

TEXAS LIONS CAMP, INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2016 AND 2015
AND SUPPLEMENTAL SCHEDULE

INDEPENDENT AUDITORS' REPORT

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**DAVIDSON ♦ FREEDLE
ESPENHOVER & OVERBY, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Texas Lions Camp, Inc.
Kerrville, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Texas Lions Camp, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, statements of net assets, and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

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reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texas Lions Camp, Inc. as of September 30, 2016 and 2015, and the changes in its activities, its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for purpose of forming an opinion on the financial statements as a whole. The accompanying Supplemental Schedule of Budgeted and Budgetary Actual Sources and Uses of Funds for the year ended September 30, 2016 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for that portion marked "budget" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Davidson, Freedle, Epenhaver & Overby, P.C.
Kerrville, Texas
January 19, 2017

TEXAS LIONS CAMP, INC.STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>
ASSETS			
CASH	\$ 631,162	\$ 1,081,055	\$ (449,893)
CASH - temporarily restricted	389,111	314,593	74,518
ACCOUNTS RECEIVABLE - Dues and other	47,096	54,138	(7,042)
UNCONDITIONAL PROMISES TO GIVE, NET - temporarily restricted	6,353	32,401	(26,048)
UNCONDITIONAL PROMISES TO GIVE, NET - permanently restricted	366,722	468,185	(101,463)
INVESTMENTS	12,916,888	12,328,663	588,225
INVESTMENTS - temporarily restricted	1,724,497	1,319,445	405,052
OTHER ASSETS	76,724	25,691	51,033
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$9,231,375 and \$8,774,924	5,855,913	5,716,164	139,749
LONG-TERM ENDOWMENT INVESTMENTS - permanently restricted	8,149,672	7,727,864	421,808
TOTAL	<u>\$ 30,164,138</u>	<u>\$ 29,068,199</u>	<u>\$ 1,095,939</u>
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts payable	\$ 12,271	\$ 25,580	\$ (13,309)
Annuity payable	92,489	99,463	(6,974)
Total Liabilities	<u>104,760</u>	<u>125,043</u>	<u>(20,283)</u>
NET ASSETS:			
Permanently restricted:			
Endowment fund	8,516,394	8,196,049	320,345
Temporarily restricted:			
Operations and capital expenditures	279,704	326,193	(46,489)
Unappropriated endowment fund appreciation	1,840,256	1,340,246	500,010
Unrestricted:			
Designated as Trust funds	12,916,888	12,328,663	588,225
Designated for land and buildings	5,390,838	5,269,550	121,288
Undesignated	1,115,298	1,482,455	(367,157)
Total Net Assets	<u>30,059,378</u>	<u>28,943,156</u>	<u>1,116,222</u>
TOTAL	<u>\$ 30,164,138</u>	<u>\$ 29,068,199</u>	<u>\$ 1,095,939</u>

TEXAS LIONS CAMP, INC.STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>
UNRESTRICTED NET ASSETS			
Support:			
Lions membership dues	\$ 515,442	\$ 518,968	\$ (3,526)
Lions Century Club	235,092	218,783	16,309
Lions 100% participation	233,632	236,338	(2,706)
Contributions	52,842	539,209	(486,367)
Other support	603,187	452,217	150,970
Non-Lion donations	233,003	98,435	134,568
Total unrestricted support	<u>1,873,198</u>	<u>2,063,950</u>	<u>(190,752)</u>
Revenue:			
Other program fees	309,442	302,584	6,858
Sale of promotional items	68,765	82,622	(13,857)
Investment income including net unrealized gains and losses	773,752	(297,860)	1,071,612
Total unrestricted revenue	<u>1,151,959</u>	<u>87,346</u>	<u>1,064,613</u>
Net assets released from donor restrictions	<u>289,377</u>	<u>513,190</u>	<u>(223,813)</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>3,314,534</u>	<u>2,664,486</u>	<u>650,048</u>
PROGRAM SERVICE EXPENSES	<u>2,122,307</u>	<u>2,233,246</u>	<u>(110,939)</u>
SUPPORTING SERVICES EXPENSES			
General administration	684,475	581,636	102,839
Fund raising	165,396	71,658	93,738
Total supporting services expenses	<u>849,871</u>	<u>653,294</u>	<u>196,577</u>
TOTAL EXPENSES	<u>2,972,178</u>	<u>2,886,540</u>	<u>85,638</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>342,356</u>	<u>(222,054)</u>	<u>564,410</u>
TEMPORARILY RESTRICTED NET ASSETS			
Contributions	90,536	257,211	(166,675)
Net endowment investment income (loss)	652,361	(245,110)	897,471
Net assets released from donor restrictions	(289,377)	(513,190)	223,813
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>453,520</u>	<u>(501,089)</u>	<u>954,609</u>
PERMANENTLY RESTRICTED NET ASSETS			
Endowment fund contributions	<u>320,345</u>	<u>512,055</u>	<u>(191,710)</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>320,345</u>	<u>512,055</u>	<u>(191,710)</u>
CHANGE IN TOTAL NET ASSETS	<u>\$ 1,116,221</u>	<u>\$ (211,088)</u>	<u>\$ 1,327,309</u>

TEXAS LIONS CAMP, INC.

