

# **Camp Fire First Texas and Affiliate**

Independent Auditor's Report and  
Consolidated Financial Statements

December 31, 2020

**Camp Fire First Texas and Affiliate**  
**December 31, 2020**

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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, 2020, 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, 2020, 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.

***BKD, LLP***

Fort Worth, Texas  
June 28, 2021

**Camp Fire First Texas and Affiliate**  
**Consolidated Statement of Financial Position**  
**December 31, 2020**

	<b>Camp Fire First Texas</b>	<b>El Tesoro Foundation</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>				
Cash	\$ 13,129	\$ 18,677	\$ -	\$ 31,806
Accounts receivable	93,152	3,570	-	96,722
Contributions receivable	378,304	-	-	378,304
Grants receivable	17,204	-	-	17,204
Accounts receivable - affiliate	924,863	-	(924,863)	-
Inventories	24,717	-	-	24,717
Prepaid expenses	43,879	-	-	43,879
Assets restricted for investment in property and equipment	129,539	-	-	129,539
Investments	21,561	5,403,994	-	5,425,555
Property and equipment, net	408,453	10,294,347	-	10,702,800
Investments restricted for endowment	-	315,849	-	315,849
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 2,054,801</u>	<u>\$ 16,036,437</u>	<u>\$ (924,863)</u>	<u>\$ 17,166,375</u>
<b>Liabilities</b>				
Line-of-credit (revolving)	\$ 709,667	\$ -	\$ -	\$ 709,667
Accounts payable	195,021	-	-	195,021
Accounts payable - affiliate	-	924,863	(924,863)	-
Accrued expenses	58,431	-	-	58,431
Deferred revenue and refundable deposits	83,787	-	-	83,787
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>1,046,906</u>	<u>924,863</u>	<u>(924,863)</u>	<u>1,046,906</u>
<b>Net Assets</b>				
Without donor restrictions				
Undesignated	(201,702)	10,294,346	-	10,092,644
Designated by the Board	400,000	4,501,379	-	4,901,379
With donor restrictions				
Perpetual in nature	-	187,384	-	187,384
Purpose restrictions	746,861	85,223	-	832,084
Time-restricted for future periods	62,736	43,242	-	105,978
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total net assets	<u>1,007,895</u>	<u>15,111,574</u>	<u>-</u>	<u>16,119,469</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and net assets	<u>\$ 2,054,801</u>	<u>\$ 16,036,437</u>	<u>\$ (924,863)</u>	<u>\$ 17,166,375</u>

**Camp Fire First Texas and Affiliate**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2020**

	Camp Fire First Texas			El Tesoro Foundation			Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Revenues, Gains and Other Support</b>							
Contributions	\$ 792,323	\$ 809,597	\$ 1,601,920	\$ -	\$ 5,120	\$ 5,120	\$ 1,607,040
Governmental grants	441,749	-	441,749	-	-	-	441,749
Corporate contracts	180,119	-	180,119	-	-	-	180,119
United Way allocations	18,000	-	18,000	-	-	-	18,000
Program fees	571,959	-	571,959	-	-	-	571,959
McFadden Fund	195,153	-	195,153	-	-	-	195,153
An Artist's Christmas, net of costs of \$38,364	122,584	-	122,584	-	-	-	122,584
Other special events, net of costs of \$4,575	61,882	-	61,882	-	-	-	61,882
Merchandise sales, net of costs of \$434	249	-	249	-	-	-	249
Net realized and unrealized gains (losses)	8,003	-	8,003	812,494	8,863	821,357	829,360
Investment income, net of fees	14,129	-	14,129	72,203	6,364	78,567	92,696
Mineral income	-	-	-	51,849	-	51,849	51,849
Other	96,082	-	96,082	-	-	-	96,082
Transfers	722,466	-	722,466	(722,466)	-	(722,466)	-
Net assets released from restrictions							
Satisfaction of program restrictions	595,274	(595,274)	-	28,688	(28,688)	-	-
Satisfaction of time restrictions	62,736	(62,736)	-	-	-	-	-
Satisfaction of property acquisition restrictions	1,232,617	(1,232,617)	-	-	-	-	-
Total revenues, gains and other support	5,115,325	(1,081,030)	4,034,295	242,768	(8,341)	234,427	4,268,722
<b>Expenses and Losses</b>							
Youth development	603,124	-	603,124	25,360	-	25,360	628,484
Outdoor connections	436,208	-	436,208	264,043	-	264,043	700,251
Professional growth	509,435	-	509,435	25,360	-	25,360	534,795
Total program services	1,548,767	-	1,548,767	314,763	-	314,763	1,863,530
Management and general	1,894,863	-	1,894,863	149,976	-	149,976	2,044,839
Fundraising	289,391	-	289,391	2,076	-	2,076	291,467
Total support services	2,184,254	-	2,184,254	152,052	-	152,052	2,336,306
Total expenses	3,733,021	-	3,733,021	466,815	-	466,815	4,199,836
<b>Change in Net Assets</b>	1,382,304	(1,081,030)	301,274	(224,047)	(8,341)	(232,388)	68,886
<b>Net Assets, Beginning of Year</b>	280,257	1,890,627	2,170,884	13,555,509	324,190	13,879,699	16,050,583
<b>Transfer of property and equipment</b>	(1,464,263)	-	(1,464,263)	1,464,263	-	1,464,263	-
<b>Net Assets, End of Year</b>	\$ 198,298	\$ 809,597	\$ 1,007,895	\$ 14,795,725	\$ 315,849	\$ 15,111,574	\$ 16,119,469

