

MAJESTY OUTDOORS

AUDITED FINANCIAL STATEMENTS

December 31, 2024

MAJESTY OUTDOORS

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INDEPENDENT AUDITOR'S REPORT

November 17, 2025

To the Executive Board of Directors
and Management
Majesty Outdoors
Corpus Christi, Texas

Opinion

We have audited the accompanying financial statements of Majesty Outdoors (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Majesty Outdoors as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Majesty Outdoors's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Majesty Outdoors'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Majesty Outdoors'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.

A handwritten signature in blue ink that reads "Johnson & Company, LLC". The signature is written in a cursive, flowing style.

MAJESTY OUTDOORS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 622,325
Prepaid Expenses	18,150
Total Current Assets	<u>640,475</u>

Noncurrent Assets:

Property and Equipment, Net (Note 4)	2,042,798
Operating Lease Right-of-Use Asset, Offices (Note 7)	63,191

TOTAL ASSETS \$ 2,746,464

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable and Accrued Expenses	\$ 48,110
Current Maturities of Notes Payable (Note 5)	100,606
Current Maturities of Lease Liabilities (Note 6)	18,728
Total Current Liabilities	<u>167,444</u>

Long Term Liabilities:

Notes Payable, Net of Current Maturities (Note 5)	1,066,676
Lease Liabilities, Net of Current Maturities (Note 6)	44,463
Total Liabilities	<u>1,278,583</u>

Net Assets:

Without Donor Restrictions	1,466,881
With Donor Restrictions (Note 7)	1,000
Total Net Assets	<u>1,467,881</u>

TOTAL LIABILITIES AND NET ASSETS \$ 2,746,464

See Notes to Financial Statements.

MAJESTY OUTDOORS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Support, Revenue and Gains:			
Contributions and Grants (Note 8)	\$ 713,585	\$ 76,100	\$ 789,685
Special Events	237,212	--	237,212
Less: Direct Benefits to Donors	(110,927)	--	(110,927)
Net Investment Income	26,253	--	26,253
Net Assets Released from Restrictions	75,330	(75,330)	--
Total Support, Revenue and Gains	<u>941,453</u>	<u>770</u>	<u>942,223</u>
Expenses:			
Program Services	717,742	--	717,742
Management and General	109,880	--	109,880
Fundraising	208,452	--	208,452
Total Expenses	<u>1,036,074</u>	<u>--</u>	<u>1,036,074</u>
Change in Net Assets	(94,621)	770	(93,851)
Net Assets, Beginning of Year	<u>1,561,502</u>	<u>230</u>	<u>1,561,732</u>
NET ASSETS, END OF YEAR	<u>\$ 1,466,881</u>	<u>\$ 1,000</u>	<u>\$ 1,467,881</u>

See Notes to Financial Statements.

MAJESTY OUTDOORS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>		<u>TOTAL</u>
		<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	
Salaries and Benefits:				
Salaries and Wages	\$ 383,891	\$ 55,502	\$ 23,126	\$ 462,519
Payroll Taxes	53,258	7,700	3,208	64,166
Employee Benefits	20,750	3,000	1,250	25,000
Total Salaries and Benefits	<u>457,899</u>	<u>66,202</u>	<u>27,584</u>	<u>551,685</u>
Other Expenses:				
Program Operations	102,399	--	--	102,399
Fundraising	--	--	177,869	177,869
Professional Fees	8,436	25,310	--	33,746
Office Expenses	11,998	14,997	2,999	29,994
Rent, Parking and Utilities	26,850	--	--	26,850
Insurance	15,903	--	--	15,903
Interest Expense	15,879	--	--	15,879
Training and Conferences	15,520	--	--	15,520
Advertising	15,169	--	--	15,169
Scholarships and Donations	10,300	--	--	10,300
Repairs and Maintenance	5,728	--	--	5,728
Licenses and Renewals	1,325	--	--	1,325
Total Other Expenses	<u>229,507</u>	<u>40,307</u>	<u>180,868</u>	<u>450,682</u>
Total Expenses, Before Depreciation	687,406	106,509	208,452	1,002,367
Depreciation	30,336	3,371	--	33,707
Total Expenses	<u>\$ 717,742</u>	<u>\$ 109,880</u>	<u>\$ 208,452</u>	<u>\$ 1,036,074</u>

See Notes to Financial Statements.

