Camp Fire First Texas and Affiliate

Independent Auditor's Report and
Consolidated Financial Statements

December 31, 2021

Camp Fire First Texas and Affiliate

December 31, 2021

Contents

FORV/S

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Camp Fire First Texas and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Camp Fire First Texas and Affiliate as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Camp Fire First Texas and Affiliate, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Camp Fire First Texas and Affiliate's ability to continue as a going concern within one year after the date that these consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with

GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Camp Fire First Texas and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Camp Fire First Texas and Affiliate's ability to continue as a going concern for a reasonable period of time.

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

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.

FORVIS, LLP

Fort Worth, Texas
October 31, 2022

Camp Fire First Texas and Affiliate

Consolidated Statement of Financial Position

December 31, 2021

	Camp Fire First Texas	El Tesoro Foundation	Eliminations	Total
Assets				
Cash	$ 841,348	$ 49,248	$ -	$ 890,596
Accounts receivable	111,926	-	-	111,926
Contributions receivable	117,521	-	-	117,521
Grants receivable	63,531	-	-	63,531
Accounts receivable - affiliate	864,101	-	(864,101)	-
Inventories	11,989	-	-	11,989
Prepaid expenses	63,764	-	-	63,764
Assets restricted for investment in property and equipment	129,785	-	-	129,785
Investments	635,266	6,064,775	-	6,700,041
Property and equipment, net	563,634	9,896,706	-	10,460,340
Investments restricted for endowment	-	281,058	-	281,058
Total assets	$ 3,402,865	$ 16,291,787	$ (864,101)	$ 18,830,551
Liabilities				
Line-of-credit (revolving)	$ 344,667	$ -	$ -	$ 344,667
Paycheck Protection Program loan	728,136	-	-	728,136
Accounts payable	397,699	-	-	397,699
Accounts payable - affiliate	-	864,101	(864,101)	-
Accrued expenses	108,478	-	-	108,478
Deferred revenue and refundable deposits	59,584	-	-	59,584
Total liabilities	1,638,564	864,101	(864,101)	1,638,564
Net Assets				
Without donor restrictions				
Undesignated	368,779	9,896,704	-	10,265,483
Designated by the Board	350,000	5,249,924	-	5,599,924
With donor restrictions				
Perpetual in nature	-	187,384	-	187,384
Purpose restrictions	1,045,522	69,293	-	1,114,815
Time-restricted for future periods	-	24,381	-	24,381
Total net assets	1,764,301	15,427,686	-	17,191,987
Total liabilities and net assets	$ 3,402,865	$ 16,291,787	$ (864,101)	$ 18,830,551

Camp Fire First Texas and Affiliate

Consolidated Statement of Activities

Year Ended December 31, 2021

	Camp Fire First Texas			El Tesoro Foundation			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Consolidated Total
Revenues, Gains and Other Support							
Contributions	$ 686,949	$ 1,033,263	$ 1,720,212	$ -	$ -	$ -	$ 1,720,212
Governmental grants	977,783	-	977,783	-	-	-	977,783
Corporate contracts	217,894	-	217,894	-	-	-	217,894
United Way allocations	5,000	-	5,000	-	-	-	5,000
Program fees	1,633,434	-	1,633,434	-	-	-	1,633,434
McFadden Fund	196,872	-	196,872	-	-	-	196,872
An Artist's Christmas, net of costs of $162,137	211,218	-	211,218	-	-	-	211,218
Other special events, net of costs of $33,135	93,535	-	93,535	-	-	-	93,535
Merchandise sales, net of costs of $2,525	5,551	-	5,551	-	-	-	5,551
Net realized and unrealized gains (losses)	(51)	-	(51)	892,612	(10,626)	881,986	881,935
Investment income, net of fees	8,999	-	8,999	65,524	4,882	70,406	79,405
Mineral income	-	-	-	113,231	-	113,231	113,231
Gain/(loss) on involuntary conversion	134,388	-	134,388	(19,853)	-	(19,853)	114,535
Other	86,842	-	86,842	1	-	1	86,843
Transfers	303,867	-	303,867	(274,820)	(29,047)	(303,867)	-
Net assets released from restrictions	797,338	(797,338)	-	-	-	-	-
Total revenues, gains and other support	5,359,619	235,925	5,595,544	776,695	(34,791)	741,904	6,337,448
Expenses and Losses							
Youth development	799,186	-	799,186	25,360	-	25,360	824,546
Outdoor connections	1,004,568	-	1,004,568	284,685	-	284,685	1,289,253
Professional growth	659,234	-	659,234	25,360	-	25,360	684,594
Total program services	2,462,988	-	2,462,988	335,405	-	335,405	2,798,393
Management and general	2,064,724	-	2,064,724	127,504	-	127,504	2,192,228
Fundraising	272,233	-	272,233	2,076	-	2,076	274,309
Total support services	2,336,957	-	2,336,957	129,580	-	129,580	2,466,537
Total expenses	4,799,945	-	4,799,945	464,985	-	464,985	5,264,930
Change in Net Assets	559,674	235,925	795,599	311,710	(34,791)	276,919	1,072,518
Net Assets, Beginning of Year	198,298	809,597	1,007,895	14,795,725	315,849	15,111,574	16,119,469
Transfer of property and equipment	(39,193)	-	(39,193)	39,193	-	39,193	-
Net Assets, End of Year	$ 718,779	$ 1,045,522	$ 1,764,301	$ 15,146,628	$ 281,058	$ 15,427,686	$ 17,191,987

