Camp For All Foundation

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2021 and 2020

Camp For All Foundation

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Blazek & Vetterling
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Camp For All Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Camp For All Foundation, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Camp For All Foundation as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Camp For All Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Camp For All Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

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therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Camp For All Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Camp For All Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Blazek & Vetterling

May 18, 2022

Camp For All Foundation

Statements of Financial Position as of December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	$ 2,284,982	$ 1,179,854
Accounts receivable	19,111	5,586
Contributions receivable *(Note 3)*	189,646	221,486
Prepaids and other assets	122,666	78,597
Investments *(Note 4)*	4,661,303	4,119,701
Property, net *(Note 5)*	12,250,130	12,853,362
TOTAL ASSETS	$ 19,527,838	$ 18,458,586
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 149,806	$ 190,666
Refundable advance – Paycheck Protection Program	601,164	
Deferred revenue:		
Special events	303,561	210,531
Program service fees	102,593	87,995
Total liabilities	1,157,124	489,192
Commitments *(Note 6)*		
Net assets:		
Without donor restrictions *(Note 7)*	15,414,741	15,280,810
With donor restrictions *(Notes 8 and 9)*	2,955,973	2,688,584
Total net assets	18,370,714	17,969,394
TOTAL LIABILITIES AND NET ASSETS	$ 19,527,838	$ 18,458,586

See accompanying notes to financial statements.

Camp For All Foundation

Statement of Activities for year ended December 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions *(Notes 2 and 12)*	$ 1,292,317	$ 698,789	$ 1,991,106
Special events	1,392,742		1,392,742
Direct donor benefit costs	(207,525)		(207,525)
Program service fees	754,334		754,334
Net investment return	258,395	383,227	641,622
Other	13,780		13,780
Total revenue	3,504,043	1,082,016	4,586,059
Net assets released from restrictions:			
Capital expenditures	5,738	(5,738)	
Program expenditures	808,889	(808,889)	
Total	4,318,670	267,389	4,586,059
EXPENSES:			
Program services – camp operations	3,094,887		3,094,887
Management and general	539,736		539,736
Fundraising	550,116		550,116
Total expenses	4,184,739		4,184,739
CHANGES IN NET ASSETS	133,931	267,389	401,320
Net assets, beginning of year	15,280,810	2,688,584	17,969,394
Net assets, end of year	$ 15,414,741	$ 2,955,973	$ 18,370,714

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 *(Notes 2 and 12)*	$ 1,631,372	$ 860,201	$ 2,491,573
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 Functional Expenses for the year ended December 31, 2021

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and benefits	$ 1,594,062	$ 324,690	$ 353,275	$ 2,272,027
Depreciation	694,382	6,694	6,694	707,770
Electricity, water, and telephone	167,276	7,176	1,902	176,354
Supplies	113,342	3,151	29,566	146,059
Professional fees	21,464	69,821	49,173	140,458
Rent	24,284	60,709	36,426	121,419
Maintenance	113,027	5,412	1,435	119,874
Food	118,464			118,464
Insurance	93,394	5,255		98,649
Equipment rental and maintenance	65,954	3,945	2,400	72,299
Credit card and other fees	17,633	19,341	597	37,571
Travel and meetings	22,025	6,620	7,700	36,345
Awards and recognition	12,648	11,289	9,516	33,453
Dues and subscriptions	10,530	4,545	17,760	32,835
Printing	1,499	1,387	25,962	28,848
Other	24,903	9,701	7,710	42,314
Total expenses	$ 3,094,887	$ 539,736	$ 550,116	4,184,739
Direct donor benefit costs				207,525
Total				$ 4,392,264

