	(10,235,734)	(9,537,066)
Property, net	$ 12,853,362	$ 13,540,139

NOTE 6 – LEASE COMMITMENT

The Foundation leases office space under a noncancelable operating lease. Lease expense was $116,465 during fiscal year 2020 and $112,560 during fiscal year 2019. Future minimum lease payments at December 31, 2020 are as follows:

2021	$ 116,781
2022	118,892
2023	121,002
2024	123,113
2025	83,012
Total	$ 562,800

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	2020	2019
Investment in property, net	$ 12,853,362	$ 13,540,139
Board-designated reserves:		
Capital maintenance	1,018,473	974,988
Operating	640,545	613,196
Strategic initiatives	453,842	268,778
Undesignated	314,588	201,846
Total net assets without donor restrictions	$ 15,280,810	$ 15,598,947

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 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	2020	2019
Subject to expenditure for specified purpose:		
Programs	$ 17,901	$ 50,800
Camp facility construction and enhancements	10,000	
Total subject to expenditure for specified purpose	27,901	50,800
Subject to passage of time:		
Contributions receivable that are not restricted by donor, but which are unavailable for expenditures until due	200,000	
Endowments subject to spending policy and appropriation:		
General operations	2,460,683	2,499,215
Total net assets with donor restrictions	$ 2,688,584	$ 2,550,015

NOTE 9 – 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, 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
Net investment return	111,468		111,468
Distribution	(150,000)		(150,000)
Endowment net assets, December 31, 2020	$ 859,102	$ 1,601,581	$ 2,460,683

Spending Policy

The Board of Directors may approve a distribution of available endowment funds equal to a maximum of 5% of the average endowment investment balance for the previous three years.

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. There were no such deficiencies at December 31, 2020 and 2019.

NOTE 10 – RETIREMENT PLAN

The Foundation has a §401(k) plan that covers all employees who are 21 years of age and have completed 3 months of service. Employees may make contributions up to 80% of their compensation as defined by the plan, subject to certain limitations under the Internal Revenue Code. The Foundation matches 100% of employee contributions made to the §401(k) plan up to 2% of compensation. The Foundation made contributions of $49,640 and $48,808 during the years ended December 31, 2020 and 2019, respectively.

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 (3.25% at December 31, 2020) and an expiration date of July 21, 2021. At December 31, 2020, no amounts were outstanding on this line of credit.

NOTE 12 – SUBSEQUENT EVENTS

In February 2021, the Foundation received additional financial relief of $601,164 funded under the Small Business Administration’s PPP Second Draw. The Second Draw PPP loan accrues interest at 1% and is payable over 5 years. The Second Draw PPP loan principal and interest may be forgiven, in whole or in part, if funds are used for the intended purposes. The unsecured loan is considered to be a conditional contribution and will be recognized as revenue upon forgiveness by the bank.

Management has evaluated subsequent events through May 21, 2021, which is the date that the financial statements were available for issuance. No events were identified, other than the additional Second Draw PPP loan and the ongoing impact of COVID-19, that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.