**STATEMENTS OF NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

	TOTAL	UNRESTRICTED - UNDESIGNATED	UNRESTRICTED - DESIGNATED FOR CERTAIN LAND AND BUILDINGS	UNRESTRICTED - DESIGNATED AS TRUST FUNDS	TEMPORARILY RESTRICTED - OPERATIONS AND CAPITAL EXPENDITURES	TEMPORARILY RESTRICTED - ENDOWMENT FUND	PERMANENTLY RESTRICTED - ENDOWMENT FUND
NET ASSETS - SEPTEMBER 30, 2014	\$ 29,154,245	\$ 1,702,489	\$ 5,345,553	12,254,680	\$ 449,118	\$ 1,718,411	\$ 7,683,994
CHANGE IN NET ASSETS	(211,088)	(220,034)	(76,003)	73,983	(122,925)	(378,164)	512,055
NET ASSETS - SEPTEMBER 30, 2015	28,943,157	1,482,455	5,269,550	12,328,663	326,193	1,340,247	8,196,049
CHANGE IN NET ASSETS	1,116,221	(367,157)	121,288	588,225	(46,489)	500,009	320,345
NET ASSETS - SEPTEMBER 30, 2016	\$ 30,059,378	\$ 1,115,298	\$ 5,390,838	\$ 12,916,888	\$ 279,704	\$ 1,840,256	\$ 8,516,394

TEXAS LIONS CAMP, INC.**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,116,221	\$ (211,088)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	505,115	480,440
(Recovery) Provision for uncollectible promises to give	(6,300)	(10,300)
Discount on promises to give	(4,070)	(10,091)
Amortization of annuity	5,528	4,857
Donated materials and services	(5,455)	(13,711)
Net gain on disposal of assets	(11,323)	(4,097)
Realized and unrealized investment (gains) losses	(1,027,775)	956,158
Decrease (Increase) in other accounts receivable	7,042	31,278
Decrease (Increase) in unconditional promises to give	137,881	293,380
Decrease (Increase) in other assets	(34,255)	(3,240)
(Decrease) Increase in accounts payable	(13,309)	8,008
Contributions restricted for long-term investment	(320,345)	(512,055)
Contributions restricted for investment in property, equipment, and other	<u>(85,081)</u>	<u>(228,712)</u>
Net cash provided by operating activities	<u>263,874</u>	<u>780,827</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (increase) decrease in investments	(375,565)	(1,302,175)
Purchase of property and equipment	<u>(644,864)</u>	<u>(462,275)</u>
Net cash used by investing activities	<u>(1,020,429)</u>	<u>(1,764,450)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received restricted to investment in endowment	320,345	512,055
Contributions received restricted to investment in property, equipment, and other	85,081	228,712
Payments on annuity payable	<u>(12,501)</u>	<u>(12,501)</u>
Net cash provided by financing activities	<u>392,925</u>	<u>728,266</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(363,630)	(255,357)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>2,039,166</u>	<u>2,294,523</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 1,675,536</u>	<u>\$ 2,039,166</u>

TEXAS LIONS CAMP, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business description – The Texas Lions Camp, Inc. (the “Camp”) was incorporated on April 4, 1949. The Camp was formed to support, maintain, and conduct without charge a children's camp as authorized by the Texas Non-Profit Corporation Act.

Fund accounting – The accounts of the Camp are maintained in accordance with the principles of fund accounting. Under fund accounting, resources are classified for accounting purposes into various funds established according to their nature and purpose. The financial statements of the Camp have been prepared utilizing the accrual basis of accounting.

Contributions – Contributions received, including unconditional promises to give, are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor imposed restrictions. Amounts received that are designated for future periods are reported as temporarily restricted support that increases temporarily restricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Charitable Gift Annuities –The Camp is the beneficiary of a split interest agreement categorized as a charitable gift annuity. Assets received are recorded at their fair value and the related liability is recorded as an annuity payable which is recorded at the present value of expected future payments based on the life expectancy of the donor and the prevailing interest rate. The difference between the fair value of the assets received and the annuity payable is classified as unrestricted contributions on the statement of activities. A discount rate of 6% was utilized to determine the present value of the charitable gift annuity. Amortization of the discount and any changes in the life expectancy of the donor is recorded in the statement of activities - unrestricted supporting services.

