

**CAMP FIRE WEST TEXAS**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**DECEMBER 31, 2020 AND 2019**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Camp Fire West Texas

**Report on the Financial Statements**

We have audited the accompanying statement of financial position of Camp Fire West Texas (the Organization), as of December 31, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2019 financial statements and our report dated February 22, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all materials respects, with the audited financial statements from which it has been derived.

**Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization, as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Comparative Financial Information**

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.



Odessa, Texas  
March 24, 2021



**CAMP FIRE WEST TEXAS  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

**ASSETS**

CURRENT ASSETS:	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 351,402	\$ 584,199
United Way Allocation for future periods	<u>7,500</u>	<u>10,000</u>
<b>TOTAL CURRENT ASSETS</b>	358,902	594,199
Permian Basin Area Foundation	69,893	64,232
<b>PROPERTY AND EQUIPMENT</b>		
Vans	151,755	151,755
Furniture and Fixtures	<u>1,046</u>	<u>1,046</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	152,801	152,801
Less Accumulated Depreciation	<u>(152,801)</u>	<u>(152,801)</u>
<b>NET PROPERTY AND EQUIPMENT</b>	-	-
<b>TOTAL ASSETS</b>	<u>\$ 428,795</u>	<u>\$ 658,431</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ -	\$ 6,124
Accrued Expenses	<u>7,149</u>	<u>820</u>
<b>TOTAL CURRENT LIABILITIES</b>	7,149	6,944
<b>NET ASSETS</b>		
Without Donor Restrictions		
Operating	351,753	587,255
Board Designated	<u>66,062</u>	<u>60,401</u>
	417,815	647,656
With Donor Restrictions	<u>3,831</u>	<u>3,831</u>
<b>TOTAL NET ASSETS</b>	<u>421,646</u>	<u>651,487</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 428,795</u>	<u>\$ 658,431</u>

The accompanying notes are an integral part of these financial statements.

**CAMP FIRE WEST TEXAS**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2020</u>	<u>2019</u>
<b>REVENUES &amp; SUPPORT</b>				
Program service fees	\$ 342,034	\$ -	\$ 342,034	\$ 569,719
United Way	14,998	-	14,998	20,001
Foundation and private grants	45,000	-	45,000	55,000
Contributions	4,441	-	4,441	7,473
Special Event, Net	7,643	-	7,643	33,376
Interest Income	4,084	-	4,084	6,905
Investment Income (loss)	5,661	-	5,661	12,069
Paycheck Protection Program Forgiveness	91,000	-	91,000	-
TOTAL REVENUES & SUPPORT	<u>514,861</u>	<u>-</u>	<u>514,861</u>	<u>704,543</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Expiration of time restrictions				
Satisfaction of purpose restrictions	-	-	-	-
TOTAL SUPPORT, REVENUES & RECLASSIFICATIONS	<u>514,861</u>	<u>-</u>	<u>514,861</u>	<u>704,543</u>
<b>EXPENSES</b>				
Program Services:				
Kids Care	521,789	-	521,789	530,811
Camp Fire Programs	173,929	-	173,929	178,682
TOTAL PROGRAM SERVICES	695,718	-	695,718	709,493
Supporting Services:				
Management and General	41,986	-	41,986	40,726
Fundraising	6,998	-	6,998	6,785
TOTAL SUPPORT SERVICES	<u>48,984</u>	<u>-</u>	<u>48,984</u>	<u>47,511</u>
TOTAL EXPENSES	<u>744,702</u>	<u>-</u>	<u>744,702</u>	<u>757,004</u>
CHANGE IN NET ASSETS	<u>(229,841)</u>	<u>-</u>	<u>(229,841)</u>	<u>(52,461)</u>
BEGINNING NET ASSETS	<u>647,656</u>	<u>3,831</u>	<u>651,487</u>	<u>703,948</u>
ENDING NET ASSETS	<u>\$ 417,815</u>	<u>\$ 3,831</u>	<u>\$ 421,646</u>	<u>\$ 651,487</u>

The accompanying notes are an integral part of this statement.

