Camp Fire First Texas and Affiliate

Independent Auditor's Report and
Consolidated Financial Statements

December 31, 2019

Camp Fire First Texas and Affiliate
December 31, 2019

Contents

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Independent Auditor's Report

Board of Directors
Camp Fire First Texas and Affiliate
Fort Worth, Texas

We have audited the accompanying consolidated financial statements of Camp Fire First Texas and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Camp Fire First Texas and Affiliate as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Consolidating Information

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual organizations and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 consolidated financial statements as a whole.

Emphasis of Matter

As described in *Note 2* to the financial statements, in 2019, Camp Fire First Texas and Affiliate adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made,* Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* and Accounting Standards Update 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* Our opinion is not modified with respect to these matters.

BKD, LLP

Fort Worth, Texas
June 25, 2020

Camp Fire First Texas and Affiliate

Consolidated Statement of Financial Position

December 31, 2019

	Camp Fire First Texas	El Tesoro Foundation	Eliminations	Total
Assets				
Cash	$ 365,177	$ 55,099	$ -	$ 420,276
Cash restricted for property and equipment	132,596	-	-	132,596
Accounts receivable	92,373	-	-	92,373
Contributions receivable	62,736	-	-	62,736
Grants receivable	108,257	-		108,257
Accounts receivable - affiliate	822,863	-	(822,863)	-
Inventories	38,189	-	-	38,189
Prepaid expenses	71,341	-	-	71,341
Assets restricted for investment in property and equipment	1,100,021	-	-	1,100,021
Investments	4,499	5,083,169	-	5,087,668
Property and equipment, net	469,804	9,240,104	-	9,709,908
Investments restricted for endowment	-	324,190	-	324,190
Total assets	$ 3,267,856	$ 14,702,562	$ (822,863)	$ 17,147,555
Liabilities				
Line-of-credit (revolving)	$ 594,667	$ -	$ -	$ 594,667
Accounts payable	79,469	-	-	79,469
Accounts payable - affiliate	-	822,863	(822,863)	-
Accrued expenses	314,413	-	-	314,413
Deferred revenue and refundable deposits	108,423	-	-	108,423
Total liabilities	1,096,972	822,863	(822,863)	1,096,972
Net Assets				
Without donor restrictions				
Undesignated	(169,743)	9,240,104	-	9,070,361
Designated by the Board	450,000	4,315,405	-	4,765,405
With donor restrictions				
Perpetual in nature	-	182,264	-	182,264
Purpose restrictions	1,827,891	101,153	-	1,929,044
Time-restricted for future periods	62,736	40,773	-	103,509
Total net assets	2,170,884	13,879,699	-	16,050,583
Total liabilities and net assets	$ 3,267,856	$ 14,702,562	$ (822,863)	$ 17,147,555

Camp Fire First Texas and Affiliate

Consolidated Statement of Activities

Year Ended December 31, 2019

	Camp Fire First Texas		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	$ 955,680	$ 1,890,627	$ 2,846,307
Governmental grants	157,968	-	157,968
Corporate contracts	293,800	-	293,800
United Way allocations	185,125	-	185,125
Program fees	2,859,397	-	2,859,397
McFadden Fund	189,957	-	189,957
An Artist's Christmas, net of costs of $113,231	133,773	-	133,773
Other special events, net of costs of $38,053	121,888	-	121,888
Merchandise sales, net of costs of $47,655	10,673	-	10,673
Net realized and unrealized gains (losses)	(521)	-	(521)
Investment income, net of fees	16,617	-	16,617
Mineral income	-	-	-
Other	137,940	-	137,940
Loss on impairment of assets	(213,598)		(213,598)
Transfers	333,390	-	333,390
Net assets released from restrictions			
Satisfaction of program restrictions	183,144	(183,144)	-
Satisfaction of time restrictions	318,362	(318,362)	-
Satisfaction of property acquisition restrictions	85,021	(85,021)	-
Total revenues, gains and other support	5,768,616	1,304,100	7,072,716
Expenses and Losses			
Youth development	1,483,133	-	1,483,133
Outdoor connections	1,044,348	-	1,044,348
Professional growth	776,428	-	776,428
Total program services	3,303,909	-	3,303,909
Management and general	2,238,114	-	2,238,114
Fundraising	260,812	-	260,812
Total support services	2,498,926	-	2,498,926
Total expenses	5,802,835	-	5,802,835
Change in Net Assets	(34,219)	1,304,100	1,269,881
Net Assets, Beginning of Year	314,476	586,527	901,003
Net Assets, End of Year	$ 280,257	$ 1,890,627	$ 2,170,884