Donated property and labor – Donated property, marketable securities and other non-cash donations are recorded as contributions at their estimated market value at the date of donation. Volunteers contribute time to the activities of the Camp without compensation. Unless the criteria for recognition of such volunteer effort under ASC 958-605-25-16 has been satisfied, the financial statements do not reflect the value of those contributed services because, although clearly beneficial, no reliable basis exists for determining an appropriate amount to be associated with certain volunteer services rendered. Contributed services are recognized according to ASC 958-605-25-16 when the services received create or enhance nonfinancial assets or require specialized skills that would need to be purchased if not provided by donation.

Investments – Investments are carried at fair market value. Investment income gains and losses are reported as increases or decreases in unrestricted net assets or temporarily restricted net assets based on the nature of the original investment.

Property and equipment – are stated at cost except for donated equipment that is stated at fair market value at date of receipt. The cost of major renewal and betterments are capitalized. Expenditures for maintenance and repairs and for minor renewals and betterments are charged to expenses.

Income taxes – The Camp is a 501(c)(3) organization exempt from federal income tax as provided under the Internal Revenue Code and therefore has no provision for federal income taxes. The Camp has no material unrecognized tax positions due to uncertainties in income tax positions as of September 30, 2016 and 2015. If the Camp incurs any interest or penalties related to taxes, they are included in tax expense in the period incurred. For federal income tax purposes the returns essentially remain open for possible examination for a period of three years after the respective filing deadlines for those returns.

Cash and cash equivalents – For purposes of reporting cash flows, cash equivalents include time deposits, and all highly liquid debt instruments with original maturities of 3 months or less which are not restricted for long-term purposes (see note 2). Cash and cash equivalents as of September 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Cash	\$ 1,020,273	\$ 1,395,648
Money market investment accounts	655,263	643,518
Cash and cash equivalents	<u>\$ 1,675,536</u>	<u>\$ 2,039,166</u>

Promises to give – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

The Camp uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Changes in the allowance for uncollectible promises to give are recorded against contribution revenue in the year of the change.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses – The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Date of Management’s Review - Management has evaluated subsequent events through January 19, 2017, which is the date the financial statements were available to be issued.

2. INVESTMENTS

The Camp carries investments at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

The Camp’s investments at September 30, 2016 and 2015, consist of securities held at J. P. Morgan and U.S. Trust and certain other investments and are categorized as follows:

	2016		2015	
	Cost	Value	Cost	Value
Money Market	\$ 1,150,099	\$ 1,150,101	\$ 1,541,990	\$ 1,541,990
Debt Securities	5,805,302	5,827,389	5,052,487	4,973,019
Equity Securities	10,851,270	12,485,862	10,726,716	11,225,346
Other	3,336,170	3,327,705	3,780,145	3,635,617
Total	<u>\$21,142,841</u>	<u>\$22,791,057</u>	<u>\$21,101,338</u>	<u>\$ 21,375,972</u>

Of the investments listed above, \$8,149,672 and \$7,727,864 are permanently restricted net assets (endowment fund) and \$1,724,497 and \$1,319,445 are temporarily restricted as of September 30, 2016 and 2015, respectively.

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

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

The following schedule summarizes the investment returns and classification in the Statement of Activities for the year ended September 30, 2015.

	2015		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 346,288	\$ 173,232	\$ 519,520
Realized gains (losses)	400,487	147,018	547,505
Unrealized gains (losses)	(978,480)	(525,183)	(1,503,663)
Investment fees	(66,155)	(40,177)	(106,332)
Total	<u>\$ (297,860)</u>	<u>\$ (245,110)</u>	<u>\$ (542,970)</u>

3. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Accounting Standards Codification, *Fair Value Measurements and Disclosures* (FASB ASC 820), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Various inputs are used in determining fair value. The three levels inputs of the fair value hierarchy under FASB ACS 820 are described below:

Level 1- Quoted prices for identical assets or liabilities in active markets that the Camp has the ability to access.

Level 2- Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Significant, unobservable inputs (including the Camp’s own assumptions in determining the fair value of investments).

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at September 30, 2016 and 2015.

Level 1 Measurements

Money market funds, debt securities, equity securities, and other investments consist of investments in individual assets of the types noted as well as investments in mutual funds and other investment vehicles that invest in assets of certain types. The individual securities and the other investment vehicles are valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds are valued at the quoted net asset value (“NAV”) of shares held by the plan at year end.