**CAMP FIRE WEST TEXAS  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	PROGRAM SERVICES			SUPPORT SERVICES		TOTALS	
	Kids Care	Camp Fire Programs	Total	Management & General	Fundraising	2020	2019
Salaries & Wages	\$ 342,010	\$ 114,003	\$456,013	\$ 29,420	\$ 4,904	\$ 490,337	\$ 453,543
Employee Benefits	40,890	13,629	54,519	3,518	586	58,623	59,270
Payroll taxes	26,655	8,885	35,540	2,293	382	38,215	34,793
<b>Total Salary and Related Expenses</b>	<b>409,555</b>	<b>136,517</b>	<b>546,072</b>	<b>35,231</b>	<b>5,872</b>	<b>587,175</b>	<b>547,606</b>
Advertising	-	-	-	-	-	-	250
Affiliate payments	15,454	5,151	20,605	1,329	222	22,156	37,272
Bad debt Expense	-	-	-	-	-	-	627
Conferences & training	1,664	555	2,219	143	24	2,386	1,025
Direct program supplies	27,333	9,111	36,444	-	-	36,444	60,025
Insurance	17,887	5,962	23,849	1,539	256	25,644	20,955
Licenses	1,252	417	1,669	-	-	1,669	4,146
Miscellaneous	-	-	-	-	-	-	1,430
Office & meeting supplies	6,870	2,290	9,160	591	98	9,849	14,012
Postage	1,451	484	1,935	125	21	2,081	2,101
Printing	2,874	958	3,832	247	41	4,120	7,794
Professional service fees	7,373	2,458	9,831	633	106	10,570	13,446
Rent and lease expense	20,922	6,974	27,896	1,800	300	29,996	26,598
Telephone	4,043	1,348	5,391	348	58	5,797	6,499
Vehicle fuel & maintenance	5,111	1,704	6,815	-	-	6,815	13,218
<b>Totals before depreciation</b>	<b>521,789</b>	<b>173,929</b>	<b>695,718</b>	<b>41,986</b>	<b>6,998</b>	<b>744,702</b>	<b>757,004</b>
Depreciation	-	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 521,789</b>	<b>\$ 173,929</b>	<b>\$ 695,718</b>	<b>\$ 41,986</b>	<b>\$ 6,998</b>	<b>\$ 744,702</b>	<b>\$ 757,004</b>

The accompanying notes are an integral part of this statement.

**CAMP FIRE WEST TEXAS  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash collected from revenue and other expenses	\$ 507,616	\$ 685,569
Cash paid for operating expenses	(744,497)	(753,055)
Interest received	4,084	6,905
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(232,797)</b>	<b>(60,581)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of assets and other	-	-
Endowment	-	-
<b>NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Earnings distributed from endowment	-	-
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(232,797)</b>	<b>(60,581)</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>584,199</b>	<b>644,780</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 351,402</b>	<b>\$ 584,199</b>
<b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY (USED) OPERATING ACTIVITIES</b>		
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ (229,841)</b>	<b>\$ (52,461)</b>
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities		
Depreciation	-	-
Receivables	2,500	-
Accounts payable	(6,124)	4,525
Accrued and other liabilities	6,329	(576)
Investment (Gain) Loss	(5,661)	(12,069)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (232,797)</b>	<b>\$ (60,581)</b>

The accompanying notes are an integral part of this statement.

**CAMP FIRE WEST TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Camp Fire West Texas (the “Organization”) is a non-profit corporation originally organized in the State of Texas in 1965. The Organization is a chartered member of Camp Fire that is supported primarily through program services fees, the United Way and foundation grants. The Organization strives to build caring, confident youth and future leaders by providing an affordable, caring and nurturing environment for children for their benefit and that of their families and the community as a whole and by recognizing leadership, volunteerism and the unique qualities of every child. The Organization provides services to local youth through a variety of programs that include the following:

**Kids Care:** This is a licensed after school care program that is located on eleven (11) local school elementary campuses that offers families an affordable, appropriate option for their after school needs. Children receive a nutritious snack, homework assistance, and a chance to participate in a variety of games, Camp Fire curriculum and arts and crafts.

