

**Camp
Aranzazu**

Annual Financial Report

**For the Year Ended
December 31, 2015**

Gowland, Streatly, Morales & Company

A Professional Limited Liability Company

Certified Public Accountants

5934 S. Staples, Suite 201

Corpus Christi, Texas 78413

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A Professional Limited Liability Company
Certified Public Accountants

Tommy Streatly CPA

David Morales CPA

Jerry D. Spence CPA

Professional Associates:

Betty Morales CPA

Amy Twardowski CPA

Erika M. Post

Greg Morales

Daniel Ibarra

Dudley Gowland CPA (1917-2015)

Independent Auditors' Report

Board of Directors
Camp Aranzazu
Rockport, Texas

We have audited the accompanying financial statements of Camp Aranzazu (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows 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 of America. 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 risks 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.

5934 S. Staples, Suite 201 Corpus Christi, Texas 78413
Phone: (361) 993-1000 Fax: (361) 991-2880 www.gowland-cpa.com
Members of the American Institute and Texas Society of Certified Public Accountants

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camp Aranzazu as of December 31, 2015, 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.

A handwritten signature in black ink, appearing to read "Samuel Streaty, Morales & Co.", written in a cursive style.

Gowland, Streaty, Morales & Company, PLLC

July 13, 2016

CAMP ARANZAZU
STATEMENTS OF FINANCIAL POSITION
December 31, 2015

ASSETS

Current Assets:

Cash	\$	6,976,774
Current Portion of Receivable		826,738
Prepaid expenses		<u>28,394</u>
Total Current Assets		7,831,906

Long-Term Portion of Receivable 727,767

Property and equipment, net 7,217,314

Total Assets \$ 15,776,987

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable		43,237
Notes Payable		50,000
Current portion of long-term debt		<u>0</u>
Total Current Liabilities		<u>93,237</u>

LONG-TERM LIABILITIES

Long-term Debt Minus Current Portion 3,000,000

NET ASSETS

Unrestricted Net Assets		7,112,014
Temporarily Restricted Net Assets		<u>5,571,736</u>
Total Net Assets		<u>12,683,750</u>

TOTAL LIABILITIES & NET ASSETS \$ 15,776,987

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

CAMP ARANZAZU
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Contributions	\$ 615,123	\$ 4,854,738	\$ 5,469,861
Program Fees	544,937		544,937
Investment Income	2,321	0	2,321
Gain/(Loss) on the Sale of Assets	0		0
Net Assets Released from Restrictions	<u>1,293,082</u>	<u>(1,293,082)</u>	<u>0</u>
Total Support and Revenue	<u>2,455,463</u>	<u>3,561,656</u>	<u>6,017,119</u>
Expenses:			
Program Services:			
Camping	1,114,573		1,114,573
Supporting Services:			
General and Administration	115,647		115,647
Fund-raising	<u>231,051</u>		<u>231,051</u>
Total Expenses	<u>1,461,271</u>	<u>0</u>	<u>1,461,271</u>
Increase in Net Assets	994,192	3,561,656	4,555,848
Net Assets, Beginning of the Year	<u>6,117,822</u>	<u>2,010,080</u>	<u>8,127,902</u>
Net Assets, End of the Year	<u>\$ 7,112,014</u>	<u>\$ 5,571,736</u>	<u>\$ 12,683,750</u>

The accompanying notes are an integral part of these financial statements

Camp Aranzazu
Statement of Cash Flows
For the Year Ended December 31, 2015

	2015
Cash Flows From Operating Activities:	
Net Increase (Decrease) in Net Assets	\$ 4,555,848
Adjustments to reconcile net increase in total net assets to cash provided by operating activities:	
Noncash Revenues and expenses Included in Net Income:	
Depreciation and Amortization	160,172
Changes in Operating Assets & Liabilities:	
(Increase) Decrease in:	
Receivables	(571,976)
Prepaid assets	(1,613)
Increase (Decrease) in:	
Accounts Payable	1,735
Notes Payable	50,000
Total Adjustments	(361,682)
Net Cash Provided (Used) by Operating Activities	4,194,166
Cash Flows from Investing Activities:	
Purchase of Fixed Assets	(1,073,812)
Net Cash used in Investing Activities	(1,073,812)
Cash Flows from Financing Activities	
Proceeds from borrowing	3,000,000
Principal Payments of Long-Term Debt	(262,306)
Net cash provided (absorbed) by financing activities	2,737,694
Net Increase (Decrease) in Cash	5,858,048
Cash at Beginning of Year	1,118,726
Cash at End of Year	\$ 6,976,774
Supplemental Data:	
Interest Paid	\$ 10,036

See accompanying notes to financial statements.