Level 3 Measurements

Certain other investment assets are comprised of mineral interests that are valued at the estimated present value of future net royalty income which approximates fair value and investment property that is valued at donated cost which approximates fair value.

The following table sets forth by level, within fair value hierarchy, the Camp’s assets at fair value:

Assets at Fair Value as of September 30, 2016:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,150,101		\$ 1,150,101
Debt securities	5,827,389		5,827,389
Equity securities	12,485,862		12,485,862
Other	3,177,238	\$ 150,467	3,327,705
Total	<u>\$ 22,640,590</u>	<u>\$ 150,467</u>	<u>\$ 22,791,057</u>

Assets at Fair Value as of September 30, 2015:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,541,990		\$ 1,541,990
Debt securities	4,973,019		4,973,019
Equity securities	11,225,346		11,225,346
Other	3,320,130	\$ 315,487	3,635,617
Total	<u>\$ 21,060,485</u>	<u>\$ 315,487</u>	<u>\$ 21,375,972</u>

The table below sets forth a summary of changes in the fair value of the Camp's level 3 assets:

	<u>Level 3 Assets</u> <u>Other investments</u>
Balance, September 30, 2014	\$ 317,235
Unrealized loss	<u>(1,748)</u>
Balance, September 30, 2015	315,487
Unrealized loss	<u>(165,020)</u>
Balance, September 30, 2016	<u>\$ 150,467</u>

Unrealized gains and losses on level 3 assets are reported in the accompanying statement of activities as a component of investment income in unrestricted support and revenue.

4. PROMISES TO GIVE

Unconditional promises to give at September 30, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Dues and other receivables	\$ 47,096	\$ 54,138
Temporarily restricted capital and other pledges, net of allowance of \$400 in 2016 and \$1,200 in 2015	6,353	32,401
Permanently restricted endowment pledges, net of allowance of \$17,500 in 2016 and \$23,000 in 2015	<u>378,846</u>	<u>484,379</u>
Unconditional promises to give before unamortized discount	432,295	570,918
Less unamortized discount – permanently restricted	<u>(12,124)</u>	<u>(16,194)</u>
Net unconditional promises to give	<u>\$ 420,171</u>	<u>\$ 554,724</u>

Unconditional promises to give as of
September 30, 2016 due in:

Less than one year	\$	349,586
One to five years		<u>100,609</u>
Subtotal		450,195
Less: Unamortized discount		(12,124)
Allowance for uncollectible pledges		<u>(17,900)</u>
	\$	<u><u>420,171</u></u>

For the years ended September 30, 2016 and 2015, the discount rate applied to promises to give that are expected to be collected in future years was approximately 2.24%.

5. PROPERTY AND EQUIPMENT

For the fiscal years ended September 30, 2016 and 2015, the Camp recorded depreciation expense in the amount of \$505,115 and \$480,440, respectively. Depreciation is computed on a straight-line basis over the estimated useful lives of the property and equipment.

The cost and estimated useful lives as of September 30, 2016 and 2015 are as follows:

	2016 Cost or Donated Value	2015 Cost or Donated Value	Estimated Useful Life In Years
Construction in progress	\$ 30,728	\$ 264,362	
Land	87,488	87,488	
Land improvements	1,139,200	406,721	10 - 33
Buildings	8,983,592	8,967,559	33
Campsites, roads, walks and other ground improvements	2,803,592	2,803,592	15 - 33
Furniture and fixtures	361,126	340,424	10
Equipment	1,028,950	937,524	10
Computer equipment	106,338	100,643	6
Vehicles	545,833	582,776	5
Total	<u>15,086,847</u>	<u>14,491,089</u>	
Less: Accumulated depreciation	<u>(9,230,935)</u>	<u>(8,774,924)</u>	
Net	<u><u>\$ 5,855,912</u></u>	<u><u>\$ 5,716,165</u></u>	

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash and unconditional promises to give at September 30, 2016 and 2015. Amounts were available for the following purposes:

	2016	2015
Operations	\$ 57,254	\$ 67,105
Capital improvements	222,450	259,088
Unappropriated endowment earnings	1,840,257	1,340,246
Total	<u>\$ 2,119,961</u>	<u>\$ 1,666,439</u>

7. ENDOWMENT FUND

The State of Texas adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) effective September 1, 2007. The Camp adopted ASC 958-205-45-28, *Endowments of Not-for Profit organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowed Funds* during the year ended September 30, 2009. The Board of Directors has determined that some of its net assets are endowment funds as defined by UPMIFA. Most contributions are subject to the Texas Lions Camp Governing Instrument. Certain contributions are received subject to other trust instruments, or are subject to specific agreements with the Camp.