Camp Fire First Texas and Affiliate

Consolidated Statement of Financial Position (continued)

December 31, 2019

El Tesoro Foundation				
Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Consolidated Total
$ -	14,445	$ 14,445	$ -	$ 2,860,752
-	-	-	-	157,968
-	-	-	-	293,800
-	-	-	-	185,125
-	-	-	-	2,859,397
-	-	-	-	189,957
-	-	-	-	133,773
-	-	-	-	121,888
-	-	-	-	10,673
904,303	14,341	918,644	-	918,123
96,639	9,954	106,593	-	123,210
92,792	-	92,792	-	92,792
-	-	-	-	137,940
				(213,598)
(333,390)	-	(333,390)	-	-
27,677	(27,677)	-	-	-
-	-	-	-	-
-	-	-	-	-
788,021	11,063	799,084	-	7,871,800
53,860	-	53,860	-	1,536,993
269,955	-	269,955	-	1,314,303
20,958	-	20,958	-	797,386
344,773	-	344,773	-	3,648,682
103,277	-	103,277	-	2,341,391
1,724	-	1,724	-	262,536
105,001	-	105,001	-	2,603,927
449,774	-	449,774	-	6,252,609
338,247	11,063	349,310	-	1,619,191
13,217,262	313,127	13,530,389	-	14,431,392
$ 13,555,509	$ 324,190	$ 13,879,699	$ -	$ 16,050,583

Camp Fire First Texas and Affiliate

Consolidated Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services			
	Youth Development	Outdoor Connection	Professional Growth	Total Program Services
Salaries	$ 924,990	$ 416,000	$ 376,415	$ 1,717,405
Benefits	159,795	105,925	100,249	365,969
Contract labor	27,290	39,065	90,913	157,268
Supplies	141,963	189,216	58,274	389,453
Special events - rental and catering	-	-	-	-
Telephone	9,093	8,361	4,174	21,628
Postage	464	1,402	4,052	5,918
Occupancy	117,358	159,711	32,765	309,834
Depreciation	64,301	317,581	21,862	403,744
Outside printing	4,973	9,766	10,876	25,615
Transportation	32,962	13,694	3,244	49,900
Conferences & conventions	1,685	15,442	14,558	31,685
Subscriptions & references	3,644	7,292	235	11,171
Assistance	1,557	-	7,940	9,497
Membership dues	3,062	4,882	9,923	17,867
Awards to others	1,366	-	54,950	56,316
Equipment	3,114	19,840	2,341	25,295
Insurance	1,245	3,093	-	4,338
Miscellaneous	38,131	38,774	4,615	81,520
Charter fees	-	-	-	-
Total expenses	1,536,993	1,350,044	797,386	3,684,423
Less expenses deducted directly from revenues on the statement of activities				
Cost of merchandise		(35,741)		
Direct costs of special events	-	-	-	-
Total expenses included in the expense section on the statement of activities	$ 1,536,993	$ 1,314,303	$ 797,386	$ 3,684,423

Camp Fire First Texas and Affiliate

Consolidated Statement of Functional Expenses (continued)