Camp Fire First Texas and Affiliate

Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services				Support Services			
	Youth Development	Outdoor Connection	Professional Growth	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	$ 503,157	$ 390,000	$ 369,305	$ 1,262,462	$ 1,240,743	$ 222,978	$ 1,463,721	$ 2,726,183
Benefits	92,012	112,700	102,159	306,871	226,409	42,502	268,911	575,782
Contract labor	3,620	34,865	66,874	105,359	174,660	-	174,660	280,019
Supplies	89,827	149,950	19,728	259,505	17,275	1,054	18,329	277,834
Special events - rental and catering	-	-	-	-	-	195,415	195,415	195,415
Telephone	9,936	8,477	8,416	26,829	22,432	575	23,007	49,836
Postage	112	2,914	579	3,605	1,503	967	2,470	6,075
Occupancy	36,711	170,075	32,211	238,997	153,199	-	153,199	392,196
Depreciation	33,646	332,805	25,530	391,981	80,033	2,090	82,123	474,104
Outside printing	2,309	7,022	1,563	10,894	3,693	1,252	4,945	15,839
Transportation	24,700	11,992	131	36,823	627	30	657	37,480
Conferences & conventions	1,817	4,784	3,447	10,048	8,096	904	9,000	19,048
Subscriptions & references	3,821	8,233	2,669	14,723	11,860	1,002	12,862	27,585
Assistance	-	-	7,693	7,693	-	-	-	7,693
Membership dues	3,489	2,066	5,977	11,532	5,067	840	5,907	17,439
Awards to others	-	-	27,778	27,778	-	-	-	27,778
Equipment	1,340	21,586	3,633	26,559	69,681	-	69,681	96,240
Insurance	663	2,033	-	2,696	47,248	-	47,248	49,944
Miscellaneous	17,386	30,078	6,901	54,365	57,249	115	57,364	111,729
Charter fees	-	-	-	-	72,453	-	72,453	72,453
Total expenses	824,546	1,289,580	684,594	2,798,720	2,192,228	469,724	2,661,952	5,460,672
Less expenses deducted directly from revenues on the statement of activities								-
Cost of merchandise	-	(327)	-	(327)	-	-	-	(327)
Direct costs of special events	-	-	-	-	-	(195,415)	(195,415)	(195,415)
Total expenses included in the expense section on the statement of activities	$ 824,546	$ 1,289,253	$ 684,594	$ 2,798,393	$ 2,192,228	$ 274,309	$ 2,466,537	$ 5,264,930

Camp Fire First Texas and Affiliate
Consolidated Statement of Cash Flows
Year Ended December 31, 2021

	Camp Fire First Texas	El Tesoro Foundation	Combined Total
Operating Activities			
Change in net assets	$ 795,599	$ 276,919	$ 1,072,518
Items not requiring (providing) cash			
Depreciation	57,122	416,982	474,104
Net realized and unrealized (gains)/losses	51	(881,986)	(881,935)
(Gain)/loss on involuntary conversion	(134,388)	19,853	(114,535)
Contributions restricted for property and equipment	(284,887)	-	(284,887)
Annuity expense	-	15,930	15,930
Changes in			
Accounts receivable	(18,774)	3,569	(15,205)
Contributions receivable	260,783	-	260,783
Grants receivable	(46,327)	-	(46,327)
Due to/from affiliate	60,762	(60,762)	-
Inventories	12,728	-	12,728
Prepaid expenses	(19,885)	-	(19,885)
Accounts payable	202,678	-	202,678
Accrued expenses	50,047	-	50,047
Deferred revenue and refundable deposits	(24,203)	-	(24,203)
Net cash provided by (used in) operating activities	911,306	(209,495)	701,811
Investing Activities			
Purchase of property and equipment	(251,496)	-	(251,496)
Insurance proceeds	134,388	-	134,388
Proceeds from disposition of investments	311,562	1,320,554	1,632,116
Purchases of investments	(955,585)	(1,064,558)	(2,020,143)
Net cash provided by (used in) investing activities	(761,131)	255,996	(505,135)
Financing Activities			
Principal payments on line of credit	(365,000)	-	(365,000)
Borrowings from PPP loan	728,136		728,136
Proceeds from contributions restricted for property and equipment	314,908	-	314,908
Payments on annuity	-	(15,930)	(15,930)
Net cash provided by (used in) financing activities	678,044	(15,930)	662,114
Increase in Cash	$ 828,219	$ 30,571	$ 858,790
Cash, Beginning of Year	13,129	18,677	31,806
Cash, End of Year	$ 841,348	$ 49,248	$ 890,596
Supplemental Cash Flows Information			
Interest paid	$ 7,130	$ -	$ 7,130
Non-cash financing and investing activities			
Transfer of property and equipment	$ (39,193)	$ 39,193	$ -