Under the terms of the of the Governing Instrument, the Board of Directors has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board shall determine.

In accordance with UPMIFA, the organization considers the following factors in making determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Contributions that are subject to other gift instruments may be recorded as permanently restricted, temporarily restricted or unrestricted, depending on the specific terms of the agreement. Generally, if the corpus of the contribution will at some future time become available for spending it is recorded as temporarily restricted, if the corpus never becomes

available for spending it will be reported as permanently restricted. In addition, contributions that are promised to be given in a future period are presented as temporarily restricted until the payments are due.

The Camp has the objective to maintain the purchasing power of its endowments over time while generating income for operations. The Camp's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

The current spending policy calls for the appropriation and expenditure of the net income of the endowment investments, exclusive of the net realized and unrealized appreciation. Upon authorization of the Board, any realized and unrealized appreciation can be appropriated.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Camp to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported as unrestricted net assets. There are no such deficiencies as of September 30, 2016 and 2015.

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

	Temporarily Restricted	Permanently Restricted	Total
Net endowed assets, beginning of year	\$ 1,340,247	\$ 8,196,049	\$ 9,536,296
Interest and dividends	195,383		195,383
Investment fees	(43,031)		(43,031)
Net realized and unrealized appreciation	500,009		500,009
Contributions		320,345	320,345
Amounts appropriated for expenditure	(152,352)		(152,352)
Changes in endowed assets	<u>500,009</u>	<u>320,345</u>	<u>820,344</u>
Net endowed assets, end of year	<u>\$ 1,840,256</u>	<u>\$ 8,516,394</u>	<u>\$ 10,356,650</u>

Changes in endowed assets for the year ended September 30, 2015 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Net endowed assets, beginning of year	\$ 1,718,411	\$ 7,683,994	\$ 9,402,405
Interest and dividends	173,232		173,232
Investment fees	(40,177)		(40,177)
Net realized and unrealized depreciation	(378,165)		(378,165)
Contributions		512,055	512,055
Amounts appropriated for expenditure	(133,054)		(133,054)
Changes in endowed assets	(378,165)	512,055	133,890
Net endowed assets, end of year	<u>\$ 1,340,246</u>	<u>\$ 8,196,049</u>	<u>\$ 9,536,295</u>

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

	2016	2015
Receivables due in one to five years, net of discount and allowance	\$ 366,722	\$ 468,185
Investments (at amount of original contribution)	8,149,672	7,727,864
	<u>\$ 8,516,394</u>	<u>\$ 8,196,049</u>

8. UNRESTRICTED NET ASSETS

The Board has designated that testamentary gifts received by the Camp, not specifically designated for any other purpose, shall be deemed to have been received by the Trust fund. Also, the Board has designated that net gains (both realized and unrealized) on such funds are to be reinvested in the Trust fund. Net income generated by the Trust fund may be used for operations upon authorization by the Board. The principal of the Trust fund may be used for acquisition and replacement of real property and major equipment upon approval by a 2/3 vote by the Board. If the principal of the Trust fund is to be used for any other purpose, a 4/5 vote of the Board is needed. As of September 30, 2016 and 2015, the amount of such funds designated as Trust funds in the accompanying financial statements is \$12,916,888 and \$12,328,663, respectively.

Activity in the Trust fund during the years ended September 30, 2016 and 2015 was as follows:

	2016	2015
Trust fund balance at beginning of year	\$ 12,328,663	\$ 12,254,680
Contributions	52,842	539,209
Net realized and unrealized investment income (loss) designated for reinvestment	762,724	(309,992)
Net investment income used for operations	(227,341)	(265,234)
Trust fund balance at end of year	<u>\$ 12,916,888</u>	<u>\$ 12,328,663</u>

The Board has also designated net assets for the net book value of certain land, buildings and improvements that by their nature are not disposable by the Camp as long as it maintains its operations of the summer camp. These assets at September 30, 2016 and 2015 are as follows:

	2016	2015
Construction in progress	\$ 30,729	\$ 264,362
Land	53,340	53,340
Land improvements	1,139,200	406,721
Buildings	8,983,592	8,967,559
Campsites, roads, walks and other improvements	2,803,592	2,803,592
Total	<u>13,010,453</u>	<u>12,495,574</u>
Less: Accumulated depreciation	<u>(7,619,613)</u>	<u>(7,226,024)</u>
Net	<u>\$ 5,390,840</u>	<u>\$ 5,269,550</u>

9. 401(k) PROFIT-SHARING PLAN

The Camp has a 401(k) profit sharing plan covering substantially all employees over the age of 21 with one year of service or more. The Company may contribute a discretionary percentage of the amount of an employee's elected salary deferrals and other discretionary contributions. Total contributions to the plan for the years ended September 30, 2016 and 2015 were \$25,847 and \$28,045, respectively.

