

# **Camp For All Foundation**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2022 and 2021

# Camp For All Foundation

## Table of Contents

---

	Page
<b>Independent Auditors' Report</b>	1
<b>Financial Statements:</b>	
Statements of Financial Position as of December 31, 2022 and 2021	3
Statement of Activities for the year ended December 31, 2022	4
Statement of Activities for the year ended December 31, 2021	5
Statement of Functional Expenses for the year ended December 31, 2022	6
Statement of Functional Expenses for the year ended December 31, 2021	7
Statements of Cash Flows for the years ended December 31, 2022 and 2021	8
Notes to Financial Statements for the years ended December 31, 2022 and 2021	9

---

## 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, 2022 and 2021, 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, 2022 and 2021, 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

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 17, 2023

# Camp For All Foundation

Statements of Financial Position as of December 31, 2022 and 2021

---

	<u>2022</u>	<u>2021</u>
ASSETS		
Operating cash (Note 3)	\$ 1,430,643	\$ 1,821,140
Accounts receivable	51,735	19,111
Operating contributions receivable (Note 4)	13,100	189,646
Prepays and other assets	133,856	122,666
Restricted and designated cash (Note 3)	1,582,764	463,842
Contributions receivable for capital campaign, net (Note 4)	12,580,274	
Investments (Note 5)	4,554,263	4,661,303
Operating right-of-use asset (Note 6)	290,136	
Property, net (Note 7)	<u>14,692,476</u>	<u>12,250,130</u>
TOTAL ASSETS	<u>\$ 35,329,247</u>	<u>\$ 19,527,838</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 191,959	\$ 149,806
Refundable advance – Paycheck Protection Program (Note 2)		601,164
Deferred revenue:		
Special events	345,399	303,561
Program service fees	16,201	102,593
Operating lease liability (Note 6)	<u>303,871</u>	
Total liabilities	<u>857,430</u>	<u>1,157,124</u>
Net assets:		
Without donor restrictions (Note 8)	17,617,559	15,414,741
With donor restrictions (Notes 9 and 10)	<u>16,854,258</u>	<u>2,955,973</u>
Total net assets	<u>34,471,817</u>	<u>18,370,714</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 35,329,247</u>	<u>\$ 19,527,838</u>

*See accompanying notes to financial statements.*

---

## Camp For All Foundation

Statement of Activities for year ended December 31, 2022

---

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions <i>(Notes 2 and 14)</i>	\$ 1,093,485	\$ 15,296,923	\$ 16,390,408
Contribution of land and improvements <i>(Note 11)</i>	2,967,000		2,967,000
Special events	1,672,440		1,672,440
Direct donor benefit costs	(320,861)		(320,861)
Program service fees	1,270,961		1,270,961
Net investment return	(249,303)	(357,814)	(607,117)
Other	31,670		31,670
Total revenue	6,465,392	14,939,109	21,404,501
Net assets released from restrictions:			
Capital expenditures	33,819	(33,819)	
Satisfaction of time restrictions	130,000	(130,000)	
Program expenditures	877,005	(877,005)	
Total	7,506,216	13,898,285	21,404,501
EXPENSES:			
Program services – camp operations	3,885,078		3,885,078
Management and general	649,978		649,978
Fundraising	753,238		753,238
Total expenses	5,288,294		5,288,294
CHANGES IN NET ASSETS	2,217,922	13,898,285	16,116,207
Net assets, beginning of year	15,414,741	2,955,973	18,370,714
Cumulative effect of new lease accounting standard <i>(Note 1)</i>	(15,104)		(15,104)
Net assets, end of year	\$ 17,617,559	\$ 16,854,258	\$ 34,471,817