Year Ended December 31, 2019

Support Services: Management and General	Support Services: Fundraising	Support Services: Total Support Services	Total
$ 1,523,413	$ 190,584	$ 1,713,997	$ 3,431,402
266,142	45,941	312,083	678,052
175,769	-	175,769	333,037
43,544	1,055	44,599	434,052
-	151,284	151,284	151,284
18,500	475	18,975	40,603
3,194	900	4,094	10,012
55,448	-	55,448	365,282
49,118	1,798	50,916	454,660
5,061	1,938	6,999	32,614
1,024	-	1,024	50,924
4,382	493	4,875	36,560
7,660	1,446	9,106	20,277
2,114	1,140	3,254	12,751
4,415	600	5,015	22,882
-	-	-	56,316
7,149	198	7,347	32,642
48,856	-	48,856	53,194
69,438	15,968	85,406	166,926
68,078	-	68,078	68,078
2,353,305	413,820	2,767,125	6,451,548
			-
(11,914)		(11,914)	(47,655)
-	(151,284)	(151,284)	(151,284)
$ 2,341,391	$ 262,536	$ 2,603,927	$ 6,252,609

Camp Fire First Texas and Affiliate

Consolidated Statement of Cash Flows

Year Ended December 31, 2019

	Camp Fire First Texas	El Tesoro Foundation	Combined Total
Operating Activities			
Change in net assets	$ 1,269,881	$ 349,310	$ 1,619,191
Items not requiring (providing) cash			
Depreciation	61,378	393,282	454,660
Net realized and unrealized gains (losses)	521	(918,644)	(918,123)
Loss on impairment of assets	213,598	-	213,598
Contributions restricted for property and equipment	(1,329,678)	-	(1,329,678)
Annuity expense	-	15,933	15,933
Changes in			
Accounts receivable	(49,755)	-	(49,755)
Grants receivable	(101,173)	-	(101,173)
Contributions receivable	255,626	-	255,626
Due to/from affiliate	412,546	(412,546)	-
Inventories	25,353	-	25,353
Prepaid expenses	(27,684)	-	(27,684)
Accounts payable	(36,576)	(6,731)	(43,307)
Accrued expenses	46,541	-	46,541
Deferred revenue and refundable deposits	(1,236)	-	(1,236)
Net cash provided by (used in) operating activities	739,342	(579,396)	159,946
Investing Activities			
Purchase of property and equipment	(21,931)	(8,996)	(30,927)
Proceeds from disposition of investments	-	1,411,489	1,411,489
Purchases of investments	(1,105,020)	(803,670)	(1,908,690)
Net cash provided by (used in) investing activities	(1,126,951)	598,823	(528,128)
Financing Activities			
Payments on line of credit	(496,333)	-	(496,333)
Proceeds from contributions restricted for property and equipment	1,324,678	-	1,324,678
Payments on annuity	-	(15,933)	(15,933)
Net cash provided by (used in) financing activities	828,345	(15,933)	812,412
Increase in Cash	$ 440,736	$ 3,494	$ 444,230
Cash, Beginning of Year	57,037	51,605	108,642
Cash, End of Year	$ 497,773	$ 55,099	$ 552,872
Reconciliation to Statement of Financial Position			
Cash	$ 365,177	$ 55,099	$ 420,276
Cash - restricted	132,596	-	132,596
	497,773	55,099	$ 552,872
Supplemental Cash Flows Information			
Interest paid	$ 24,780	$ -	$ 24,780
Asset retirement obligation	$ 100,136	$ -	$ -
Transfer of property and equipment	$ (8,996)	$ 8,996	$ -

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The accompanying consolidated financial statements include the accounts of Camp Fire First Texas (the "Council") and El Tesoro Foundation (the "Foundation"). The Council is organized to promote, supervise, and administer the programs of Camp Fire, a national youth development agency. The Council provides programs for children, youth, and adults primarily in its chartered territory of Tarrant County and the surrounding five counties, including after school services, a child development center, truancy prevention programs for at-risk students, resident and day camps, outdoor education, family camping, school readiness programs, and professional training for child care providers. The Council's programs focus on development of the whole child, service learning, and respect for the environment.

The Foundation's purpose is to hold, manage and administer assets, including a permanent endowment, for the benefit of the Council in order to help ensure the Council's continued financial well-being and ability to carry out its mission.