10. CONCENTRATIONS OF CREDIT AND MARKET RISK

In 2016 and 2015, the Camp received approximately 77% and 85%, respectively, of its support and revenues from Lions in the State of Texas. As of September 30, 2016 and 2015, approximately 99% of unconditional promises to give were from Lions in the State of Texas.

Deposits at FDIC-insured institutions are insured up to \$250,000. The balances in the Camp accounts were in excess of these federally insured limits as of September 30, 2016.

11. RISKS AND UNCERTAINTIES

The Camp utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the financial statements.

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (SEE NOTE AT PAGE 22)

	2016	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
SOURCES OF FUNDS				
CENTURY CLUB	\$ 235,092	\$ 225,000	\$ 10,092	4.49
LIFE MEMBERSHIP	29,365	25,000	4,365	17.46
MEMORIALS	74,083	65,000	9,083	13.97
INTEREST INCOME	1,900	2,000	(100)	(5.00)
MEMBERSHIP DUES	515,442	550,000	(34,558)	(6.28)
DONATIONS	74,816	230,000	(155,184)	(67.47)
LIONS GENERAL DONATIONS	108,333	-	108,333	-
100% PARTICIPATION	233,632	275,000	(41,368)	(15.04)
OUTSIDE DONATIONS	124,431	175,000	(50,569)	(28.90)
FOUNDATION GRANTS	84,396	-	84,396	-
CORPORATE SPONSORSHIP	42,860	100,000	(57,140)	(57.14)
CORPORATE MATCHING	3,888	-	3,888	-
SALE OF PROMOTIONAL ITEMS	67,568	53,000	14,568	27.49
CHRISTMAS CARDS	153,868	65,000	88,868	136.72
VENDING INCOME	485	1,000	(515)	(51.50)
LEASE GROUPS	47,365	40,000	7,365	18.41
SERVICE REVENUE PHYSICAL DISBABILITY	199,079	175,000	24,079	13.76
SERVICE REVENUE DIABETES	2,680	25,000	(22,320)	(89.28)
GOLF TOURNAMENT PROCEEDS	60,318	37,711	22,607	59.95
CAMP PICTURES	1,197	1,500	(303)	(20.20)
MATERIAL/SERVICE CONTRIBUTION	71,167	-	71,167	-
CONTRIBUTIONS - JACK WIECH	63,417	100,000	(36,583)	(36.58)
OTHER INCOME	21,339	7,500	13,839	184.52
INCOME FROM SALE OF ASSET	11,764	-	11,764	-
INSURANCE REFUNDS	8,883	20,000	(11,117)	(55.59)
COUNSELOR SCHOLARSHIPS	1,500	3,000	(1,500)	(50.00)
LICENSE PLATE INCOME	-	10,000	(10,000)	(100.00)
SPECIAL PROJECTS	2,310	-	2,310	-
DIVIDEND INCOME	9,128	10,000	(872)	(8.72)
DESIGNATED REVENUE	24,659	125,000	(100,341)	(80.27)
TRANSFER FROM ENDOWMENT	152,352	130,000	22,352	17.19
TRANSFER FROM TRUST FUND	227,339	320,000	(92,661)	(28.96)
TOTAL SOURCES OF FUNDS	2,654,656	2,770,711	(116,055)	(4.19)
USES OF FUNDS				
ARCHERY	468	1,000	(532)	(53.20)
ARTS & CRAFTS	1,585	1,650	(65)	(3.94)
AQUATICS	4,555	4,500	55	1.22
AWARDS	1,562	2,000	(438)	(21.90)
BANQUET	8,484	5,600	2,884	51.50
BARN YARD/PETTING ZOO	1,409	2,000	(591)	(29.55)
CAMPER PROVISIONS	5,984	500	5,484	1,096.80
CAMPER PICTURES	2,304	500	1,804	360.80
CERAMICS	56	500	(444)	(88.80)
CERTIFICATION	9,523	12,000	(2,477)	(20.64)
COUNSELOR SCHOLARSHIPS	1,500	1,000	500	50.00
DUES & SUBSCRIPTIONS	6,097	5,000	1,097	21.94
DIABETIC WEEKEND	7,170	-	7,170	-
DIRECTORS TRAINING	10,203	10,000	203	2.03

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (SEE NOTE AT PAGE 22)