**Camp Fire First Texas and Affiliate**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	Program Services				Support Services			Total
	Youth Development	Outdoor Connection	Professional Growth	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	\$ 373,279	\$ 109,434	\$ 263,578	\$ 746,291	\$ 1,232,002	\$ 222,730	\$ 1,454,732	\$ 2,201,023
Benefits	75,632	62,248	85,923	223,803	224,224	43,616	267,840	491,643
Contract labor	16,601	18,030	64,003	98,634	187,643	16,517	204,160	302,794
Supplies	58,376	20,955	14,101	93,432	32,655	844	33,499	126,931
Special events - rental and catering	-	-	-	-	-	42,939	42,939	42,939
Telephone	7,954	7,380	3,125	18,459	24,317	504	24,821	43,280
Postage	366	1,998	1,132	3,496	1,266	348	1,614	5,110
Occupancy	26,581	112,477	26,709	165,767	77,787	-	77,787	243,554
Depreciation	34,380	311,652	26,264	372,296	96,925	2,150	99,075	471,371
Outside printing	2,344	5,279	4,232	11,855	2,141	1,557	3,698	15,553
Transportation	14,414	8,108	422	22,944	319	104	423	23,367
Conferences & conventions	1,038	2,633	940	4,611	2,120	929	3,049	7,660
Subscriptions & references	2,272	9,125	10	11,407	7,621	1,356	8,977	20,384
Assistance	-	-	472	472	-	-	-	472
Membership dues	1,793	5,347	7,497	14,637	4,173	455	4,628	19,265
Awards to others	-	-	23,437	23,437	281	-	281	23,718
Equipment	395	10,470	9,656	20,521	14,267	-	14,267	34,788
Insurance	-	-	-	-	52,443	-	52,443	52,443
Miscellaneous	13,059	15,549	3,294	31,902	47,647	357	48,004	79,906
Charter fees	-	-	-	-	37,008	-	37,008	37,008
<b>Total expenses</b>	<b>628,484</b>	<b>700,685</b>	<b>534,795</b>	<b>1,863,964</b>	<b>2,044,839</b>	<b>334,406</b>	<b>2,379,245</b>	<b>4,243,209</b>
Less expenses deducted directly from revenues on the statement of activities								-
Cost of merchandise	-	(434)	-	(434)	-	-	-	(434)
Direct costs of special events	-	-	-	-	-	(42,939)	(42,939)	(42,939)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 628,484</b>	<b>\$ 700,251</b>	<b>\$ 534,795</b>	<b>\$ 1,863,530</b>	<b>\$ 2,044,839</b>	<b>\$ 291,467</b>	<b>\$ 2,336,306</b>	<b>\$ 4,199,836</b>