Effective January 1, 2020, Camp Fire determined to cease its operation of the child development center. The space has been leased to a third party that will operate a child care center. The closing of the center is not considered to be a strategic shift that has a major effect on Camp Fire's operations.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Council and Foundation as described above. Control of the Foundation rests with the Council through approval of board of directors. Significant intercompany transactions and balances have been eliminated in the consolidation.

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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Management considers all liquid investments with original maturities of three months or less to be cash equivalents. Management does not consider uninvested cash held in investment accounts as cash or cash equivalents. At December 31, 2019, cash consisted primarily of money market accounts.

At December 31, 2019, the Organization's cash accounts exceeded federally insured limits by approximately $262,000.

Restricted Cash and Investments

Amounts included in restricted cash and restricted investments represent those amounts to be set aside for the future purchase of improvements at Camp El Tesoro and the Council's Service Center. The restriction will lapse when the funds are used in accordance with the donor's wishes.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers and grantors, of which the Council has an unconditional right to receive plus any accrued and unpaid interest. Based on past experience and analysis of current receivable collectability, no allowance for doubtful accounts is considered necessary.

Inventories

Inventories consist of merchandise held for resale. Inventories are stated at the lower of cost or net realizable value. Costs are determined using the first-in, first-out (FIFO) method.

Investments and Net Investment Return

Investments in equity securities having a readily determined fair value and in all debt securities are stated at fair value. Investment income including dividends, interest, and realized and unrealized gains and losses on investments are carried at fair value, less external investment expense. The calculation of realized gains and losses on investment sales are based upon the weighted average cost of such investments.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	20 - 40 years
Furniture and equipment	5 - 10 years
Vehicles	5 - 10 years

Long-Lived Asset Impairment

Management evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Loss on impairment of assets of $213,598 was recognized for the year ended December 31, 2019 for buildings located at Camp Rio Roxo, which are required to be demolished by the Corps of Engineers. The loss is included in the accompanying statement of activities. Because the buildings are to be demolished, they have no fair value at December 31, 2019.

Deferred Revenue

Revenue from fees for program services is deferred and recognized over the periods to which the fees relate.

Program Fee Revenue

Revenue from contracts with participants for camp, retreats, outdoor education, trainings and childcare services is recognized as the Council satisfies performance obligations under its contracts.

Revenue is reported at the amount of consideration which the Council expects to be entitled in exchange for providing services. The Council determines the transaction price based on standard charges for services provided, reduced by discounts provided for scholarships and other price concessions provided to participants.

Corporate Contract Revenue

Corporate contract revenue is recognized as the Council satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Council expects to be entitled in exchange for providing goods and services. The Council determines the transaction price based on standard charges for goods and services provided.

Special Events

The Council records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Contributions

Contributions are provided to the Council either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Council overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.* the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the accompanying consolidated financial statements for donated services because the criteria for recognition under generally accepted accounting principles has not been satisfied.

Government Grants

Support funded by grants is recognized as the Council meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Council and Foundation are exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Council and Foundation are subject to federal income tax on any unrelated business taxable income.

The Council and Foundation file tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the specific identification of costs, approximate percentage of time expended or usage of building, as appropriate.

Note 2: Change in Accounting Principle

On January 1, 2019, the Council and Foundation, adopted the Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) using a modified retrospective method of adoption to all contracts not completed at January 1, 2019.

The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the Council and Foundation expect to be entitled in exchange for those goods or services.

The amount to which the Council and Foundation expect to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing goods or services.

There were no changes to amounts that would have been recorded in revenue in 2018.

Adoption of ASU 2014-09 resulted in changes in presentation of financial statements and related disclosures in the notes to the financial statements.

On January 1, 2019, the Council and Foundation adopted the Financial Accounting Standards Board Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Mad*e, (ASU 2018-08) using a modified prospective basis at January 1, 2019.