	2016	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
WORK WEEKEND	15,461	15,000	461	3.07
FIREWORKS	1,048	1,000	48	4.80
FINE ARTS	243	500	(257)	(51.40)
DINING HALL:				
FOOD	159,680	150,000	9,680	6.45
PAPER PRODUCTS	14,104	12,000	2,104	17.53
SALARIES	61,890	62,000	(110)	(0.18)
PAYROLL TAXES	3,582	5,270	(1,688)	(32.03)
GREENHOUSE	39	500	(461)	(92.20)
INSURANCE CAMPERS	3,732	3,500	232	6.63
LAUNDRY	27,132	25,000	2,132	8.53
MUSIC	87	500	(413)	(82.60)
NATURE CRAFTS	1,314	1,200	114	9.50
WORKSHOP	338	2,000	(1,662)	(83.10)
OFFICE SUPPLIES	2,460	5,000	(2,540)	(50.80)
CSI	35	750	(715)	(95.33)
POSTAGE	8,098	5,000	3,098	61.96
PRINTING	10,891	25,000	(14,109)	(56.44)
PHOTOGRAPHY	184	1,500	(1,316)	(87.73)
RECREATION	425	900	(475)	(52.78)
ROPES COURSE	1,446	4,000	(2,554)	(63.85)
SPECIAL ACTIVITIES	1,640	1,450	190	13.10
STORE INVENTORY	21,602	40,000	(18,398)	(46.00)
SALES AND OTHER TAXES	4,191	4,000	191	4.78
TRAVEL	14,083	20,000	(5,917)	(29.59)
UNIFORMS	13,893	18,000	(4,107)	(22.82)
UNIT ACTIVITIES	1,041	250	791	316.40
VENDING	1,584	4,000	(2,416)	(60.40)
EMPLOYEE RELATIONS	309	500	(191)	(38.20)
INFIRMARY:				
SUPPLIES	5,920	3,000	2,920	97.33
OUTSIDE MEDICAL FEES	2,513	3,500	(987)	(28.20)
SALARIES	47,241	55,000	(7,759)	(14.11)
PAYROLL TAXES	3,930	4,675	(745)	(15.94)
EQUESTRIAN:				
DUES & SUBS	255	500	(245)	(49.00)
FARRIER	2,230	2,800	(570)	(20.36)
HORSE FEED	19,522	25,000	(5,478)	(21.91)
MEDICAL COST	4,796	2,400	2,396	99.83
RIDING SUPPLIES	2,152	500	1,652	330.40
RANCH SUPPLIES	3,950	2,600	1,350	51.92
WILDLIFE MANAGEMENT	3,352	2,500	852	34.08
JANITORIAL	4,200	2,000	2,200	110.00
SALARIES:				
PROGRAM STAFF	196,635	206,800	(10,165)	(4.92)
PROGRAM STAFF PAYROLL TAXES	14,476	17,578	(3,102)	(17.65)
SUMMER STAFF	274,551	260,000	14,551	5.60
SUMMER STAFF PAYROLL TAXES	20,687	22,000	(1,313)	(5.97)

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (SEE NOTE AT PAGE 22)