CAMP ARANZAZU
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2015

	Program Services	Management and General	Fund Raising	2015 Totals
Bank Service Charges	\$	\$ 6,288	\$	\$ 6,288
Bad Debts	2,688			2,688
Cleaning Service	16,686	169		16,855
Continuing Education	4,656			4,656
Contract Labor	8,604	-		8,604
Dues and subscriptions	6,482	1,297	864	8,643
Food	59,678			59,678
Fund Raising Expense			185,892	185,892
Insurance	103,807	23,169		126,976
Interest	-	-		-
License and Permits	464			464
Marketing	5,050		3,367	8,417
Miscellaneous	-	-		-
Office Supplies	4,816	3,853	963	9,632
Payroll & Benefits	531,689	59,566	29,500	620,755
Payroll Taxes	40,828	5,347	2,430	48,605
Postage & Delivery	1,042	261	1,303	2,606
Professional fees	5,904	8,483	6,732	21,119
Rent	22,224			22,224
Repairs & Maintenance	20,120	203		20,323
Supplies	50,444	1,656		52,100
Staff/Partner/Volunteer Expense	2,840			2,840
Telephone	10,105	2,526		12,631
Travel & Entertainment	10,626	750		11,376
Utilities	47,249	477		47,726
Total Functional Expenses Before Depreciation	956,002	114,045	231,051	1,301,098
Depreciation & Amortization	158,571	1,602	-	160,173
Total Functional Expenses	\$ <u>1,114,573</u>	\$ <u>115,647</u>	\$ <u>231,051</u>	\$ <u>1,461,271</u>

The accompanying notes are an integral part of these financial statements

**CAMP ARANZAZU
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Purpose and Organization

Camp Aranzazu, Inc. was incorporated on March 11, 2002, in Houston, Texas, and spent its first four years organizing and developing the camp and its 86 acre wheelchair-friendly facilities. Camp Aranzazu, with camp physically located in Rockport, Texas, opened its doors to children and adults with special needs in July, 2006. Camp Aranzazu is an independent non-profit organization dedicated to enriching the lives of children and adults with chronic illnesses and disabilities by providing unique camping, environmental studies, and retreat experiences to groups with special needs. Camp Aranzazu's mission is accomplished, based on an understanding that as people of God we are called to demonstrate love and compassion for others, and responsibility for our environment. Camp Aranzazu is recognized as tax exempt by the Internal Revenue Service, which has granted Camp Aranzazu 501(c)(3) status.

Basis of Accounting

The financial statements of Camp Aranzazu have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The Organization also prepares financial statements in accordance with FASB Accounting Standards Codification (ASC) 958-205 and subsections (formerly Statement of Financial Accounting Standards "SFAS" No. 117, Financial Statements of Not-for-Profit Organization "SFAS 117"). Under SFAS 117, 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. In addition, the Organization is required to present a statement of cash flows.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated and those resources invested in land, buildings, and equipment are under the direction of the board, are legally unrestricted, and are reported as part of the unrestricted class.

The camp has no permanently restricted net assets.

Property and Equipment

Purchased property and equipment are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Purchases are determined to be capital assets based upon the Organization's policy of capitalizing assets acquired at a cost exceeding \$500.

CAMP ARANZAZU
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Donations of property and equipment, when material, are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Contributions of cash earmarked to acquire property and equipment and assets donated with explicit restrictions regarding their use are reported as temporarily restricted support. The Camp reclassifies temporarily restricted net assets to unrestricted net assets when these restrictions expire.

Cash Flows Information

For purposes of the statement of Cash Flows, the organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

Estimates

Management uses estimates and assumptions in preparing the financial statements such as depreciation. Those estimates and assumptions affect the reported amounts of assets and expenses.

Investments

Investments consist primarily of assets invested in money-market accounts. The Organization accounts for investment in accordance with FASB ASC 958-320 and subsections (formerly SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations* ["SFAS 124"]). This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the consolidated statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. Alternative investments are stated at the fair value of their underlying assets and allocated to the investors in proportion to the investor's ownership percentage. The realized and unrealized gain or loss on investments is reflected in the consolidated statement of changes in net assets.