MAJESTY OUTDOORS

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2024

Cash Flows from Operating Activities	
Change in Net Assets	\$ (93,851)
Adjustments to Reconcile Decrease in Net Assets to	
Net Cash Used by Operating Activities:	
Depreciation Expense	33,707
Noncash Lease Expense	17,631
Contributed Investments	(8,384)
Realized Loss on Investments	199
Changes in Assets and Liabilities:	
Increase in Prepaid Expenses	(1,902)
Increase in Accounts Payable	3,700
Decrease in Operating Lease Obligation	(17,631)
Net Cash Used by Operating Activities	<u>(66,531)</u>
 Cash Flows from Investing Activities:	
Purchases of Property and Equipment	(845,393)
Proceeds from Sale of Investments	466,986
Purchases of Investments	(458,800)
Net Cash Used by Investing Activities	<u>(837,207)</u>
 Cash Flows from Financing Activities:	
Proceeds from Issuance of Long-Term Debt	1,200,000
Principal Payments on Long-Term Debt	(149,433)
Net Cash Provided by Financing Activities	<u>1,050,567</u>
 Net Increase in Cash	146,829
 Cash and Equivalents, Beginning of Year	<u>475,496</u>
 CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 622,325</u>

See Notes to Financial Statements.

MAJESTY OUTDOORS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Note 1 – ORGANIZATION

Mission

The mission of Majesty Outdoors (the Organization) is to build a generation of hope by shattering the cycle of fatherlessness. The mission statement is rooted in the words of Psalm 68:5, "*A father to the fatherless, a defender of widows, is God in his holy dwelling*". Majesty Outdoors' staff, board of directors and volunteers are all guided by this inspiration in all they do to fulfill the Organization's mission.

Nature of Activities

Founded in 2009, the Organization is a 501(c)(3) nonprofit based in Corpus Christi, Texas. The Organization is focused on raising awareness to the fatherless epidemic in our society and enacting real change in our communities through mentorship programs for this fatherless generation. Utilizing the unique learning environment of the outdoors, the programs positively impact the lives of these youths by offering education, encouragement, life skills and spiritual development.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and with provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents

For the purpose of recording cash flows, the Organization consider all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are reported at cost for purchased assets, or at estimated fair value at the date contributed for contributed assets. Expenditures for assets costing more than \$1,000 are capitalized if their useful life is greater than one year. Expenditures for betterments that materially extend the useful life of the asset are capitalized. Repairs and maintenance that do not significantly increase the useful life of an asset are expensed as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets which range from 40 years for buildings, 5 to 7 years for vehicles and equipment, 7-10 years for furniture and fixtures.

Impairment of Long-Lived Assets

The Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. The Organization did not recognize an impairment loss during the years ended December 31, 2024.

Net Asset Classifications

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

Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. Grant and contributions gifted for reoccurring programs are generally not considered “restricted” under U.S. GAAP, though for internal reporting purposes, the Organization tracks such grants and contributions to verify the disbursements match the intent. Asset restriction solely through the action of the Board of Directors are reported as net assets without donor restrictions, board-designated.

With Donor Restrictions: Net assets subject to donor-imposed stipulations that are more restrictive than the Organization’s mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

Compensated Absences

Employees are entitled to three weeks paid time off (PTO) benefits annually. PTO is accrued with each pay cycle and can be carried over on a limited basis. The Organization does not accrue a liability for the cost of compensated absences as it is not material to the financial statements.

Revenue Recognition

Revenue from grant contracts consist of cost reimbursable contracts and grants, which are generally conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized when the Organization has incurred expenses in compliance with specific contract and grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position.

Contributions

Contributions and grants are reported as without or with donor restrictions, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of contribution.

Gifts of land, building, and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Contributed Materials and Services

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation are recorded at the estimated fair market value in the period received. Donated materials are valued based on their estimated fair market value on the date of the contribution.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

Concentrations of Credit Risk

The Organization maintains cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. As of December 31, 2024, the Organization did not hold any uninsured deposits.

Advertising

Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2024, was \$15,169.

Income Taxes

The Organization is a nonprofit organization exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, The Organization is required to file Form 990, Return of Organization Exempt from Income Tax, annually and no provision for income tax is recorded.

Functional Allocation of Expenses

Expenses are reported by their functional classification. Program services are the direct conduct or supervision that fulfill the purposes for which the organization exists. Expenses that are attributable to more than one activity are allocated among the activities benefited.

Special fundraising events are held throughout the year. Direct costs of \$110,927 are the special event cost of food, entertainment, and donor gifts that are presented in the statement of activities as costs of direct benefits to donors. Other costs of special events have been presented as fundraising expenses in the statement of functional expenses.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation of the financial statements. The reclassifications had no impact on previously reported net assets.

Subsequent Events

Subsequent events have been evaluated by management through the date of the independent auditor's report. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

Note 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities, as well as services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient contributions and donations to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash.