**Camp Fire Connection Summer Camp:** This summer program serves youth from kindergarten through sixth grade. Activities include arts and crafts, computer labs, social and recreational activities that include a variety of fields. Teenage volunteers assist with supervision of activities and also participate one (1) day per week in the Meals on Wheels program.

**Council-Wide Programs:** These programs include a variety of activities and such events as, a Father’s Day luncheon and Valentines for Veterans.

**Absolutely Incredible Kids Day:** This is an annual call for adults to write letters of love and support to the children in their lives. This takes places on the third Thursday of March.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting consistent with U.S. generally accepted accounting principles applicable to voluntary health and welfare organizations.

**Financial Statement Presentation**

The Organization has adopted under authoritative literature, whereby the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Concentration of Cash**

The Organization maintains its cash balances in a financial institution in Midland, Texas. During the year the amounts on deposit exceed the \$250,000 federally insured limit. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk related to cash.



**CAMP FIRE WEST TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

Management is required to evaluate the tax positions taken by the Organization and recognize a tax liability if the organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions of the Organization and has concluded that as of December 31, 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization Forms 990, are subject to examination by the IRS, generally for the three years after they were filed. Management believes it is no longer subject to income tax examination for years prior to 2017.

**Cash & Cash Equivalents**

The Organization considers all cash on hand and cash held in deemed accounts to be cash and cash equivalents.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in without donor restrictions net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Property and Equipment**

Property and equipment of more than \$500 is recorded at cost for purchased property and fair market value at the date of acquisition for donated property. Property and equipment are depreciated using the straight-line method over the asset's estimated useful lives that range from 3 to 7 years.

**Donated Facilities, Materials, and Services**

The Organization receives some donated services from unpaid volunteers. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under authoritative literature. The Organization received no significant donated materials during the year. Such donations would be recognized at their fair market value at the time of donation is received. Local school districts also provide the use of their property at no charge. However, no fair market value of the use of these facilities has been assigned by the school districts; therefore, the contributed use of the property is not measurable with sufficient reliability and does not qualify for recognition under authoritative literature.

**CAMP FIRE WEST TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Cont'd)**

**Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- **Net Assets Without Donor Restrictions**

Net Assets without donor restrictions are resources available to support operations. The only limits on the use of donor restrictions are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into on the course of its operations.

- **Net Assets With Donor Restrictions**

Net Assets with Donor Restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from the net assets with donor restrictions to net assets without restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as donor restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Some net assets with donor restrictions are resources whose use by the Organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

All revenue and net gains are reported as increase in Net Assets Without Donor Restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions.

**Support & Revenue Recognition**

The Organization receives the majority of its revenues from program services fees that are billable for services rendered and are recognized as revenue when earned. The Organization does provide financial assistance in the form of reduced fees or "scholarships" to families under economic hardships. Program service fees are reported net of scholarships as shown in the statement of activities.

Management considers all receivables to be fully collectable, and accordingly, no allowance for doubtful accounts is necessary. The direct write-off method is used to account for any bad debts.

**CAMP FIRE WEST TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Cont'd)**

Foundation grants and United Way allocations are recognized as contributions under authoritative literature since they are not exchange transactions.

**Summarized Financial Information for 2019**

The Financial information for the year ended December 31, 2019, presented for comparative purposes, is not intended to be a complete financial statement presentation.

**Functional Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. For financial statement presentation purposes, the programs described under “Nature of Activities” other than Kids Care are reported aggregately as “Camp Fire Programs”.

**Subsequent Events**

The Organization has evaluated events subsequent to the date of the statement of net assets (December 31, 2020) through March 24, 2021, the date these financial statements were suitable to be issued, and concluded that no significant subsequent event has occurred that would require disclosure in the notes or recognition in the financial statements.

**New Accounting Pronouncements**

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14 (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (“Update”). The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofits to report expenses by nature and function and improves information presented in financial statements and notes that are useful in assessing a not-for-profit’s liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018. Early application of the amendments in the Update is permitted. The Organization has not elected to early implement the amendments.

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard replaces the current revenue recognition requirements and most industry-specific guidance. When adopted, the amendments in this ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Organization is currently evaluating the impact of the provisions of ASU Topic 606.