	2016	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
DIABETIC CAMP:				
MEDICAL GRANT	47,712	45,000	2,712	6.03
OUTSIDE MEDICAL FEES	-	25,000	(25,000)	(100.00)
EMERGENCY SHELTER EXPENSES	-	-	-	-
AUDIT FEE	26,486	22,000	4,486	20.39
BAD DEBT EXPENSE	253	-	253	-
BANK CHARGES	8,195	10,000	(1,805)	(18.05)
ACH CHARGES	2,000	2,000	-	-
PAYROLL SERVICE CHARGES	25,896	30,000	(4,104)	(13.68)
BOARD MEETING COST	24,568	25,000	(432)	(1.73)
DUES & SUBSCRIPTIONS	4,476	5,000	(524)	(10.48)
LEASE GROUP EXPENSES	16,680	-	16,680	-
LEGAL FEES	796	3,500	(2,704)	(77.26)
OFFICE SUPPLIES	7,133	10,000	(2,867)	(28.67)
POSTAGE	1,195	3,500	(2,305)	(65.86)
PRINTING	1,405	1,000	405	40.50
COMPUTER SERVICES & SUPPLIES	43,998	30,000	13,998	46.66
SALARIES	240,098	284,300	(44,202)	(15.55)
PAYROLL TAXES	16,783	24,166	(7,383)	(30.55)
EMPLOYEE RELATIONS	681	1,000	(319)	(31.90)
PROGRAM DEVELOPMENT:				
ADVERTISING & PROMOTION	3,774	-	3,774	-
DUES & SUBSCRIPTIONS	1,481	2,500	(1,019)	(40.76)
PRINTING	1,789	15,000	(13,211)	(88.07)
PRODUCTION PROGRAMS	289	10,000	(9,711)	(97.11)
POSTAGE	10,526	20,000	(9,474)	(47.37)
CHRISTMAS CARD POSTAGE	16,520	5,000	11,520	230.40
PUBLIC RELATIONS	509	-	509	-
SUPPLIES	1,249	3,500	(2,251)	(64.31)
SALARIES	134,800	174,500	(39,700)	(22.75)
PAYROLL TAXES	8,926	14,833	(5,907)	(39.82)
RECOGNITION EMBLEMS	57,601	65,000	(7,399)	(11.38)
VEHICLES - FUEL	9,195	12,000	(2,805)	(23.38)
VEHICLES - MAINTENANCE	6,685	5,500	1,185	21.55
VEHICLES - PARTS	2,554	5,000	(2,446)	(48.92)
VEHICLES - REGISTRATION	1,940	2,000	(60)	(3.00)
VEHICLES - RENTALS	184	-	184	-
VEHICLES - REPAIRS	6,809	5,000	1,809	36.18
REPAIRS & MAINTENANCE				
BUILDINGS	58,125	35,000	23,125	66.07
EQUIPMENT	16,825	25,000	(8,175)	(32.70)
FURNITURE & FIXTURES	359	2,300	(1,941)	(84.39)
GENERAL	23,985	20,000	3,985	19.93
LAND	3,657	4,500	(843)	(18.73)
MAINTENANCE CONTRACTS	18,995	18,000	995	5.53
JANITORIAL SUPPLIES	702	8,000	(7,298)	(91.23)
MAINTENANCE SALARIES	107,719	137,500	(29,781)	(21.66)
MAINTENANCE PAYROLL TAXES	7,998	11,687	(3,689)	(31.56)

TEXAS LIONS CAMP, INC.SUPPLEMENTAL SCHEDULE OF BUDGETED AND BUDGETARY ACTUAL SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (SEE NOTE AT PAGE 22)

	2016	("Unaudited") BUDGET	VARIANCE	PERCENTAGE VARIANCE
MARKETING & PR EXPENSES:				
SALARIES	58,417	86,500	(28,083)	(32.47)
PAYROLL TAX	4,724	7,352	(2,628)	(35.75)
ADVERTISING AND PROMOTION	1,957	5,000	(3,043)	(60.86)
DUES & SUBSCRIPTIONS	-	1,000	(1,000)	(100.00)
MEDIA	22	2,500	(2,478)	(99.12)
POSTAGE	292	5,000	(4,708)	(94.16)
PRINTING	866	8,500	(7,634)	(89.81)
PUBLIC RELATIONS	16	2,000	(1,984)	(99.20)
INSURANCE:				
ACCIDENT	2,725	3,000	(275)	(9.17)
AUTO	17,658	16,000	1,658	10.36
BUILDINGS	93,077	75,000	18,077	24.10
BOND	1,808	1,000	808	80.80
EQUIPMENT	4,162	3,000	1,162	38.73
EMPLOYEE HEALTH	131,161	156,000	(24,839)	(15.92)
EMPLOYEE RETIREMENT	25,847	36,000	(10,153)	(28.20)
WORKERS COMPENSATION	18,477	25,000	(6,523)	(26.09)
DIRECTORS & OFFICERS	7,113	6,500	613	9.43
UTILITIES:				
ELECTRICITY	63,408	85,000	(21,592)	(25.40)
GARBAGE	4,050	5,000	(950)	(19.00)
GAS	4,604	20,000	(15,396)	(76.98)
TELEPHONE	9,083	12,000	(2,917)	(24.31)
T.V.	8,125	9,500	(1,375)	(14.47)
WATER	10,508	10,000	508	5.08
PROPERTY TAXES-TRUST	981	650	331	50.92
TOTAL USES	<u>2,478,474</u>	<u>2,770,711</u>	<u>(292,237)</u>	<u>(10.55)</u>
NET INCREASE/(DECREASE)	<u>\$ 176,182</u>	<u>\$ -</u>	<u>\$ 176,182</u>	*****
DEPRECIATION	<u>\$ 505,115</u>	<u>\$ -</u>	<u>\$ 505,115</u>	*****

NOTE: THIS STATEMENT IS PRESENTED FOR PURPOSES OF COMPARISON OF THE BUDGETARY ACTUAL SOURCES AND USES OF CERTAIN FUNDS TO THOSE AMOUNTS BUDGETED. IT IS NOT INTENDED TO PRESENT ALL SOURCES AND USES OF FUNDS, AS DUE TO THEIR NATURE, NOT ALL SOURCES AND USES ARE BUDGETED BY MANAGEMENT.