**CAMP ARANZAZU
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Camp that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Camp uses the direct method to determine uncollectible promises receivable. Management feels that all pledges are collectible at December 31, 2015.

Donated Services

The Camp records amounts for donated services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation.

Federal Income Taxes

The Organization adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ["FIN 48"] on January 1, 2009. Under FIN 48, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of FIN 48 had no impact on the Organization's financial statements. The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended December 31, 2015, there were no interest or penalties recorded or included in its financial statements.

Note 2 – Concentration of Credit Risk

Camp Aranzazu maintains bank accounts with International Bank of Commerce and Frost Bank that at various times during the year exceeded \$250,000. Federal deposit insurance on these accounts totaled \$250,000. There are no other insurance or collateralization agreements to protect these accounts above the federal insurance limits.

**CAMP ARANZAZU
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

Note 3 – Property and Equipment

Depreciation of property and equipment other than land, is computed using the straight-line method. Buildings have an estimated useful life of 50 years; furniture, fixtures and equipment have an estimated useful life ranging from 3 to 20 years.

A summary of property and equipment follows:

Land and Land Improvements	\$ 2,761,730
Buildings	4,527,352
Vehicles and Boat	33,272
Computers and Telephone System	20,266
Furniture and Equipment	142,690
Construction in Progress	775,164
Amortized Fees	41,620
	<u>8,302,094</u>
Less: Accumulated Depreciation	1,084,780
	<u>\$ 7,217,314</u>

The basis for assets purchased or constructed is cost; for assets acquired by gift, it is fair market value at the date of gift.

Note 4 - Donated Assets and Services

The Camp receives donated services from a variety of unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized, except as noted in note 10, in the accompanying statement of activities because the criteria for recognition of such volunteer effort under FASB ASC 958 (formerly SFAS No. 116) have not been satisfied.

During the year ended December 31, 2015, the following donated services and assets were reflected as contributions in the accompanying statements at their estimated values at date of receipt:

Project Management Fees	\$ 50,031
	<u>\$ 50,031</u>

**CAMP ARANZAZU
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

Note 5 – Functional Allocation of Expenses

The costs of providing the various program and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated between the program and supporting services benefited.

Note 6 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

<u>Operating Fund</u>	
Capital Campaign	\$ 5,551,736
Foundation	20,000
	<u>\$ 5,571,736</u>

Note 7 – Long-Term Liabilities

3% Note Payable to Ed Rachal Foundation. Principle and interest are due and payable in monthly installments of \$20,717 starting January 1, 2018 and continuing until December 1, 2032. The note is secured by approximately 85.549 acres.	\$ 3,000,000
Less Current Maturities	-
Long Term Notes	<u>\$ 3,000,000</u>

Maturities of long-term debt over the following five-year period are tabulated below:

2016	-
2017	-
2018	160,809
2019	165,700
Thereafter	2,673,491
	<u>\$ 3,000,000</u>

**CAMP ARANZAZU
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

Note 8 – Notes Payable

During the year ended December 31, 2015, the Camp extended a \$600,000 revolving line of credit with a commercial bank with interest due monthly at 4.5% at December 31, 2015. The note is secured by Real Property. The note matures on May 10, 2017. The outstanding balance on the line of credit was \$50,000 at December 31, 2015.

Note 9 – Subsequent Event

Subsequent events have been evaluated through July 13, 2016 which is the date the financial statements were available to be issued.

Note 10 - Concentration of Credit Risk

	Carrying Value	Bank Balance
Frost Bank	\$ <u>6,839,911</u>	\$ <u>6,797,938</u>
FDIC		250,000
Net Excess (Deficiency)		\$ <u>(6,547,938)</u>

	Carrying Value	Bank Balance
IBC Bank	\$ <u>136,862</u>	\$ <u>111,860</u>
FDIC		250,000
Net Excess (Deficiency)		\$ <u>138,140</u>

**CAMP ARANZAZU
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

Note 11 –Pledges Receivable and Accounts Receivable

Unconditional promises to give at December 31, 2015 consists of the following:

Capital Campaign	\$	1,677,250
Contributions Receivable		30,000
Accounts Receivable		1,488
		1,708,738
Discount on Capital Campaign Contributions		(154,233)
	\$	1,554,505

Amounts due in:

Less than one year	\$	826,738
One to five years		727,767
	\$	1,554,505

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4.41%.