On June 21, 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as a contribution (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional.

**CAMP FIRE WEST TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Cont'd)**

The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2019, for transactions in which the entity services as the resource provider. Early application of the amendments in this update is permitted. The Organization is currently evaluating the impact of the provision of ASU Topic 958.

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. The Organization is currently evaluating the impact of the provisions of ASU Topic 842.

**NOTE 2 - ENDOWMENT INVESTMENTS**

In 2000, the Organization's board of director's established an endowment fund with the Permian Basin Area Foundation in the amount of \$7,950. The endowment consists primarily of without donor restriction (board-designated) net assets, but also includes with donor restriction. The board of directors designated an additional \$40,000 to the endowment fund in 2007. Investment earnings available for distribution are recorded in without donor restriction net assets. Endowment contributions from outside donors are reported as with donor restricted. There are no with donor-restrictions on earnings or losses from the endowment; therefore, these are reported as without donor restriction.

The board of directors has interpreted the State Prudent Management of Institutional Funds Act (SMPIFA) as requiring the preservation of the fair value of the original donor's gift as of the gift date of any donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as with donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of any donor-restricted endowment fund that is not classified in with donor restricted net assets is classified as without donor restrictions net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed in SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate with donor-restricted endowment funds: (1) The duration and preservation of the fund (2) The purposes of the Organization and the with donor-restricted endowment fund (3) General economic conditions (4) The possible effect of inflation and deflation (5) The expected total return from income and the appreciation of investments (6) Other resources of the Organization (7) The investment policies of the organization.

Any decline in the fair value of the assets of the with donor-restricted endowment funds are classified as without donor restriction in compliance with generally accepted accounting principles.

**CAMP FIRE WEST TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - ENDOWMENT INVESTMENTS (Cont'd)**

As previously stated, the board of directors established an endowment fund with the Permian Basin Area Foundation (PBAF) in April 2000 by contributing a board approved amount of \$7,950, and by signing an endowment fund agreement with the PBAF. The PBAF receives, accepts, administers, invests, and distributes the assets of the fund for the benefit of the Organization. The PBAF is a community foundation that facilitates the creation of permanent charitable funds, in partnership with many donors. The PBAF qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. Assets in the permanent funds of PBAF are invested with long-term objectives of corpus protection and value growth employing proven professional investment managers and diligent performance monitoring. The Foundation's investment strategy embraces a defined asset allocation model and disciplined re-balancing to maintain actual values within the allocation policy. The diversified portfolio includes positions in large cap, mid-cap, small cap, and international equities, equities, as well as fixed income securities. The PBAF's investment committee governs policy and monitors investment management and performance relative to standard benchmarks and peer group comparisons.

Endowment net asset composition as of December 31, 2020:

<u>Without Donor Restrictions (board-designated)</u>	<u>Fair Value</u>
Permian Basin Area Foundation	\$ 66,062
<u>With Donor Restrictions</u>	
Permian Basin Area Foundation	<u>3,831</u>
Total endowment investment	<u>\$ 69,893</u>

**NOTE 3 - FAIR VALUE OF INVESTMENTS**

Effective January 1, 2008 the Organization adopted Accounting Standards Codification (Topic (820), *Fair Value Measurements and Disclosures*, which establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurement.

Currently, the Organization investments are carried at fair value under ASC Topic 820. The fair value is based upon independently sourced market parameters. To ensure that these investments are recorded at fair value, valuation adjustments may be required to reflect any reduction of their fair value.

ASC Topic 820 defines fair value as 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.

**CAMP FIRE WEST TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - FAIR VALUE OF INVESTMENTS (CONT'D)**

ASC Topic 820 provides a framework for measuring fair value, establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date and requires consideration of the counterparty's creditworthiness when valuing certain assets.

The three-level fair value hierarchy for disclosure of fair value measurements defined by ASC Topic 820 is as follows:

Level 1 – Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, without donor restriction assets or liabilities. An active market is defined as a market where transactions for the financial instrument occur with sufficient frequency and volume to prove pricing information on an ongoing basis.

Level 2 – Inputs, other than quoted prices in active markets, that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Valuation under level 3 generally involves a significant degree of judgment from management.