ASU 2018-08 clarifies the guidance on determining whether a transaction with a resource provider is a contribution or an exchange transaction. If the transaction is determined to be a contribution, ASU 2018-08 clarifies the guidance regarding recognition of the contribution as conditional or unconditional. A contribution is considered conditional if the donor indicates that a measurable barrier must be met and includes a right of return or release of obligation. Conditional contributions are not recorded until one of these criteria is overcome. The standard provides an option to allow a not-for-profit to (1) elect a separate policy for donor-restricted contributions that were initially conditional contributions without also having to elect the policy for other donor-restricted contributions or (2) follow the same policy for all donor-restricted contributions. The Council and Foundation election is disclosed in *Note 1*.

There were no changes to amounts that would have been recorded in revenue in 2018.

On January 1, 2019, the Council and Foundation adopted Accounting Standards Update 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* The new accounting guidance in this standard requires balances generally described as restricted cash or cash equivalents to be included with cash and cash equivalents when reconciling beginning and ending cash and cash equivalents on the statement of cash flows.

The Council and the Foundation did not have any restricted cash or cash equivalents as of January 1, 2019, therefore, there were no changes to the statement of cash flows. Amounts included in restricted cash represent contributions to be used for improvements at Camp El Tesoro and remodeling of space in the Council's Service Center.

Note 3: Grant Reimbursements Receivable and Future Commitments

The Council receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Council are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2019, have been recorded as receivables. Following are the grant commitments that extend beyond December 31, 2019:

Camp Fire First Texas and Affiliate
Notes to Consolidated Financial Statements
December 31, 2019

Grant	Term	Grant Amount	Earned Through 2019	Funding Available
CYD	9/1/19 - 8/31/20	$ 42,164	$ 11,780	$ 30,385
CDBG	10/1/19 - 9/30/20	45,000	11,640	33,360
FWISD Diamond Hill	9/1/19 - 8/31/20	39,508	16,847	22,661
		$ 126,672	$ 40,267	$ 86,406

Note 4: Contributions Receivable

At December 31, 2019, the Council has contributions receivable of $62,736, restricted for program services or future operating needs. Based upon collection history, management has determined that no allowance for doubtful contributions receivable is considered necessary at December 31, 2019.

Contributions receivable are expected to be received in the following year and consist of the following at December 31, 2019:

Without Donor Restrictions	With Donor Restrictions	Total
$ 9,420	$ 53,316	$ 62,736

Note 5: Assets Restricted for Investment in Property and Equipment

Assets restricted for investment in property and equipment represent donations restricted for improvements at Camp El Tesoro to construct a lake and other improvements, and are comprised of the following at December 31, 2019:

Investments	$ 1,100,000
Pledges receivable	21
	$ 1,100,021

Based upon collection history and review of individual pledges, management does not consider an allowance necessary at December 31, 2019.

Note 6: Property and Equipment

Property and equipment at December 31, 2019 consist of:

	Council	Foundation
Land	$ -	$ 898,884
Buildings and leasehold improvements	-	14,668,751
Machinery and equipment	1,132,213	-
Furniture and fixtures	437,284	-
Motor vehicles	100,498	-
	1,669,995	15,567,635
Less accumulated depreciation and amortization	(1,200,191)	(6,327,531)
	$ 469,804	$ 9,240,104

Note 7: Line of Credit

The Council has a $2,000,000 revolving line of credit expiring on January 31, 2021. The line bears interest at a rate equal to LIBOR plus 1.5% (3.5% at December 31, 2019). The line of credit is accessed only for cash flow purposes against pledges made to the capital campaign for Camp El Tesoro as well as general cash flow purposes. The line of credit is secured by the investments of the Foundation. The line has an outstanding balance of $594,667 at December 31, 2019.

Note 8: Gift Annuities

During 2009, the Foundation entered into a charitable gift annuity in which they received $250,000. Based on actuarial calculations, a fixed sum is to be paid to the donors over their remaining lives. Using a discount rate of 3.4%, a contribution of $136,142 was recognized in 2009. Payments totaling $15,933 were made during 2019. There was no estimated remaining liability at December 31, 2019.

