Camp Fire First Texas and Affiliate

Consolidated Financial Statements
December 31, 2022

SFC
Certified Public Accountants

Camp Fire First Texas and Affiliate
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Independent Auditors' Report

To the Boards of Directors of
Camp Fire First Texas and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of Camp Fire First Texas and Affiliate (nonprofit organizations), which comprise the consolidated statement of financial position as of December 31, 2022, 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 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, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 Auditors' 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, Camp Fire First Texas and Affiliate changed its method of accounting for its leases effective January 1, 2022 as required by the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases*. Our opinion is not modified with respect to that matter.

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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 GAAP, and for 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.

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 the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
October 16, 2023

Camp Fire First Texas and Affiliate
Consolidated Statement of Financial Position
December 31, 2022

	Camp Fire First Texas	El Tesoro Foundation	Eliminations	Consolidated Total
Assets				
Current assets:				
Cash and cash equivalents	$ 1,228,141	$ 528,294	$ -	$ 1,756,435
Accounts receivable	50,236	-	-	50,236
Contributions receivable	73,771	-	-	73,771
Grants receivable	128,910	-	-	128,910
Investments	738,464	4,916,670	-	5,655,134
Due from affiliate	1,139,979	-	(1,139,979)	-
Inventories	17,853	-	-	17,853
Prepaid expenses	70,220	-	-	70,220
Total current assets	3,447,574	5,444,964	(1,139,979)	7,752,559
Contributions receivable, long-term	30,000	-	-	30,000
Assets restricted for investment in property and equipment:				
Contributions receivable	65,000	-	-	65,000
Cash	10,000	-	-	10,000
Investments restricted for endowment	-	231,823	-	231,823
Property and equipment, net	712,271	9,483,882	-	10,196,153
Right-of-use asset - operating lease, net	60,547	-	-	60,547
Total assets	$ 4,325,392	$15,160,669	$ (1,139,979)	$18,346,082
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	$ 387,467	$ -	$ -	$ 387,467
Accrued expenses	156,643	-	-	156,643
Due to affiliate	-	1,139,979	(1,139,979)	-
Deferred revenue and refundable deposits	128,709	-	-	128,709
Refundable advances	373,652	-	-	373,652
Line of credit	344,667	-	-	344,667
Right-of-use liability - operating lease, current	16,661	-	-	16,661
Total current liabilities	1,407,799	1,139,979	(1,139,979)	1,407,799
Right-of-use liability - operating lease, non-current	43,886	-	-	43,886
Total liabilities	1,451,685	1,139,979	(1,139,979)	1,451,685
Net assets without donor restrictions	2,211,835	13,788,867	-	16,000,702
Net assets with donor restrictions	661,872	231,823	-	893,695
Total net assets	2,873,707	14,020,690	-	16,894,397
Total liabilities and net assets	$ 4,325,392	$15,160,669	$ (1,139,979)	$18,346,082

See notes to consolidated financial statements.

Camp Fire First Texas and Affiliate
Consolidated Statement of Activities
Year Ended December 31, 2022