*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 <i>(Notes 2 and 14)</i>	\$ 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	<u>13,780</u>		<u>13,780</u>
Total revenue	3,504,043	1,082,016	4,586,059
Net assets released from restrictions:			
Capital expenditures	5,738	(5,738)	
Program expenditures	<u>808,889</u>	<u>(808,889)</u>	
Total	<u>4,318,670</u>	<u>267,389</u>	<u>4,586,059</u>
EXPENSES:			
Program services – camp operations	3,094,887		3,094,887
Management and general	539,736		539,736
Fundraising	<u>550,116</u>		<u>550,116</u>
Total expenses	<u>4,184,739</u>		<u>4,184,739</u>
CHANGES IN NET ASSETS	133,931	267,389	401,320
Net assets, beginning of year	<u>15,280,810</u>	<u>2,688,584</u>	<u>17,969,394</u>
Net assets, end of year	<u>\$ 15,414,741</u>	<u>\$ 2,955,973</u>	<u>\$ 18,370,714</u>

*See accompanying notes to financial statements.*

---

## Camp For All Foundation

### Statement of Functional Expenses for the year ended December 31, 2022

---

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and benefits	\$ 1,898,967	\$ 378,303	\$ 405,729	\$ 2,682,999
Depreciation	712,417	6,694	6,694	725,805
Professional fees	16,978	79,968	173,971	270,917
Maintenance	229,291	8,811	1,932	240,034
Electricity, water, and telephone	219,591	9,630	1,973	231,194
Supplies	198,420	3,578	22,039	224,037
Equipment rental and maintenance	184,962	6,025	3,325	194,312
Food	174,503			174,503
Rent	23,979	59,949	35,969	119,897
Insurance	109,824	6,254		116,078
Dues and subscriptions	15,574	6,930	25,472	47,976
Printing	2,116	2,462	42,244	46,822
Travel and meetings	18,474	11,950	14,943	45,367
Credit card and other fees		43,287		43,287
Donation of land to Washington County	36,416			36,416
Awards and recognition	10,810	13,130	6,030	29,970
Other	<u>32,756</u>	<u>13,007</u>	<u>12,917</u>	<u>58,680</u>
Total expenses	<u>\$ 3,885,078</u>	<u>\$ 649,978</u>	<u>\$ 753,238</u>	5,288,294
Direct donor benefit costs				<u>320,861</u>
Total				<u>\$ 5,609,155</u>

*See accompanying notes to financial statements.*

---

## Camp For All Foundation

### Statement of Functional Expenses for the year ended December 31, 2021

---

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

*See accompanying notes to financial statements.*

---

## Camp For All Foundation

Statements of Cash Flows for the years ended December 31, 2022 and 2021

---

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 16,116,207	\$ 401,320
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Contributions restricted for capital additions	(14,576,707)	
Contribution of land and improvements	(2,967,000)	
Depreciation	725,805	707,770
Amortization of operating right-of-use asset	98,165	
Net realized and unrealized (gain) loss on investments	722,538	(524,341)
Donation of land to Washington County	36,416	
Changes in operating assets and liabilities:		
Accounts receivable	(32,624)	(13,525)
Contributions receivable	176,546	31,840
Prepays and other assets	(11,190)	(44,069)
Accounts payable and accrued expenses	42,153	(40,860)
Refundable advance – Paycheck Protection Program	(601,164)	601,164
Deferred revenue	(44,554)	107,628
Operating lease liability	(99,534)	
Net cash provided (used) by operating activities	<u>(414,943)</u>	<u>1,226,927</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(1,752,048)	(1,534,340)
Net change in cash and money market mutual funds held as investments	(304,004)	297,062
Sales of investments	1,440,554	1,220,017
Purchase of property	<u>(237,567)</u>	<u>(104,538)</u>
Net cash used by investing activities	<u>(853,065)</u>	<u>(121,799)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for capital additions	<u>1,996,433</u>	
NET CHANGE IN CASH	728,425	1,105,128
Cash, beginning of year	<u>2,284,982</u>	<u>1,179,854</u>
Cash, end of year (Note 3)	<u>\$ 3,013,407</u>	<u>\$ 2,284,982</u>

*See accompanying notes to financial statements.*

---

## Camp For All Foundation

Notes to Financial Statements for the years ended December 31, 2022 and 2021

---

### 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 nonprofit organizations from the Greater Houston area, Austin, and throughout Texas and some camps draw campers nationally. Due to the COVID-19 pandemic, the Foundation's camps were required to operate with limited enrollment due to COVID-19 restrictions in 2021 and a portion of 2022. The Foundation normally provides services for approximately 9,000 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.