**Camp Fire First Texas and Affiliate**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2020**

	<b>Camp Fire First Texas</b>	<b>El Tesoro Foundation</b>	<b>Combined Total</b>
<b>Operating Activities</b>			
Change in net assets	\$ 301,274	\$ (232,388)	\$ 68,886
Items not requiring (providing) cash			
Depreciation	61,351	410,020	471,371
Net realized and unrealized gains (losses)	(8,003)	(821,357)	(829,360)
Contributions restricted for property and equipment	(300,331)	-	(300,331)
Annuity expense	-	15,930	15,930
Changes in			
Accounts receivable	(779)	(3,570)	(4,349)
Contributions receivable	(315,568)	-	(315,568)
Grants receivable	91,053	-	91,053
Due to/from affiliate	(102,000)	102,000	-
Inventories	13,472	-	13,472
Prepaid expenses	27,462	-	27,462
Accounts payable	(6,833)	-	(6,833)
Accrued expenses	(255,982)	-	(255,982)
Deferred revenue and refundable deposits	(24,636)	-	(24,636)
	<u>(519,520)</u>	<u>(529,365)</u>	<u>(1,048,885)</u>
Net cash used in operating activities			
	<u>(519,520)</u>	<u>(529,365)</u>	<u>(1,048,885)</u>
<b>Investing Activities</b>			
Purchase of property and equipment	(1,341,878)	-	(1,341,878)
Proceeds from disposition of investments	1,273,157	1,593,615	2,866,772
Purchases of investments	(251,734)	(1,084,742)	(1,336,476)
	<u>(320,455)</u>	<u>508,873</u>	<u>188,418</u>
Net cash provided by (used in) investing activities			
	<u>(320,455)</u>	<u>508,873</u>	<u>188,418</u>
<b>Financing Activities</b>			
Borrowings on line of credit	115,000	-	115,000
Proceeds from contributions restricted for property and equipment	240,331	-	240,331
Payments on annuity	-	(15,930)	(15,930)
	<u>355,331</u>	<u>(15,930)</u>	<u>339,401</u>
Net cash provided by (used in) financing activities			
	<u>355,331</u>	<u>(15,930)</u>	<u>339,401</u>
<b>Decrease in Cash</b>	\$ (484,644)	\$ (36,422)	\$ (521,066)
<b>Cash, Beginning of Year</b>	<u>497,773</u>	<u>55,099</u>	<u>552,872</u>
<b>Cash, End of Year</b>	<u>\$ 13,129</u>	<u>\$ 18,677</u>	<u>\$ 31,806</u>
<b>Supplemental Cash Flows Information</b>			
Interest paid	<u>\$ 12,720</u>	<u>\$ -</u>	<u>\$ 12,720</u>
Transfer of property and equipment	<u>\$ (1,464,263)</u>	<u>\$ 1,464,263</u>	<u>\$ -</u>
Property and equipment in accounts payable	<u>\$ 122,385</u>	<u>\$ -</u>	<u>\$ 122,385</u>



**Camp Fire First Texas and Affiliate**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

**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, truancy prevention programs for at-risk students, resident and day camps, outdoor education, family camping, school readiness programs, and professional training for childcare 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.

***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, 2020, cash equivalents consisted primarily of money market accounts.

***Restricted Cash***

Amounts included in restricted cash represent those amounts to be set aside for the future purchase of property and equipment. The restriction will lapse when the funds are used in accordance with the donor’s wishes.

**Camp Fire First Texas and Affiliate**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

***Receivables***

Accounts receivable, contributions receivable, and grants receivable are stated at the amount of consideration from customers, donors, 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***

The Council and Foundation measure securities at fair value.

***Net Investment Return***

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the average cost method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statement of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

***Property and Equipment***

Property and equipment acquisitions over \$2,500 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

**Camp Fire First Texas and Affiliate**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

***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.

No asset impairment was recognized during the year ended December 31, 2020.

***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.

**Camp Fire First Texas and Affiliate**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

**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:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
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>i.e.</i> the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
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

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

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.

# **Camp Fire First Texas and Affiliate**

## **Notes to Consolidated Financial Statements**

### **December 31, 2020**

#### ***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain donor restrictions. The governing board has designated, from net assets without donor, or certain grantor, restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions are subject to donor, or certain grantor, restrictions. Some donor or grantor 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 restrictions are perpetual in nature, where the donor or grantor 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 statement of activities. The statement of functional expenses presents 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.