	Camp Fire First Texas			EL Tesoro Foundation			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Consolidated Total
Revenue and support:							
Contributions	$ 1,035,717	$ 661,871	$ 1,697,588	$ -	$ -	$ -	$ 1,697,588
Government grants	1,634,341	-	1,634,341	-	-	-	1,634,341
Corporate contracts	312,160	-	312,160	-	-	-	312,160
Program fees	2,021,252	-	2,021,252	-	-	-	2,021,252
Rental income	82,762	-	82,762	-	-	-	82,762
Special events, net of direct costs of $177,491	345,576	-	345,576	-	-	-	345,576
Investment income, net	9,527	-	9,527	(820,107)	(20,905)	(841,012)	(831,485)
Mineral income	-	-	-	178,160	-	178,160	178,160
Other	120,231	-	120,231	-	-	-	120,231
Net assets released from restrictions	1,045,521	(1,045,521)	-	-	-	-	-
Total revenue and support	6,607,087	(383,650)	6,223,437	(641,947)	(20,905)	(662,852)	5,560,585
Operating expenses:							
Program services:							
Youth development	1,540,305	-	1,540,305	16,337	-	16,337	1,556,642
Outdoor connections	1,470,272	-	1,470,272	293,436	-	293,436	1,763,708
Professional growth	1,201,740	-	1,201,740	37,701	-	37,701	1,239,441
Total program services	4,212,317	-	4,212,317	347,474	-	347,474	4,559,791
Supporting services:							
Management and general	1,615,397	-	1,615,397	126,278	-	126,278	1,741,675
Fundraising	329,890	-	329,890	2,513	-	2,513	332,403
Total operating expenses	6,157,604	-	6,157,604	476,265	-	476,265	6,633,869
Excess (deficit) of revenue and support over operating expenses	449,483	(383,650)	65,833	(1,118,212)	(20,905)	(1,139,117)	(1,073,284)
Non-operating activity:							
Intercompany transfers	267,879	-	267,879	(239,549)	(28,330)	(267,879)	-
Gain on involuntary conversion	47,558	-	47,558	-	-	-	47,558
Gain on forgiveness of PPP loan	728,136	-	728,136	-	-	-	728,136
Total non-operating gains	1,043,573	-	1,043,573	(239,549)	(28,330)	(267,879)	775,694
Change in net assets	1,493,056	(383,650)	1,109,406	(1,357,761)	(49,235)	(1,406,996)	(297,590)
Net assets at beginning of year	718,779	1,045,522	1,764,301	15,146,628	281,058	15,427,686	17,191,987
Net assets at end of year	$ 2,211,835	$ 661,872	$ 2,873,707	$ 13,788,867	$ 231,823	$ 14,020,690	$ 16,894,397

See notes to consolidated financial statements.

Camp Fire First Texas and Affiliate
Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Programs				Support Services			
	Youth Development	Outdoor Connections	Professional Growth	Total	Management & General	Fundraising	Total	Consolidated Total
Salaries	$ 1,046,210	$ 616,248	$ 691,386	$ 2,353,844	$ 858,073	$ 267,775	$ 1,125,848	$ 3,479,692
Employee benefits	141,029	129,534	150,732	421,295	122,687	47,298	169,985	591,280
Contract labor and professional fees	24,725	56,890	128,751	210,366	248,573	2,638	251,211	461,577
Supplies	95,959	214,753	22,409	333,121	18,748	923	19,671	352,792
Special events	-	-	-	-	-	177,491	177,491	177,491
Telephone	10,086	9,372	9,905	29,363	20,630	600	21,230	50,593
Postage	22	1,581	667	2,270	6,880	1,020	7,900	10,170
Occupancy	63,981	242,665	48,905	355,551	88,963	-	88,963	444,514
Depreciation	30,184	348,244	38,181	416,609	63,635	2,545	66,180	482,789
Outside printing	3,324	14,399	4,077	21,800	5,583	2,052	7,635	29,435
Transportation	51,118	13,646	1,104	65,868	818	68	886	66,754
Conferences	5,463	11,107	10,275	26,845	7,207	2,498	9,705	36,550
Subscription and advertising	6,074	5,105	12,407	23,586	20,804	745	21,549	45,135
Assistance to individuals	-	-	5,117	5,117	-	-	-	5,117
Membership dues	3,665	5,383	12,578	21,626	15,536	705	16,241	37,867
Awards to others	-	1,191	55,867	57,058	-	-	-	57,058
Equipment	27,009	27,596	37,159	91,764	54,843	1,791	56,634	148,398
Insurance	1,329	26,555	-	27,884	80,078	-	80,078	107,962
Bank fees	21,724	22,959	2,164	46,847	19,686	-	19,686	66,533
Miscellaneous	17,924	11,480	3,253	32,657	30,017	-	30,017	62,674
Bad debt	6,816	5,000	4,504	16,320	5,590	1,745	7,335	23,655
Charter fees	-	-	-	-	73,324	-	73,324	73,324
Total expenses by function	1,556,642	1,763,708	1,239,441	4,559,791	1,741,675	509,894	2,251,569	6,811,360
Less expenses not included in operating expenses on the statement of activities								
Direct costs of special events	-	-	-	-	-	(177,491)	(177,491)	(177,491)
Total operating expenses included in the expense section on the statement of activities	$ 1,556,642	$ 1,763,708	$ 1,239,441	$ 4,559,791	$ 1,741,675	$ 332,403	$ 2,074,078	$ 6,633,869

See notes to consolidated financial statements.