Note 9: Asset Retirement Obligation

Accounting principles generally accepted in the United States of America require that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. The Council's conditional ARO relates to Camp Rio Roxo buildings located on Corps of Engineer's land. During 2019, the Council was notified by the Corps that the buildings would have to be demolished.

A summary of changes in asset retirement obligations for the year ended December 31, 2019 is as follows:

Liability, beginning of year	$ -
Liabilities incurred	100,136
Liabilities settled	-
Liability, end of year	$ 100,136

This liability is reflected in accrued expenses in the accompanying statement of financial position.

Note 10: Related Party Transactions

During 2019, the Council received approximately $109,000 in contributions from various members of the Board of Directors.

Note 11: Defined Contribution Plan

The Council has established for its employees a defined contribution plan which covers substantially all permanent employees after they have met certain eligibility requirements. Contributions to the plan by the Council are based upon 3% of qualified employee compensation plus a matching contribution up to 4% of qualified employee compensation as established and approved by the Board. Contributions to the plan were $127,878 in 2019.

Note 12: Revenue from Contracts with Customers

Program Fees

Revenue from contracts with participants for camp, retreats, outdoor education, trainings and childcare services are reported at the amount that reflects the consideration to which the Council expects to be entitled in exchange for providing curriculum, food and lodging. Revenue is recognized as performance obligations are satisfied, which is ratably over the contract term. Generally, the Council bills participants prior to the beginning of the contract term. Amounts billed prior to the contract term are recorded as deferred revenue and recognized on a straight line basis as the contract term occurs.

Corporate Contract Revenue

Corporate contract revenue includes revenue from contracts with various corporations to provide childcare and other services. Performance obligations are determined based on the nature of the goods or services provided by the Council in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The Council believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Special Events

The Council records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Contract Balances

The following table provides information about the Council's contract assets and contract liabilities from contracts with customers:

Program Revenue		
Accounts receivable, beginning of year	$	42,618
Accounts receivable, end of year	$	92,373
Deferred revenue and refundable deposits, beginning of year	$	109,659
Deferred revenue and refundable deposits, end of year	$	108,423

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

The Council has contracts that are unsatisfied or partially unsatisfied as of December 31, 2019, in the amount of $135,000. As of December 31, 2019, the Council expects to recognize these amounts as revenue in 2020.

Disaggregation of Revenue

The composition of program fees and corporate contracts based on types of services, and method of reimbursement for the year ended December 31, 2019 are as follows:

Service Lines	
Retreats and rentals	$ 190,312
Outdoor education	123,949
Resident camp	715,382
After school and summer program	1,861,606
Early education training	261,948
	$ 3,153,197

The timing of revenue recognition for these services is over the time period in which the service is performed.

Note 13: Net Assets Designated by the Board

During 2015, the Foundation made a pledge of $500,000 to the Council for improvements at Camp El Tesoro. As of December 31, 2019, $50,000 had been paid to the Council. The remaining $450,000 is reflected as designated net assets of the Council. See *Note 15* for the designated net assets of the Foundation.

Note 14: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2019 are restricted for the following purposes or periods:

Subject to expenditure for specified purpose	
Building project	$ 1,232,617
Educational programs	595,274
	1,827,891
Subject to the passage of time which are unavailable for expenditure until due	62,736
Endowments	
Subject to appropriation and expenditure when a specified event occurs	
Restricted by donors for	
Time restriction	40,773
Purpose restriction	101,153
	141,926
Subject to endowment spending policy and appropriation for general use	182,264
	$ 2,214,817

Net Assets Released from Restrictions

During 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

Expiration of time restrictions	$ 318,362
Satisfaction of purpose restrictions	
Excel for Success	167,372
Morningside Pre-K	15,772
Property acquisitions	85,021
	268,165
Restricted purpose spending-rate distributions and appropriations for general use from endowment	27,677
	$ 614,204

Note 15: Endowment

The Foundation's endowment consists of one fund established for general operating needs of the Council. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body is subject to Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures.