Camp Fire First Texas and Affiliate
Notes to Consolidated Financial Statements
December 31, 2021

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, 2021, cash equivalents consisted primarily of money market accounts.

At December 31, 2021, the Council's cash accounts exceeded federally insured limits by approximately $407,000.

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 consolidated 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

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, 2021.

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

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 consolidated 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 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 consolidated statement of activities. The consolidated 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.

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 consolidated financial statements of the Council are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2021, have been recorded as receivables. Following are the grant commitments that extend beyond December 31, 2021:

Grant	Term	Grant Amount	Earned Through 2021	Funding Available
CYD	9/1/21 - 8/31/22	$ 49,012	$ 19,865	$ 29,147
CDBG	10/1/21 - 9/30/22	50,000	18,057	31,943
FWISD DHE	9/1/21 - 8/31/22	39,507	10,854	28,653
FWISD Sam Rosen	9/1/21 - 8/31/22	39,507	10,027	29,480
TX Work Force Commission	9/1/21 - 8/31/22	29,971	8,174	21,797
TX Work Force Commission Apprenticeship	4/1/21 - 9/30/22	78,946	61,383	17,563
Cares (Through City of Fort Worth)	1/1/21 - 6/30/22	120,000	40,120	79,880
Texas Parks & Wildlife	4/6/20 - 4/6/22	49,773	10,115	39,658
		$ 456,716	$ 178,595	$ 278,121

Note 3: Contributions Receivable

At December 31, 2021, the Council has contributions receivable of $117,521, 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, 2021.

Contributions receivable consist of the following at December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	$ 60,386	$ 27,135	$ 87,521
Due in one to five years	-	30,000	30,000
	$ 60,386	$ 57,135	$ 117,521

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, 2021:

Based upon collection history and review of individual pledges, management does not consider an allowance necessary at December 31, 2021. The pledges are expected to be collected within the next year.

Pledges receivable	$ 30,000
Investments	99,785
	$ 129,785

Note 5: Property and Equipment

Property and equipment at December 31, 2021, consist of:

	Council	Foundation
Land	$ -	$ 1,691,763
Buildings	101,704	15,304,587
Machinery and equipment	1,184,257	-
Furniture and fixtures	437,284	-
Motor vehicles	159,055	-
	1,882,300	16,996,350
Less accumulated depreciation	(1,318,666)	(7,099,644)
	$ 563,634	$ 9,896,706

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% (1.8% at December 31, 2021) or Secured Overnight Financing Rate (SOFR) plus 1.6% (1.65% at December 31, 2021). The line of credit is secured by the investments of the Foundation. The line has an outstanding balance of $344,667 at December 31, 2021.

Camp Fire First Texas and Affiliate
Notes to Consolidated Financial Statements
December 31, 2021

Note 7: Paycheck Protection Program

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 and has elected to account for the funding as a loan in accordance with ASC Topic 470, Debt. Interest is accrued in accordance with loan agreement. As such, this debt is reflected on the accompanying consolidated statement of financial position.

Any forgiveness of loan is recognized as a gain in the consolidated financial statements in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration (SBA), or lender; as a result of such audit, adjustments could be required to any gain recognized. Subsequent to year-end, the loan was forgiven in full.

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 $15,930 were made during 202, and are reflected in the statement of activities.. There was no estimated remaining liability at December 31, 2021.

Note 9: Related Party Transactions

During 2021, the Council received approximately $144,000 in contributions from various members of the Board of Directors.

Note 10: 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 $99,707 in 2021.

Note 11: 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:

Accounts receivable, beginning of year	$	96,722
Accounts receivable, end of year	$	111,926
Deferred revenue and refundable deposits, beginning of	$	83,787
Deferred revenue and refundable deposits, end of year	$	59,584

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, 2021.