Camp Fire First Texas and Affiliate
Consolidated Statement of Cash Flows
Year Ended December 31, 2022

	Camp Fire First Texas	El Tesoro Foundation	Consolidated Total
Cash flows from operating activities:			
Change in net assets	$ 1,109,406	$ (1,406,996)	$ (297,590)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Amortization of right-of-use asset	16,554	-	16,554
Depreciation	69,966	412,823	482,789
Realized and unrealized losses on investments	8,959	937,707	946,666
Gain on involuntary conversion	(47,558)	-	(47,558)
Gain on forgiveness of PPP loan	(728,136)	-	(728,136)
Contributions restricted for property and equipment	(112,140)	-	(112,140)
Annuity expense	-	15,930	15,930
Changes in assets and liabilities:			
Accounts receivable	61,690	-	61,690
Contributions receivable	13,750	-	13,750
Grants receivable	(65,379)	-	(65,379)
Due to/from affiliate	(275,878)	275,878	-
Inventories	(5,864)	-	(5,864)
Prepaid expenses	(6,456)	-	(6,456)
Accounts payable	(10,232)	-	(10,232)
Accrued expenses	48,165	-	48,165
Deferred revenue and refundable deposits	69,125	-	69,125
Refundable advances	373,652	-	373,652
Operating lease liability	(16,554)	-	(16,554)
Net cash provided by operating activities	503,070	235,342	738,412
Cash flows from investing activities:			
Purchases of property and equipment	(218,603)	-	(218,603)
Insurance proceeds	47,558	-	47,558
Proceeds from sales of investments	-	230,649	230,649
Purchases of investments	(12,372)	(213,383)	(225,755)
Net cash provided (used) by investing activities	(183,417)	17,266	(166,151)
Cash flows from financing activities:			
Collections of contributions restricted for property and equipment	77,140	-	77,140
Payment on annuity	-	(15,930)	(15,930)
Net cash provided (used) by financing activities	77,140	(15,930)	61,210
Net increase in cash and cash equivalents	396,793	236,678	633,471
Cash and cash equivalents at beginning of year	841,348	291,616	1,132,964
Cash and cash equivalents at end of year	$ 1,238,141	$ 528,294	$ 1,766,435
Reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statement of financial position to the conslidated statement of cash flows:			
Cash and cash equivalents	$ 1,228,141	$ 528,294	$ 1,756,435
Restricted cash	10,000	-	10,000
Cash and cash equivalents and restricted cash reported on the consolidated statement of cash flows	$ 1,238,141	$ 528,294	$ 1,766,435
Noncash investing and financing activities:			
Forgiveness of Paycheck Protection Program Loan	$ 728,136	$ -	$ 728,136
Gain on involuntary conversion	$ 47,558	$ -	$ 47,558
Supplemental cash flow information:			
Cash paid during the year for interest	$ 12,115	$ -	$ 12,115
Right-of-use asset obtained in exchange for operating lease liabilities	$ 77,101	$ -	$ 77,101

See notes to consolidated financial statements.

1. Organization

Camp Fire First Texas and Affiliate (collectively, the Organization) include the accounts of Camp Fire First Texas (Council) and El Tesoro Foundation (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.

2. Summary of Significant Accounting Policies

Consolidated Financial Statements

In accordance with the provisions of FASB ASC 958-810 *Not-for-Profit Entities/Consolidations*, the financial statements of the Organization have been consolidated and all inter-organization transactions and accounts have been eliminated.

Basis of Accounting

The Organization prepares the consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Consolidated Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

> *Net assets without donor restrictions* - Net assets not subject to donor or grantor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor or grantor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board approved spending policy.

Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets without donor restrictions. Contributions with donor restrictions for the purchase or construction of property expire when the assets are placed in service.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash, contributions receivable, accounts receivable, grants receivable and investments. Cash is placed with high credit quality financial institutions to minimize risk. Contributions receivable are unsecured and are due from various donors. Accounts receivable are unsecured and are due from various customers. Grants receivable are unsecured and are due from various government agencies. The Organization continually evaluates the collectability of contributions receivable, accounts receivable, and grants receivable and maintains allowances for potential losses, if considered necessary. Marketable securities are subject to various risks, such as interest rate, credit and overall market volatility risks.