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

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments

6. Other resources of the Foundation
7. Investment policies of the Foundation

The composition of net assets by type of endowment fund at December 31, 2019, was:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 4,315,405	$ -	$ 4,315,405
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	182,264	182,264
Time restricted for future periods	-	101,153	101,153
Accumulated investment gains	-	40,773	40,773
Total endowment funds	$ 4,315,405	$ 324,190	$ 4,639,595

Change in endowment net assets for the year ended December 31, 2019, were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 3,592,871	$ 313,127	$ 3,905,998
Investment return, net	1,000,942	24,295	1,025,237
Contributions	-	14,445	14,445
Mineral income	92,792	-	92,792
Appropriation of endowment assets for expenditures	(330,638)	(11,747)	(342,385)
Other expenses	(40,562)	(15,930)	(56,492)
Endowment net assets, end of year	$ 4,315,405	$ 324,190	$ 4,639,595

Investment and Spending Policies

The objective of the investment program is to preserve and enhance the assets of the Foundation's investment portfolio through capital appreciation and reinvestment of income. The purpose of the Foundation is to provide long-term funding resources for the Council, with emphasis on the long-term future. The Directors recognize that this objective can be met over time only if the purchasing power of the portfolio is increased on a real dollar (inflation-adjusted) basis. The total real rate of return goal of the portfolio is a premium of three percent (3.0%) over the rate of inflation as measured by the Consumer Price Index over a five-year time horizon. It is also expected that the portfolio's return will compare favorably with the portfolio benchmark over a full market cycle.

In order to meet the objective of capital growth, the Foundation's board of directors has established the following guidelines with respect to the proportions of equities and fixed income securities held in the portfolio:

1. The maximum for equity exposure is seventy-five percent (75%) of the portfolio at market value. The minimum equity exposure will be 50% at market value.
2. The goal for fixed income exposure (defined as bonds and/or other fixed interest vehicles with maturities of one year or longer) is twenty percent (20%) of the portfolio at market value. The total invested in bonds may exceed this percentage based on the investment manager's outlook.
3. The goal for cash is 5% of the portfolio at market value.

The Directors recognize that there may be times when the investment manager elects to hold more in cash equivalents, based on the near-term market outlook. The manager has the discretion to do so within the context of this long-term allocation policy.

Other than the annual distribution and mineral income distribution as noted below, distributions of the board designated funds of the Foundation shall be made to the Council only under extreme conditions and if: (a) all reserve funds of the Council are exhausted; (b) eighty percent (80%) of the entire board of directors of the Council authorize the Council to make a written request for the distribution of Foundation assets; and (c) the board of directors of the Foundation approve the request for distribution, but should the first two conditions occur, the Board of Directors shall not act unreasonably in refusing to distribute Foundation assets, but shall only act to ensure that the request by the Council is in good faith.

On an annual basis, the Foundation shall make available to the Council from board designated funds an amount of cash or other assets of a value not in excess of five percent (5%) of the three (3) year rolling average of the market values of the Foundation assets computed as of the last day of each calendar year. This policy will ensure that the movement of the market value of the Foundation assets and the expenditure of Foundation income are correlated. By using a three (3) year rolling average, the operating budget of the Council will be cushioned from the impacts of sharp changes in the market value of the assets in the Foundation which may occur within a single year. The distribution policy is based on the assumption that, over the long run, the total inflation adjusted real rate of return on the assets, including current yield and appreciation, will be equal to or greater than five percent (5%).

The Foundation retains 30% of any bonus and production income from mineral interests and makes available to the Council the remaining 70% upon request of the Council Board and approval by the Foundation Board. Should the Council not request any or all of the 70% in any year, it will have two additional years in which to request a distribution. Earnings from donor restricted assets will be distributed to the Council in accordance with the donor's instructions at the time of the donor's gift to the Foundation. In the absence of such instructions, earnings from permanently restricted assets shall be distributed annually to the Council as a part of the total annual distribution described above.