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, 2021 are as follows:

Retreats and rentals	$ 113,388
Outdoor education	51,162
Resident camp	613,708
After school and summer program	809,933
Early education training	263,137
	$ 1,851,328

Reconciliation to the Consolidated Statement of Activities

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

Program Fees	$ 1,633,434
Corporate Contracts	217,894
	$ 1,851,328

Note 12: 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, 2021, $150,000 had been paid to the Council. The remaining $350,000 is reflected as designated net assets of the Council, and is included in Accounts Receivable/Payable – Affiliate in the Statement of Financial Position. See *Note 14* for the designated net assets of the Foundation.

Note 13: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2021 are restricted for the following purposes or periods:

Subject to expenditure for specified purpose	
Building project	$ 129,785
Educational programs	915,737
	1,045,522
Subject to the passage of time which are unavailable for expenditure until due	-
Endowments	
Subject to appropriation and expenditure when a specified event occurs	
Restricted by donors for	
Purpose restriction	69,293
Time restriction	24,381
	93,674
Subject to endowment spending policy and appropriation for general use	187,384
	$ 1,326,580

Net Assets Released from Restrictions

During 2021, 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:

Council		
Expiration of time restrictions	$	9,335
Satisfaction of purpose restrictions		
School Readiness		350,522
EEAP		264,097
Diamond Hill		15,000
De la Vida		14,752
Teens in Action		2,500
Aledo Summer		7,500
Westcliff Summer		4,114
Property acquisitions		129,518
Total Council		797,338
Foundation		
Restricted purpose spending-rate distributions and appropriations for general use from endowment		29,047
Total releases	$	826,385

Note 14: 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 Expected total return from investment income and appreciation or depreciation of investments
5. Other resources of the Foundation
6. Investment policies of the Foundation

The composition of net assets by type of endowment fund at December 31, 2021, was:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 5,249,924	$ -	$ 5,249,924
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	-	69,293	69,293
Accumulated investment gains	-	24,381	24,381
Total endowment funds	$ 5,249,924	$ 281,058	$ 5,530,982

Change in endowment net assets for the year ended December 31, 2021, were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,501,379	$ 315,849	$ 4,817,228
Investment return, net	958,137	(5,744)	952,393
Contributions	-	-	-
Mineral income	113,231	-	113,231
Appropriation of endowment assets for expenditures	(290,750)	(13,117)	(303,867)
Other expenses	(32,073)	(15,930)	(48,003)
Endowment net assets, end of year	$ 5,249,924	$ 281,058	$ 5,530,982

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, 2021.

Note 15: 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, 2021, comprise the following:

Total financial assets	
Cash	$ 890,596
Accounts receivable	111,926
Contributions receivable	117,521
Grants receivable	63,531
Assets restricted for investment in property and equipment	129,785
Investments	6,700,041
Investments restricted for endowment	281,058
Total financial assets at year end	8,294,458
Donor imposed restrictions	
Restricted for programs not expected to be used within one year	(26,166)
Assets restricted for investment in property and equipment	(129,785)
Contributions receivable expected in more than one year	(30,000)
Endowments	(281,058)
Net financial assets after donor imposed restrictions	7,827,449
Internal designations	
Board designated funds	(350,000)
Board designated endowment	(4,962,126)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,515,323

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, 2021, restricted contributions of $889,571 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 $4,962,126, which does not include $287,798 to be distributed in 2022, is subject to an annual spending rate as described in *Note 14*. 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 6* 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, 2021, the level of liquidity and reserves was managed within the policy requirements.

Note 16: 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 consolidated statements of financial position measured at fair value on a recurring basis. At December 31, 2021, investments, all of which are classified as Level 1, consist of the following:

	Fair Value	Cost
Cash and cash equivalents	$ 242,368	$ 440,855
US fixed income	2,354,674	2,323,848
US large cap equity	4,263,126	1,937,475
US small/mid cap equity	116,172	107,642
Non US Equity	104,544	79,002
	$ 7,080,884	$ 4,888,822

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

Investments	$ 6,700,041
Investments restricted for endowment	281,058
Investments restricted for property and equipment	99,785
	$ 7,080,884

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 consolidated 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.

Note 17: Significant Estimates and Concentrations

Contributions

Approximately 45% of contributions were received from three donors in 2021, 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 consolidated statement of financial position.

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 Employee Retention Credit, which permits a payroll tax credit each calendar quarter. During 2021, if an employer meets certain qualifications, they are able to take a credit equal to 70 percent of qualified wages limited to $10,000 per quarter per employee with a maximum credit of $7,000 per employee. Management believes that the criteria has been met for two quarters of 2021, and currently estimates the quarterly payroll tax credit to be approximately $724,212 for 2021. This is reflected in government grants in the consolidated statement of activities.

Note 19: Subsequent Events

Subsequent events have been evaluated through October 31, 2022, which is the date the financial statements were available to be issued.

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.

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.