The Organization maintains cash balances at various financial institutions located in Texas. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2022, the Organization’s uninsured balances totaled $815,571.

At December 31, 2022, 93% of total contributions receivable were due from five donors.

At December 31, 2022, 96% of total accounts receivable were due from five customers.

At December 31, 2022, 95% of total grants receivable were due from three grantors.

For the year ended December 31, 2022, 34% of total contribution revenue was received from three donors.

Cash and 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, 2022, cash equivalents consisted primarily of money market accounts.

Investments

The Organization's investments in marketable securities consist of fixed income and equity mutual funds that are stated at fair value in the consolidated statement of financial position. Interest, dividends and realized and unrealized gains and losses are reported in the consolidated statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Receivables

Accounts receivable, contributions receivable and grants receivable are stated at the amount of consideration from customers, donors and grantors, of which the Organization has an unconditional right to receive. No allowance for doubtful accounts is considered necessary.

Inventory

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

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, fair market value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of $2,500; the fair value of donated property and equipment is similarly capitalized. Depreciation is calculated using the straight-line method based upon the estimated useful lives of 20 to 40 years for buildings and improvements and 5 to 10 years for vehicles, furniture and equipment.

Impairment of Long-Lived Assets

Management of the Organization periodically reviews the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based on the estimated future cash inflows attributable to the asset less estimated future cash outflows. No such loss was recognized during the year ended December 31, 2022.

Deferred Revenue

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

Revenue Recognition

The Organization recognizes contributions when cash, securities, other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give that is, those with a measurable performance or other barrier and a right to return are not recognized until the conditions on which they depend have been met. At December 31, 2022, the Organization had received $2,000 for a conditional contribution for which the condition had not been met. The amount is shown as a refundable advance on the statement of financial position.

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At December 31, 2022, the Organization received advance payments on cost-reimbursable grants totaling $371,652. At December 31, 2022, awarded but unspent grant amounts totaled $2,726,068.

Donated materials and services are reflected as contributions of nonfinancial assets at their estimated fair values at date of receipt. The Organization recognizes contributions of nonfinancial assets for certain services received at the fair value of those services, provided those services create or enhance nonfinancial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

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

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

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

Federal Income Taxes

The Council and the Foundation are recognized by the Internal Revenue Service as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and are not private foundations as defined in the IRC. Income generated from activities unrelated to the Council and the Foundation's exempt purposes is subject to tax under IRC Section 511. Neither the Council or Foundation had a material unrelated business income tax liability as of December 31, 2022. Therefore, no tax provision or liability has been reported in the accompanying consolidated financial statements. The Council and the Foundation had no significant uncertain tax positions for the year ended December 31, 2022.

Allocation of Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on a pro rata time basis. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Accordingly, certain costs have been allocated amount the programs and supporting services benefitted.

Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Accounting Pronouncements Adopted

The Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). The guidance in the ASU supersedes the current leasing guidance. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. The ASU also required expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases. The Organization recorded the impact of adoption as of January 1, 2022, using the modified retrospective method resulting in the recording of a right-of-use asset and right-of-use liability totaling $77,101. No changes were required to net assets as of January 1, 2022.

3. Contributions Receivable

Contributions receivable consists of the following at December 31, 2022:

Due within one year	$ 73,771
Due in one to five years	95,000
	$ 168,771

Reconciliation to the statement of financial position:

Contributions receivable, current	$ 73,771
Contributions receivable, long-term	30,000
Contributions receivable, restricted for investment in property and equipment	65,000
	$ 168,771

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, 2022:

Contributions receivable	$ 65,000
Cash	10,000
	$ 75,000

5. Property and Equipment

Property and equipment consist of the following at December 31, 2022:

	Council	Foundation
Building and improvements	$ 296,698	$ 15,304,587
Land	-	1,691,763
Furniture and fixtures	437,284	-
Equipment	1,152,818	-
Vehicles	158,704	-
Construction in Progress	96,326	-
	2,045,504	16,996,350
Less accumulated depreciation	(1,333,233)	(7,512,468)
Property and equipment, net	$ 712,271	$ 9,483,882

Depreciation expense for the year ended December 31, 2022 totaled $482,789.

6. Fair Value Measurements

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

Level 1 Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;

Level 3 Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year end. The NAV is a quoted price in an active market.