In March, 2022, the Foundation launched the *Blazing New Trails* capital campaign. Having been at capacity at the current location for many years and with the growing population of children and adults with special needs and challenging illnesses who need the Foundation's services, the campaign funds will be used to build a second camp with the capacity to double the number of mission campers.

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, 2022 will be fully collected; accordingly, no allowance has been provided. Accounts receivable were \$51,735, \$19,111 and \$5,586 at December 31, 2022, 2021 and 2020, 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 contribution 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, 2022, 2021 and 2020, deferred program service fees were \$16,201, \$102,593 and \$87,995, respectively. All of the Foundation's performance obligations for deferred revenue at December 31, 2022 and 2021 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.

Nonfinancial asset contributions – Donated materials, use of facilities and services are recognized as revenue at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used or the services are received. 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.

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.

Adoption of accounting standards – During 2022, the Foundation adopted the amendments of Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments have been applied on a retrospective basis to the financial statements for the year ended December 31, 2021. Adoption of this ASU did not result in any restatement of net assets or the changes therein.

The Foundation also adopted ASU 2016-02, *Leases (Topic 842)*, effective January 1, 2022, using a modified retrospective method recognizing the cumulative effect on the date of adoption without restating any prior year amounts or disclosures. A one-time cumulative effect adjustment of \$(15,104) was made to beginning net assets for the year ended December 31, 2022. The following accounting policy elections were made in connection with implementation of the new standard:

- *Short-term leases* – The Foundation has elected to not apply the new guidance to leases with terms of 12 months or less. Instead, these leases are recognized as expense on a straight-line basis over the lease term.
- *Discount rates* – The Foundation elected to use its incremental borrowing rate as the discount rate when the rate implicit in a lease is not readily determinable.

## 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:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 3,013,407	\$ 2,284,982
Accounts receivable	51,735	19,111
Contributions receivable	12,593,374	189,646
Investments	<u>4,554,263</u>	<u>4,661,303</u>
Total financial assets	20,212,779	7,155,042
Less financial assets not available for general expenditure:		
Endowment investments less amounts appropriated for upcoming year	(2,146,096)	(2,743,910)
Donor-restricted for capital projects	(14,422,109)	(10,000)
Board-designated reserves less amounts appropriated for upcoming year	<u>(1,999,096)</u>	<u>(2,371,247)</u>
Total financial assets available for general expenditure	<u>\$ 1,645,478</u>	<u>\$ 2,029,885</u>

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 contribution 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, 2022. Additionally, the Foundation has board-designated cash and investments at December 31, 2022. Although the Foundation does not intend to spend from the board-designated cash and investments, amounts could be made available, if necessary.

To enhance the Foundation's liquidity, the Foundation received an unsecured bank loan of \$601,164 in February 2021, funded under the Small Business Administration's Paycheck Protection Program (PPP). In April 2022, \$590,467 of the loan was forgiven 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 2022. The remaining loan balance was repaid in 2022. 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 – CASH

Cash consists of the following:

	<u>2022</u>	<u>2021</u>
Operating cash	\$ 1,430,643	\$ 1,821,140
Board-designated reserves – strategic initiatives	441,737	453,842
Cash restricted for capital campaign	1,033,816	
Cash restricted for other capital projects	<u>107,211</u>	<u>10,000</u>
Total cash	<u>\$ 3,013,407</u>	<u>\$ 2,284,982</u>

### NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows:

	<u>2022</u>	<u>2021</u>
Contributions receivable	\$ 13,503,100	\$ 189,646
Discount to net present value at 4.10%	<u>(909,726)</u>	<u>                    </u>
Contributions receivable, net	12,593,374	189,646
Contributions receivable for capital campaign, net	<u>(12,580,274)</u>	<u>                    </u>
Operating contributions receivable, net	<u>\$ 13,100</u>	<u>\$ 189,646</u>

Contributions receivable at December 31, 2022 are expected to be collected as follows:

Within one year	\$ 2,768,933
One to five years	<u>10,734,167</u>
Total contributions receivable	<u>\$ 13,503,100</u>

### NOTE 5 – 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, 2022 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Common stock	\$ 2,269,522			\$ 2,269,522
Mutual funds:				
High yield bond	655,100			655,100
Money market	216,038			216,038
Reinsurance	115,459			115,459
U. S. Treasury securities	749,537			749,537
Exchange-traded funds:				
Short-term government	93,833			93,833
Small/mid-cap	75,128			75,128
Corporate bonds		\$ 166,337		166,337
REITs	<u>66,786</u>			<u>66,786</u>
Total assets measured at fair value	<u>\$ 4,241,403</u>	<u>\$ 166,337</u>	<u>\$ 0</u>	4,407,740
Cash held for investment				<u>146,523</u>
Total investments				4,554,263
Investments restricted for endowment				(2,266,096)
Investments restricted for capital campaign				<u>(700,808)</u>
Investments held for board-designated reserves				<u>\$ 1,587,359</u>

Assets measured at fair value at December 31, 2021 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Common stock	\$ 2,558,611			\$ 2,558,611
Mutual funds:				
High yield bond	1,020,172			1,020,172
Money market	11,310			11,310
Reinsurance	114,619			114,619
Emerging markets	231,578			231,578
Exchange-traded funds:				
Small/mid-cap	310,196			310,196
Preferred stock	22,140			22,140
Corporate bonds		\$ 184,393		184,393
REITs	<u>161,037</u>			<u>161,037</u>
Total assets measured at fair value	<u>\$ 4,429,663</u>	<u>\$ 184,393</u>	<u>\$ 0</u>	4,614,056
Cash held for investment				<u>47,247</u>
Total investments				4,661,303
Investments restricted for endowment				<u>(2,743,910)</u>
Investments held for board-designated reserves				<u>\$ 1,917,393</u>

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.
- *U. S. Treasury securities* are valued using prices obtained from active market makers and inter-dealer brokers on a daily basis.
- *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.

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 – LEASES**

At December 31, 2022, operating lease right-of-use assets and lease liabilities represents a real estate lease for office space. Right-of-use assets are recognized at the present value of the lease payments at the inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. Operating lease right-of-use assets are amortized so that lease costs remain constant over the lease term.

The components of lease costs for the year ended December 31, 2022 are as follows:

Operating lease costs	\$ 117,522
Short-term lease costs	<u>2,375</u>
Total lease costs	<u>\$ 119,897</u>

Lease costs recognized during the year ended December 31, 2021, prior to adoption of the new accounting standard, were \$121,419.

Cash paid for amounts included in the measurement of lease liabilities during the year ended December 31, 2022:

Operating leases – operating cash outflows	\$118,891
--	-----------

The weighted-average term and discount rates for operating leases outstanding as of December 31, 2022:

Weighted-average remaining lease term	32 months
Weighted-average discount rate	5.4%

Undiscounted cash flows related to operating lease liabilities at December 31, 2022 are as follows:

2023	\$ 121,002
2024	123,113
2025	<u>83,013</u>
Total undiscounted cash flows	327,128
Less discount to present value	<u>(23,257)</u>
Total discounted present value of lease liabilities	<u>\$ 303,871</u>