The following table present the fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2020 and 2019:

**FAIR VALUE MEASUREMENTS USING**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Fair Value Inputs as of December 31, 2020				
Assets:				
Investments	\$ 69,893	\$ -	\$ -	\$ 69,893

Fair Value inputs as  
of  
December 31,  
2019

Assets:				
Investments	\$ 64,232	\$ -	\$ -	\$ 64,232

**CAMP FIRE WEST TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - FAIR VALUE OF INVESTMENTS (CONT'D)**

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended:

	<u>December 31, 2020</u>			<u>December 31, 2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest & Dividends	\$ 1,471	\$ -	\$ 1,471	\$ 1,404	\$ -	\$ 1,404
Management Fees	(1,006)	-	(1,006)	(1,025)	-	(1,025)
Realized Gain (Loss)	(889)	-	(889)	5,590	-	5,590
Unrealized Gain (Loss)	<u>6,085</u>	<u>-</u>	<u>6,085</u>	<u>6,100</u>	<u>-</u>	<u>6,100</u>
Total	<u>\$ 5,661</u>	<u>\$ -</u>	<u>\$ 5,661</u>	<u>\$ 12,069</u>	<u>\$ -</u>	<u>\$ 12,069</u>

**NOTE 4 - OPERATING LEASE COMMITMENTS**

The Organization leases space and storage under monthly operating leases. Lease expense for space and storage under operating leases existing at December 31, 2020 and 2019 was \$28,106 and \$24,989, respectively, for the year ended. Minimum future rental payments under noncancelable operating leases having remaining terms in excess of one year as of December 31, 2020 for each of the next four years and in the aggregate are:

Year Ending December 31	
2021	\$ 28,632
2022	28,632
2023	28,632
2024	<u>28,632</u>
Total Future Payments	<u>\$ 114,528</u>

The Organization entered into a lease agreement with Midland Shared Spaces, Inc., dated as of December 12, 2019 and effective January 1, 2020 with a lease term of five years.

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**NOTE 5 - COMPENSATED ABSENCES**

Full-time salaried employees begin accruing vacation time immediately upon employment at a rate of 1.25 days per month. No employee may accrue more than 20 days of vacation time. The liability for accrued vacation time as of December 31, 2020 totaled \$-0-. Employees can earn sick leave at a rate of one day per month up to a maximum of sixty days. Accrued sick leave is not payable upon termination; therefore, no liability is recognized.

**NOTE 6 - EMPLOYEE BENEFIT PLAN**

The Organization provides a Simple/IRA plan whereby the Organization contributes 3% of eligible employees' compensation to the plan. Retirement contributions totaled \$4,518 in 2020.

**NOTE 7 - AFFILIATED ORGANIZATIONS**

The Organization is a chartered member of their national affiliate, Camp Fire USA. Charter fees totaled \$37,272 in 2019 and \$22,156 in 2020. The Camp Fire National Office suspended dues for May, June, July, and August 2020.

**NOTE 8 – LIQUIDITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date.

Comprise the following:

Cash	\$ 351,402
Accounts Receivable	<u>\$ 7,500</u>
	<u>\$ 358,902</u>



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**NOTE 9 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

The Organization, incurred a Small Business Administration loan for \$91,000 from Lone Star Bank of West Texas on April 14, 2020 with a 1% interest rate. No payments are due on the loan for six months from the date of first disbursement of the loan. The note will mature two years from the date of first disbursement of the loan. The Organization, applied to Lender for forgiveness of the amount due on this loan in an amount equal to the sum of the following costs incurred by the Organization during the 24-week period beginning on the date of first disbursement of this loan: Payroll costs and health benefits. The Organization, has not been contacted by the Small Business Administration to perform an audit of the program. As of October 22, 2020, the note has been forgiven.

**NOTE 10 – RISKS AND UNCERTAINTIES**

The COVID-19 outbreak in the United States has created economic uncertainties that may impact future operations. The extent of the impact on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organizations' customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

The Organization entered into a loan related to the Payroll Protection Program before year end totaling \$91,000. As of October 22, 2020, the loan has been forgiven.