Underwater Endowments

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 Foundation to retain as a fund of perpetual duration. The Foundation shall be fully empowered to accumulate income to replenish any decline in the value of its assets. The Foundation is specifically directed to maintain the objective of retaining the value of its assets at not less than $1,000,000. There were no such deficiencies as of December 31, 2019.

Note 16: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019, comprise the following:

Total financial assets	
Cash	$ 420,276
Cash restricted for property and equipment	132,596
Grants receivable	108,257
Accounts Receivable	92,373
Contributions Receivable	62,736
Assets restricted for investment in property and equipment	1,100,021
Investments	5,087,668
Investments restricted for endowment	324,190
Total financial assets at year end	7,328,117
Donor imposed restrictions	
Restricted for programs not expected to be used within one year	(15,772)
Assets restricted for investment in property and equipment	(1,232,617)
Endowments	(324,190)
Net financial assets after donor imposed restrictions	5,755,538
Internal designations	
Board designated funds	(450,000)
Quasi-endowments	(4,042,939)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,262,599

The Council receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the year ended December 31, 2019, restricted contributions of $579,502 were included in financial assets available to meet cash needs for general expenditures within one year.

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of $4,315,405 is subject to an annual spending rate as described in *Note 15*. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. To help manage unanticipated liquidity needs, the Council obtained a line of credit as described in *Note 7* in the amount of $2,000,000, from which it could draw any unused portions for operating needs.

The Council manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. During the year ended December 31, 2019, the level of liquidity and reserves was managed within the policy requirements.

Note 17: Disclosures About Fair Value of Assets and Liabilities

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis. At December 31, 2019, investments, all of which are classified as Level 1, consist of the following:

	Fair Value	Cost
Cash and cash equivalents	$ 933,401	$ 933,401
US fixed income	1,684,908	1,645,546
US large cap equity	3,818,272	1,774,727
US small/mid cap equity	75,277	88,105
	$ 6,511,858	$ 4,441,779

Reconciliation of investments to the statement of financial position is as follows:

Investments	$ 5,087,668
Investments restricted for endowment	324,190
Investments restricted for property and equipment	1,100,000
	$ 6,511,858

Cash and cash equivalents are not assigned a classification in the fair value hierarchy but are included in the above table for purposes of reconciliation with the statement of financial position.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 18: Related Party Transactions

During the year ended December 31, 2019, the Council received approximately $109,000 of contributions from Board members and organizations related to these individuals.

Note 19: Significant Estimates and Concentrations

Contributions

Approximately 36% of contributions were received from one donor in 2019, which was restricted for the construction of Lake Leo at Camp El Tesoro.

Investment Risks and Uncertainties

The Council invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, 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 accompanying statements of financial position.

Note 20: Construction Commitment

The Council entered in to a contract with a construction company for the construction of Lake Leo at Camp El Tesoro on October 19, 2019. Construction began on January 20, 2020. The total amount of the contract is $1,131,900. A donor made a contribution in 2019 of $1,100,000 restricted for the Lake Leo project.

Note 21: Subsequent Events

Subsequent events have been evaluated through June 25, 2020, which is the date the financial statements were available to be issued.

Curtailment of Operations

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, the state of Texas issued shelter-in-place orders and other measures around public gatherings and business operations to slow the spread of the virus. As a result of this guidance, the Council has significantly curtailed its operations including, but not limited to the operation of the before and after school programs affected by the school closures, and camp activities. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Coronavirus Aid, Relief, and Economic Security Act

The Council has applied for the employer payroll tax credit provisions which permit a payroll tax credit each calendar quarter in an amount equal to 50 percent of qualified wages limited to $10,000 per quarter per employee. Management currently estimates the quarterly payroll tax credit to be approximately $225,000.

Note 22: Future Change in Accounting Principle

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021. The Council is evaluating the effect the standard will have on the financial statements; however, the standard is not expected to have a material effect on the financial statements.