#### NOTE 7 – PROPERTY

Property consists of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 3,034,916	\$ 435,332
Camp facilities	21,610,395	21,241,295
Camp furniture and equipment	1,441,384	1,343,993
Office furniture and equipment	116,047	116,047
Construction in progress	<u>135,809</u>	<u>51,555</u>
Property, at cost	26,338,551	23,188,222
Accumulated depreciation	<u>(11,646,075)</u>	<u>(10,938,092)</u>
Property, net	<u>\$ 14,692,476</u>	<u>\$ 12,250,130</u>

#### NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	<u>2022</u>	<u>2021</u>
Investment in property	\$ 14,556,667	\$ 12,250,130
Board-designated reserves:		
Capital maintenance	973,594	1,177,090
Operating	613,765	740,303
Strategic initiatives	441,737	453,854
Undesignated	<u>1,031,796</u>	<u>793,364</u>
Total net assets without donor restrictions	<u>\$ 17,617,559</u>	<u>\$ 15,414,741</u>

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 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
<i>Blazing New Trails</i> capital campaign	\$ 14,450,707	
Camp facility construction and enhancements	107,211	\$ 10,000
Programs	<u>30,244</u>	<u>72,063</u>
Total subject to expenditure for specified purpose	14,588,162	82,063
Subject to passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditures until due		130,000
Endowments subject to spending policy and appropriation:		
General operations	<u>2,266,096</u>	<u>2,743,910</u>
Total net assets with donor restrictions	<u>\$ 16,854,258</u>	<u>\$ 2,955,973</u>

## 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 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:

	<u>WITH DONOR RESTRICTIONS</u>		<u>TOTAL</u>
	<u>ACCUMULATED NET INVESTMENT RETURN</u>	<u>REQUIRED TO BE MAINTAINED IN PERPETUITY</u>	
Endowment net assets, December 31, 2020	\$ 859,102	\$ 1,601,581	\$ 2,460,683
Net investment return	383,227		383,227
Distribution	<u>(100,000)</u>	<u>                    </u>	<u>(100,000)</u>
Endowment net assets, December 31, 2021	1,142,329	1,601,581	2,743,910
Net investment return	(357,814)		(357,814)
Distribution	<u>(120,000)</u>	<u>                    </u>	<u>(120,000)</u>
Endowment net assets, December 31, 2022	<u>\$ 664,515</u>	<u>\$ 1,601,581</u>	<u>\$ 2,266,096</u>

### 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 by 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, 2022 or 2021.

### **NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS AND VOLUNTEER HOURS**

The Foundation receives various forms of gifts-in-kind (nonfinancial asset contributions), including contributions of professional services and land. Gifts-in-kind are recognized at their estimated fair value at the date of receipt based on current rates for similar items or services in the market and are expensed as utilized, or in the case of donations of land, are capitalized when ownership is transferred.

The Foundation recognized an in-kind contribution of land and improvements in 2022 of \$2,967,000, which will be used in providing program services and to support those services. Prior to COVID-19, volunteers typically provided 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 years 2022 and 2021. No amount has been recorded in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

#### **NOTE 12 – 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 \$47,301 during the year ended December 31, 2022.

#### **NOTE 13 – LINE OF CREDIT**

The Foundation has a \$200,000 line of credit with an interest rate of 1% plus the bank's prime rate (7.5% at December 31, 2022) and an expiration date of July 21, 2023. At December 31, 2022 and 2021, no amounts were outstanding on this line of credit.

#### **NOTE 14 – CONCENTRATIONS**

At December 31, 2022 and 2021, approximately 78% and 95% of contributions receivable, respectively, are due from two donors. For the year ended December 31, 2022, approximately 67% or \$11,000,000 of contributions were from two donors. For the year ended December 31, 2021, approximately 43% or \$847,000 of contributions were from two donors.

#### **NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 17, 2023, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

---