The methods described above may produce fair value estimates that may not be indicative of net realized value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following schedule sets forth by level within the fair value hierarchy, the Organization's financial instruments at estimated fair value as of December 31, 2022:

Financial instruments	Level 1	Total
Mutual funds:		
Fixed income	$ 2,266,947	$ 2,266,947
Equity	3,620,010	3,620,010
Total investments	$ 5,886,957	$ 5,886,957

Approximately 32% of the investment portfolio as of December 31, 2022, is concentrated in the following investments:

LKCM Fixed Income Fund	$ 1,237,344
JP Morgan Strategic Income Opportunities Fund	738,464
	$ 1,975,808

Net investment loss consists of the following for the year ended December 31, 2022:

Interest and dividend income	$ 115,181
Realized gains	48,664
Unrealized losses	(995,330)
	$ (831,485)

7. Line of Credit

The Organization had a $2,000,000 revolving line of credit with a financial institution, which expired on March 31, 2023. The line bore interest at a rate equal to the Secured Overnight Financing Rate (SOFR) plus 3% (6.96% at December 31, 2022). The line of credit was secured by the investments of the Foundation. The line had an outstanding balance of $344,667 at December 31, 2022. The line was paid off at maturity in March 2023 and was not renewed.

8. Paycheck Protection Program Loan

On February 21, 2021, the Organization entered into an second unsecured loan (PPP2 Loan) in the aggregate amount of $728,136 with a bank pursuant to the Paycheck Protection Program, which is sponsored by the Small Business Administration, and is part of the Coronavirus Aid, Relief and Economic Security Act, as amended by the Paycheck Protection Program Flexibility Act of 2020. On February 2, 2022, the Council received forgiveness of the entire amount of the PPP2 Loan. The Council has recorded the full amount of the PPP2 Loan as gain on forgiveness of debt in the accompanying consolidated statement of activities for the year ended December 31, 2022.

9. 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 2022 and are reflected in the consolidated statement of activities. There was no estimated remaining liability at December 31, 2022.

10. Leases

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office equipment. The Organization has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the consolidated statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses the risk-free rate based on the information available at the commencement date to determine the present value of lease payments. Risk-free rates used to determine the present value of lease payments were derived by reference to the interest paid on short-term government debt.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Organization has elected not to record leases with an initial term of 12 months or less on the consolidated statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

In April 2021, the Organization entered into an operating lease agreement to lease its office equipment. The lease contains renewal options and requires the Organization to pay all executory costs (maintenance and insurance). Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

Future minimum lease payments and reconciliation to the consolidated statement of financial position at December 31, 2022 are as follows for the years ending December 31:

2023	$ 17,280
2024	17,280
2025	17,280
2026	9,988
Total future undiscounted lease payments	61,828
Less present value discount	(1,281)
Operating lease liability	$ 60,547

The following lease cost and required information for the year ended December 31, 2022:

Total operating lease cost	$	17,372
Other information:		
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating leases	$	16,554
Right-of-use asset obtained in exchange for new operating lease liability	$	77,101
Weighted-average remaining lease term:		
Operating lease		3.56 years
Weighted-average discount rate:		
Operating lease		1.20%

11. Defined Contribution Plan

The Organization has established for its employees a defined benefit contribution plan (Plan) which covers substantially all permanent employees after they have met certain eligibility requirements. Contributions to the Plan by the Council are based on 3% of qualified employee compensation plus a matching contribution up to 4% of qualified employee compensation and approved the board of directors. Contributions to the Plan totaled $73,630 for the year ended December 31, 2022.

12. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2022:

Building project	$	75,000
Educational programs		586,872
Accumulated earnings on endowment		44,439
Restricted in perpetuity		187,384
	$	893,695

13. Net Assets Designated by the Board

During 2015, the Foundation made a pledge of $500,000 to the Council for improvements at Camp El Tesoro. In 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 due to/from affiliate in the consolidated statement of financial position. The Foundation's board has designated an endowment as detailed in Note 16.

14. Revenue from Contracts with Customers

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	$	111,926
Accounts receivable, end of year	$	50,236
Deferred revenue and refundable deposits, beginning of year	$	59,584
Deferred revenue and refundable deposits, end of year	$	128,709

Disaggregation of Revenue

The composition of program fees, corporate contracts and rental income based on types of services and method of reimbursement for the year ended December 31, 2022 is as follows:

Retreats and rentals	$	166,923
Outdoor education		174,797
Resident and day camp		676,261
Afterschool and summer program		1,045,753
Early education program		269,679
Room rental		82,762
	$	2,416,175

Reconciliation to the Consolidated Statement of Activities

Program fees	$	2,021,252
Corporate contracts		312,160
Rental income		82,762
	$	2,416,174

15. Related Party Transactions

The Organization received contributions of approximately $53,000 during the year ended December 31, 2022 from the members of the board of directors.

16. 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 board. As required by GAAP, net assets associated with endowments funds, including board-designated endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's board is subject to Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA), 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 TUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from investment income and appreciation or depreciation of investments
- Other resources of the Foundation
- Investment policies of the Foundation

The composition of net assets by type of endowment fund at December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 4,304,986	$ -	$ 4,304,986
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	-	53,363	53,363
Accumulated investment losses	-	(8,924)	(8,924)
Total endowment funds	$ 4,304,986	$ 231,823	$ 4,536,809

Changes in endowment net assets for the year ended December 31, 2022 were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 5,249,924	$ 281,058	$ 5,530,982
Investment loss, net	(820,105)	(20,905)	(841,010)
Mineral income	178,160	-	178,160
Appropriation of endowment assets for expenditures	(255,479)	(12,400)	(267,879)
Other expenses	(47,514)	(15,930)	(63,444)
Endowment net assets, end of year	$ 4,304,986	$ 231,823	$ 4,536,809

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for the Council. The board recognizes that this objective can be met overtime if the purchasing power of the portfolio is increased on a inflation-adjusted basis. The total real rate of return goal of the portfolio is a premium of 3% over the rate of inflation as measured by the Consumer Price Index over a five-year time period. It is also expected that the portfolio's return will compare favorably with the portfolio benchmark over a full market cycle.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are archived through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation has the following guidelines with respect to the proportions of equities and fixed income securities held in the portfolio:

- The maximum for equity exposure is 75% of the portfolio at market value. The minimum equity exposure will be 50% at market value.

- The goal for fixed income exposure (bonds and/or other interest vehicles with maturities of one year or longer) is 20% of the portfolio at market value. The total invested in bonds may exceed this percentage based on the investment manager's outlook.

- The cash goal is 5% of the portfolio at market value

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

Other than the annual distribution and mineral income distribution as noted below, distribution 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) 80% of the entire board of the Council authorize the Council to make a written request for the direction of Foundation assets; and (c) the board of directors of the Foundation approves 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 value not in excess of 5% of the three 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 year rolling average, the operating budget of the Council will be cushioned from the impacts of sharp changes in the 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 rate of return on the assets, including current yield and appreciation, will be equal to or greater than 5%.

The Foundation retains 30% of any bonus and production income from mineral interest and makes available to the Council the remaining 70% upon request of the Council board of directors and approval by the Foundation board of directors. 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 instruction at the time of the donor's gift to the Foundation. In an absence of such instruction, earnings from permanently restricted assets shall be distributed annually to the Council as part of the total annual distribution described above.

Underwater Endowments

On occasion, 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, 2022.

17. Liquidity and Availability of Resources

The following is a schedule of the Organization's financial assets available to meet cash needs for general expenditures within one year at December 31:

Cash and cash equivalents	$ 1,756,435
Accounts receivable	50,236
Contributions receivable	73,771
Grants receivable	128,910
Investments	5,655,134
Total financial assets	7,664,486
Less amounts not available for general expenditures within one year:	
Donor restricted for educational programs	(586,872)
Board designated funds (see Note 13)	(350,000)
Board designated endowment	(4,006,165)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,721,449

The Organization 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 within one year.

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board of directors 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 $4,006,165, which does not include $298,821 to be distributed in 2023, is subject to an annual spending rate as described in Note 16. 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 of director's annual budget approval and appropriation), these amounts could be made available if necessary.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stabilities, 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, 2022, the level of liquidity and reserves was managed within the policy requirements.

18. Subsequent Events

The Organization evaluated subsequent events through October 16, 2023, the date the consolidated financial statements were available to be issued and concluded that no additional disclosures are required.