**Camp Fire First Texas and Affiliate**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

**Note 2: 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, 2020, have been recorded as receivables. Following are the grant commitments that extend beyond December 31, 2020:

Grant	Term	Grant Amount	Earned Through 2020	Funding Available
CYD	9/1/20 - 8/31/21	\$ 42,164	\$ 21,774	\$ 20,390
CDBG	10/1/20 - 9/30/21	50,000	14,336	35,664
FWISD Diamond Hill	9/1/20 - 8/31/21	39,508	8,522	30,986
CCPD	10/1/20 - 9/30/21	45,943	8,534	37,409
Texas Work Force Commission	9/1/20 - 8/31/21	7,998	1,866	6,132
Texas Parks & Wildlife	4/6/20 - 10/6/21	49,773	-	49,773
		<u>\$ 235,386</u>	<u>\$ 55,032</u>	<u>\$ 180,354</u>

**Note 3: Contributions Receivable**

At December 31, 2020, the Council has contributions receivable of \$378,304, 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, 2020.

Contributions receivable consist of the following at December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 9,854	328,450	\$ 338,304
Due within one to five years	-	40,000	40,000
	<u>\$ 9,854</u>	<u>\$ 368,450</u>	<u>\$ 378,304</u>

**Camp Fire First Texas and Affiliate**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

**Note 4: 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, and are comprised of the following at December 31, 2020:

Pledges receivable	\$ 60,021
Investments	<u>69,518</u>
	<u>\$ 129,539</u>

Based upon collection history and review of individual pledges, management does not consider an allowance necessary at December 31, 2020. The pledges are expected to be collected within the next year.

**Note 5: Property and Equipment**

Property and equipment at December 31, 2020 consist of:

	<u>Council</u>	<u>Foundation</u>
Land	\$ -	\$ 1,691,763
Buildings	-	15,289,754
Machinery and equipment	1,132,214	-
Furniture and fixtures	437,284	-
Motor vehicles	<u>100,498</u>	<u>-</u>
	1,669,996	16,981,517
Less accumulated depreciation	<u>(1,261,543)</u>	<u>(6,687,170)</u>
	<u>\$ 408,453</u>	<u>\$ 10,294,347</u>

**Note 6: Line of Credit**

The Council has a \$2,000,000 revolving line of credit that was amended on December 22, 2020. The line bears interest at a rate equal to LIBOR plus 1.5% (1.65% at December 31, 2020) or Secured Overnight Financing Rate (SOFR) plus 1.6% (1.67% at December 31, 2020). The line of credit is secured by the investments of the Foundation. The line has an outstanding balance of \$709,667 at December 31, 2020.

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**Note 7: 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 \$15,930 were made during 2020. There was no estimated remaining liability at December 31, 2020.

**Note 8: Related Party Transactions**

During 2020, the Council received approximately \$151,000 in contributions from various members of the Board of Directors.

**Note 9: 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 \$96,365 in 2020.

**Note 10: 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.



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***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	\$	92,373
Accounts receivable, end of year	\$	96,722
Deferred revenue and refundable deposits, beginning of year	\$	108,423
Deferred revenue and refundable deposits, end of year	\$	83,787

***Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations***

The Council has no contracts that are unsatisfied or partially unsatisfied as of December 31, 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, 2020 are as follows:

Service Lines		
Retreats and rentals	\$	26,987
Outdoor education		13,661
Resident camp		6,585
After school and summer program		625,833
Early education training		79,012
		<u>79,012</u>
	\$	<u><u>752,078</u></u>

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***Reconciliation to the Statement of Activities***

Program Fees	\$	180,119
Corporate Contracts		571,959
		\$ 752,078

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

**Note 11: 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, 2020, \$100,000 had been paid to the Council. The remaining \$400,000 is reflected as designated net assets of the Council. See *Note 13* for the designated net assets of the Foundation.

**Note 12: Net Assets With Donor Restrictions**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions at December 31, 2020 are restricted for the following purposes or periods:

Subject to expenditure for specified purpose		
Building project	\$	129,539
Educational programs		670,744
		800,283
Subject to the passage of time		
which are unavailable for expenditure until due		9,314
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Purpose restriction		85,223
Time restriction		43,242
		128,465
Subject to endowment spending policy and appropriation for general use		
		187,384
	\$	1,125,446

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***Net Assets Released from Restrictions***

During 2020, 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:

Satisfaction of purpose restrictions	
Excel for Success	107,606
Morningside Pre-K	15,772
Kindergarten Readiness	169,680
EEAP	302,216
Property acquisitions	<u>1,232,617</u>
	1,827,891
Restricted purpose spending-rate distributions and appropriations for general use from endowment	<u>28,688</u>
	<u><u>\$ 1,919,315</u></u>

**Note 13: Endowment**

The Foundation’s endowment consists of two funds 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