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, and telephone	161,682	2,461	2,690	166,833
Supplies	78,776	1,630	2,808	83,214
Professional fees	14,358	56,580	65,643	136,581
Rent	23,293	58,233	34,939	116,465
Maintenance	117,491	3,830	4,187	125,508
Food	60,572			60,572
Insurance	84,562	4,451		89,013
Equipment rental and maintenance	39,796	2,752	3,008	45,556
Credit card and other fees	11,952	24,165	636	36,753
Travel and meetings	17,175	4,633	8,840	30,648
Awards and recognition	3,259	2,546	1,268	7,073
Dues and subscriptions	15,953	3,449	15,060	34,462
Printing	5,485	10,296	15,844	31,625
Other	3,850	1,239	4,944	10,033
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

Statements of Cash Flows for the years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 401,320	$ (179,568)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	707,770	720,370
Net realized and unrealized gain on investments	(524,341)	(77,676)
Changes in operating assets and liabilities:		
Accounts receivable	(13,525)	25,199
Contributions receivable	31,840	(138,734)
Prepaids and other assets	(44,069)	22,306
Accounts payable and accrued expenses	(40,860)	70,152
Refundable advance – Paycheck Protection Program	601,164	
Deferred revenue	107,628	16,494
Net cash provided by operating activities	1,226,927	458,543
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(1,534,340)	(636,820)
Net change in cash and money market mutual funds held as investments	297,062	35,521
Sales of investments	1,220,017	981,873
Purchase of property	(104,538)	(33,593)
Net cash provided (used) by investing activities	(121,799)	346,981
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for capital additions		85,000
NET CHANGE IN CASH	1,105,128	890,524
Cash, beginning of year	1,179,854	289,330
Cash, end of year	$ 2,284,982	$ 1,179,854

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. In 2021, the Foundation's camps were required to operate with limited enrollment due to COVID-19 restrictions. Except for 2020 and 2021, 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, 2021 will be fully collected; accordingly, no allowance has been provided. Accounts receivable were $19,111, $5,586 and $30,785 at December 31, 2021, 2020 and 2019, 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 are 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, 2021, 2020 and 2019, deferred program service fees were $102,593, $87,995, and $42,726, respectively. All of the Foundation's performance obligations for deferred revenue at December 31, 2021 and 2020 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. Funding received before conditions are satisfied is reported as refundable advances.

Special events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special events 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. Prior to COVID-19, volunteers typically provide more than 6,000 volunteer hours each year to assist the Foundation in providing program services. As a result of COVID-19, volunteer hours declined in fiscal year 2021 and 2022. 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:

	2021	2020
Financial assets:		
Cash	$ 2,284,982	$ 1,179,854
Accounts receivable	19,111	5,586
Contributions receivable	189,646	221,486
Investments	4,661,303	4,119,701
Total financial assets	7,155,042	5,526,627
Less financial assets not available for general expenditure:		
Donor-restricted endowment investments	(2,743,910)	(2,460,683)
Donor-restricted for capital projects	(10,000)	(10,000)
Board-designated reserve funds	(2,371,247)	(2,112,860)
Total financial assets available for general expenditure	$ 2,029,885	$ 943,084

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 expiring July 21, 2023, all of which was available to be drawn at December 31, 2021. Additionally, the Foundation has board-designated cash and investments at December 31, 2021. Although the Foundation does not intend to spend from the board-designated cash and investments, amounts could be made available, if necessary.

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 of 2020, held limited camps in the fall of 2020 and all of 2021 and experienced a decrease in program service fees and a reduction of the associated variable camp expenses in 2020 and 2021. Additionally, the Foundation had to cancel a special event, Over the Edge, in 2020.

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 was forgiven in December 2020 as the Foundation met the eligibility requirements and used the loan to fund qualified payroll and other eligible costs. The amount forgiven was recognized as contribution revenue in 2020. In February 2021, the Foundation received a $601,164 Second Draw PPP loan. The Second Draw PPP loan principal and interest will be forgiven, in whole or in part, if funds are used for qualified expenses. Any amounts not forgiven will bear interest at 1.0% and may be repaid over 5 years. In addition, the Foundation received an Employee Retention Credit grant under the Coronavirus Aid, Relief, and Economic Security Act in the amount of $447,184 in 2021.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be collected as follows:

	2021	2020
Within one year	$ 189,646	$ 121,486
One to five years		100,000
Total contributions receivable	$ 189,646	$ 221,486

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, 2021 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Common stock	$ 2,558,611			$ 2,558,611
Mutual funds:				
High yield bond	1,020,172			1,020,172
Emerging markets	231,578			231,578
Reinsurance	114,619			114,619
Money market	11,310			11,310
Exchange-traded funds:				
Small/mid cap	310,196			310,196
Preferred stock	22,140			22,140
Corporate bonds	184,393			184,393
REITs	161,037			161,037
Total assets measured at fair value	$ 4,614,056	$ 0	$ 0	4,614,056
Cash held for investment				47,247
Total investments				$ 4,661,303

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
Mutual funds:				
High yield bond	776,225			776,225
Emerging markets	204,452			204,452
Money market	310,057			310,057
Large growth bond	240,195			240,195
Other	28,996			28,996
Exchange-traded funds:				
Preferred stock	22,524			22,524
Corporate bonds	188,735			188,735
REITs	155,149			155,149
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

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

- *Common stock*, *exchange-traded funds,* and *REITs* are valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual funds* are valued at the reported net asset value of shares held.
- *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.

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:

	2021	2020
Land	$ 435,332	$ 435,332
Camp facilities	21,241,295	21,246,706
Camp furniture and equipment	1,343,993	1,291,011
Office furniture and equipment	116,047	116,047
Construction in progress	51,555	
Property, at cost	23,188,222	23,089,096
Accumulated depreciation	(10,938,092)	(10,235,734)
Property, net	$ 12,250,130	$ 12,853,362

NOTE 6 – LEASE COMMITMENT

The Foundation leases office space under a noncancelable operating lease. Lease expense was $121,419 during fiscal year 2021 and $116,465 during fiscal year 2020. Future minimum lease payments at December 31, 2021 are as follows:

2022	$ 118,892
2023	121,002
2024	123,113
2025	83,012
Total	$ 446,019

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	2021	2020
Investment in property, net	$ 12,250,130	$ 12,853,362
Board-designated reserves:		
Capital maintenance	1,177,090	1,018,473
Operating	740,303	640,545
Strategic initiatives	453,854	453,842
Undesignated	793,364	314,588
Total net assets without donor restrictions	$ 15,414,741	$ 15,280,810

The Board of Directors does not have a specific policy in regard 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:

	2021	2020
Subject to expenditure for specified purpose:		
Programs	$ 72,063	$ 17,901
Camp facility construction and enhancements	10,000	10,000
Total subject to expenditure for specified purpose	82,063	27,901
Subject to passage of time:		
Contributions receivable that are not restricted by donor, but which are unavailable for expenditures until due	130,000	200,000
Endowments subject to spending policy and appropriation:		
General operations	2,743,910	2,460,683
Total net assets with donor restrictions	$ 2,955,973	$ 2,688,584

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, 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
Net investment return	383,227		383,227
Distribution	(100,000)		(100,000)
Endowment net assets, December 31, 2021	$ 1,142,329	$ 1,601,581	$ 2,743,910

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, 2021 or 2020.

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. In 2021, the Foundation temporarily suspended its matching contribution and did not contribute to the §401(k) plan. The Foundation made contributions of $49,640 during the year ended December 31, 2020.

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, 2021) and an expiration date of July 21, 2023. At December 31, 2021, no amounts were outstanding on this line of credit.

NOTE 12 – CONCENTRATIONS

For the year ended December 31, 2021, approximately 43% or $847,000 of contributions were from two donors. For the year ended December 31, 2020, approximately 37% or $931,000 of contributions were from two donors.

NOTE 13 – SUBSEQUENT EVENTS

In February 2022, the Foundation received an in-kind donation of 379 acres of land in Washington County, Texas, valued at approximately $3 million, which will be used as a second camp location.

Management has evaluated subsequent events through May 18, 2022, 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.