Financial Assets at December 31, 2024,	\$ 622,325
Less Those Unavailable for General Expenditures Within One Year, Due To:	
Donor Restricted for Garden Commission	<u>(1,000)</u>
 FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	 <u>\$ 621,325</u>

Note 4 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2024, is comprised of the following:

Construction in Progress	\$ 1,399,889
Buildings	442,957
Land	167,059
Vehicles	80,797
Equipment	54,117
Furniture and Fixtures	<u>8,893</u>
Total Property and Equipment	2,153,712
Less Accumulated Depreciation	<u>(110,914)</u>
 PROPERTY AND EQUIPMENT, NET	 <u>\$ 2,042,798</u>

Depreciation expense on the above assets was \$33,707 for the year ended December 31, 2024.

Note 5 – NOTES PAYABLE

In July 2022, the Organization entered into an agreement to purchase real property, consisting of land and a building, located in the Flour Bluff area of Corpus Christi, Texas. The purchase price totaled \$600,000 and was financed through a \$250,000 cash payment and a \$350,000 note payable to the seller. The financing arrangement required 24 monthly payments of \$14,583, beginning in September 2022 and continuing through August 2024, and bore no interest. The note was fully repaid during the year ended December 31, 2024.

In May 2024, the Organization entered into a long-term loan agreement with a private foundation in the principal amount of \$1,200,000. The loan requires 120 monthly payments of \$12,149, commencing in September 2024 and continuing through August 2034, and bears interest at a rate of 4% per annum. The loan is secured by real property owned by the Organization. As of December 31, 2024, the outstanding principal balance was \$1,167,282.

Current and future maturities of the long-term debt as of December 31, 2024 are as follows:

Year Ended December 31,:	
2025	\$ 100,606
2026	104,705
2027	108,971
2028	113,316
2029	118,027
Thereafter	<u>621,657</u>
TOTAL	<u>\$ 1,167,282</u>

Note 6 – LEASE ARRANGEMENTS

The Organization has historically entered into a number of lease arrangements under which the Organization is the lessee. Specifically, the Organization is subject to an office lease in Corpus Christi, Texas, maturing in February 2028. This leasing arrangement does not include options to extend the terms beyond the aforementioned maturity dates nor includes options to buy. Furthermore, there are no leasing arrangement entered into by the Organization that include residual value guarantees or restrictive covenants. All leases include fixed rental payments. The Organization has elected the short-term lease practical expedient related to offices in Alice and Portland, Texas, and a storage facility.

Note 6 – LEASE ARRANGEMENTS – (Continuation)

During the year ended December 31, 2024, the Organization recognized rent expense with leases as follows:

Operating Lease Cost:	
Fixed Rent Expense	\$ 19,846
Short-term Lease Cost	<u>17,268</u>
TOTAL LEASE COST	<u>\$ 37,114</u>
Lease Cost - Rent, Parking and Utilities	\$ 26,850
Lease Cost - Program Operations	<u>10,264</u>
TOTAL LEASE COST	<u>\$ 37,114</u>

Amounts recognized as right-of-use assets related to operating leases are presented separately in the accompanying statements of financial position, while related obligations are included in lease liabilities. As of December 31, 2024, right-of-use assets and liabilities related to operating leases were as follows:

Operating Lease Right-of-Use Asset	<u>\$ 63,191</u>
Total Lease Right-of-Use Assets	<u>\$ 63,191</u>
Operating Lease Liabilities	<u>\$ 63,191</u>
Total Lease Liabilities	<u>\$ 63,191</u>

During the year ended December 31, 2024, the Organization had the following cash activities regarding leases:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:

Operating Cash Flows from Operating leases	\$ 19,846
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Note 6 – LEASE ARRANGEMENTS – (Continuation)

The future payments due under operating leases as of December 31, 2024, is as follows:

Year Ended December 31,		
2025	\$	20,369
2026		20,922
2027		21,475
2028		<u>3,594</u>
Total Future Payments		66,360
Less: Effects of Discounting		<u>(3,169)</u>
Lease Liabilities Recognized	\$	<u><u>63,191</u></u>

As of December 31, 2024, the weighted-average remaining lease term of operating leases was 3.21 years.

Because the Organization does not have access to the rate implicit in lease, the Organization exercised an available practical expedient that allows an accounting policy election to use a risk-free rate as the discount rate for all leases. The weighted-average discount rate associated with operating lease as of December 31, 2024, is 3 percent.

Note 7 – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2024, net assets with donor restrictions totaled \$1,000. These restricted funds were contributed for the specific purpose of constructing a fence for the Garden Commission and are restricted until expended for that purpose.

Note 8 – CONCENTRATIONS

Concentrations of support from contributions and grants are listed below as percentages of total contributions and grants:

Donor A	12%
Donor B	10%
Donor C	10%
Donor D	<u>10%</u>
TOTAL	<u><u>42%</u></u>