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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, 2020, was:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 4,501,379	\$ -	\$ 4,501,379
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	187,384	187,384
Purpose restricted for future periods	-	85,223	85,223
Accumulated investment gains	-	43,242	43,242
	<u>\$ 4,501,379</u>	<u>\$ 315,849</u>	<u>\$ 4,817,228</u>
Total endowment funds	<u>\$ 4,501,379</u>	<u>\$ 315,849</u>	<u>\$ 4,817,228</u>

Change in endowment net assets for the year ended December 31, 2020, were:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 4,315,405	\$ 324,190	\$ 4,639,595
Investment return, net	884,697	15,227	899,924
Contributions	-	5,120	5,120
Mineral income	51,849	-	51,849
Appropriation of endowment assets for expenditures	(709,708)	(12,758)	(722,466)
Other expenses	(40,864)	(15,930)	(56,794)
	<u>\$ 4,501,379</u>	<u>\$ 315,849</u>	<u>\$ 4,817,228</u>
Endowment net assets, end of year	<u>\$ 4,501,379</u>	<u>\$ 315,849</u>	<u>\$ 4,817,228</u>

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***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.

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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, 2020.

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**Note 14: 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, 2020, comprise the following:

Total financial assets	
Cash	\$ 31,806
Accounts receivable	96,722
Contributions receivable	378,304
Grants receivable	17,204
Assets restricted for investment in property and equipment	129,539
Investments	5,425,555
Investments restricted for endowment	<u>315,849</u>
Total financial assets at year end	6,394,979
Donor imposed restrictions	
Assets restricted for investment in property and equipment	(129,539)
Contributions receivable expected in more than one year	(40,000)
Endowments	<u>(315,849)</u>
Net financial assets after donor imposed restrictions	<u>5,909,591</u>
Internal designations	
Board designated funds	(400,000)
Quasi-endowments	<u>(4,232,895)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,276,696</u></u>

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, 2020, restricted contributions of \$670,744 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.

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The board-designated endowment of \$4,501,379 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, 2020, the level of liquidity and reserves was managed within the policy requirements.

**Note 15: 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, 2020, investments, all of which are classified as Level 1, consist of the following:



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	<u>Fair Value</u>	<u>Cost</u>
Cash and cash equivalents	\$ 276,888	\$ 276,888
US fixed income	1,430,328	1,357,188
US large cap equity	3,936,261	1,767,711
US small/mid cap equity	101,465	91,878
Non US Equity	<u>65,980</u>	<u>63,272</u>
	<u>\$ 5,810,922</u>	<u>\$ 3,556,937</u>

Following is a reconciliation of investments to the statement of financial position:

Investments	\$ 5,425,555
Investments restricted for endowment	315,849
Investments restricted for property and equipment	<u>69,518</u>
	<u>\$ 5,810,922</u>

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 statement 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.

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**Note 16: Significant Estimates and Concentrations**

***Contributions***

Approximately 32% of contributions were received from two donors in 2020, which was restricted for programming.

***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 17: Curtailment of Operations**

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, during 2020, 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 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. While certain activities were partially reinstated in the fall of 2020, the duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

**Note 18: Employee Retention Credit**

On March 27, 2020, President Trump signed in to law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). One provision of this law is the employer payroll tax credit, which permits 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 with a maximum credit of \$5,000 per employee, if an employer meets certain qualifications. Management believes that the criteria has been met for 2020, and currently estimates the quarterly payroll tax credit to be approximately \$250,000 for 2020. This is reflected in government grants in the statement of activities.

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**Note 19: Subsequent Events**

Subsequent events have been evaluated through June 28, 2021, which is the date the financial statements were available to be issued.

***Paycheck Protection Program Loan***

The Council obtained a loan under the “second draw” Paycheck Protection Program from the 2021 Consolidated Appropriations Act on February 21, 2021, in the amount of \$728,136 pursuant to the Paycheck Protection Program. The Council anticipates using all of the proceeds to make eligible payments and, therefore, expects substantially all of the loan will be forgiven.

**Note 20: 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.

***Disclosures of Gifts In-Kind***

On September 17, 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, Topic 958: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The standard requires contributed nonfinancial assets to be presented on a separate line item in the statement of activities, segregated apart from contributions of cash and other financial assets. Additionally, disclosure requirements have been amended to require a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets, as well as specific disclosure requirements for each category recognized. The amendments in this Update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted.