

# **Camp For All Foundation**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2012 and 2011

## Independent Auditors' Report

To the Board of Directors of  
Camp For All Foundation:

We have audited the accompanying financial statements of Camp For All Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2012 and 2011 and the related statements of activities, of cash flows and of functional expenses for the years 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.

### Auditors' Responsibility

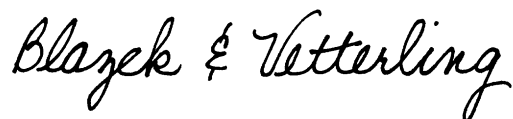
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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. 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 the Foundation as of December 31, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



May 17, 2013

# Camp For All Foundation

Statements of Financial Position as of December 31, 2012 and 2011

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	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 829,611	\$ 574,069
Operating pledges receivable, net ( <i>Note 2</i> )	5,820	104,560
Other assets	86,224	51,455
Cash restricted for capital additions	3,253,581	1,992,769
Pledges restricted for capital additions, net ( <i>Note 2</i> )	1,252,965	1,489,498
Investments ( <i>Notes 3 and 4</i> )	2,242,035	2,165,402
Property, net ( <i>Note 5</i> )	<u>12,188,687</u>	<u>9,601,412</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 19,858,923</u></b>	<b><u>\$ 15,979,165</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 113,691	\$ 110,480
Construction payables	1,081,488	117,380
Deferred revenue – special events	<u>196,531</u>	<u>175,145</u>
Total liabilities	<u>1,391,710</u>	<u>403,005</u>
Net assets ( <i>Note 8</i> ):		
Unrestricted ( <i>Note 6</i> )	10,185,040	10,238,176
Temporarily restricted ( <i>Note 7</i> )	6,755,392	4,024,590
Permanently restricted	<u>1,526,781</u>	<u>1,313,394</u>
Total net assets	<u>18,467,213</u>	<u>15,576,160</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 19,858,923</u></b>	<b><u>\$ 15,979,165</u></b>

*See accompanying notes to financial statements.*

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## Camp For All Foundation

Statement of Activities for year ended December 31, 2012

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	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE:</b>				
Program service fees	\$ 1,417,474			\$ 1,417,474
Contributions	714,497	\$ 3,253,378	\$ 213,387	4,181,262
Special events	814,189			814,189
Direct donor benefit costs	(90,271)			(90,271)
Investment return ( <i>Note 3</i> )	62,084	94,584		156,668
Camp store sales and other	<u>24,776</u>	<u>                    </u>	<u>                    </u>	<u>24,776</u>
Total revenue	2,942,749	3,347,962	213,387	6,504,098
<b>Net assets released from restrictions:</b>				
Program expenditures	385,388	(385,388)		
Capital expenditures	165,924	(165,924)		
Expiration of time restrictions	<u>65,848</u>	<u>(65,848)</u>	<u>                    </u>	<u>                    </u>
Total	<u>3,559,909</u>	<u>2,730,802</u>	<u>213,387</u>	<u>6,504,098</u>
<b>EXPENSES:</b>				
Program services – camp operations	2,833,143			2,833,143
Management and general	158,173			158,173
Fundraising	<u>621,729</u>			<u>621,729</u>
Total expenses	<u>3,613,045</u>			<u>3,613,045</u>
<b>CHANGES IN NET ASSETS</b>				
	(53,136)	2,730,802	213,387	2,891,053
Net assets, beginning of year	<u>10,238,176</u>	<u>4,024,590</u>	<u>1,313,394</u>	<u>15,576,160</u>
Net assets, end of year	<u>\$ 10,185,040</u>	<u>\$ 6,755,392</u>	<u>\$ 1,526,781</u>	<u>\$ 18,467,213</u>

*See accompanying notes to financial statements.*

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## Camp For All Foundation

Statement of Activities for year ended December 31, 2011

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	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE:</b>				
Program service fees	\$ 1,187,682			\$ 1,187,682
Contributions	935,981	\$ 3,248,186		4,184,167
Special events	879,542			879,542
Direct donor benefit costs	(129,750)			(129,750)
Investment return ( <i>Note 3</i> )	(17,932)	(30,305)		(48,237)
Camp store sales and other	<u>32,267</u>	<u>                    </u>		<u>32,267</u>
Total revenue	2,887,790	3,217,881		6,105,671
<b>Net assets released from restrictions:</b>				
Program expenditures	7,052	(7,052)		
Capital expenditures	1,224,129	(1,224,129)		
Expiration of time restrictions	<u>3,639</u>	<u>(3,639)</u>		<u>                    </u>
Total	<u>4,122,610</u>	<u>1,983,061</u>		<u>6,105,671</u>
<b>EXPENSES:</b>				
Program services – camp operations	2,656,875			2,656,875
Management and general	274,284			274,284
Fundraising	<u>592,109</u>			<u>592,109</u>
Total expenses	<u>3,523,268</u>			<u>3,523,268</u>
<b>CHANGES IN NET ASSETS</b>	599,342	1,983,061		2,582,403
Net assets, beginning of year	<u>9,638,834</u>	<u>2,041,529</u>	<u>\$ 1,313,394</u>	<u>12,993,757</u>
Net assets, end of year	<u>\$ 10,238,176</u>	<u>\$ 4,024,590</u>	<u>\$ 1,313,394</u>	<u>\$ 15,576,160</u>

*See accompanying notes to financial statements.*

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## Camp For All Foundation

### Statements of Cash Flows for the years ended December 31, 2012 and 2011

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	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 2,891,053	\$ 2,582,403
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Contributions restricted for capital additions	(3,131,195)	(3,248,186)
Contributions restricted for endowment	(213,387)	
Net (appreciation) depreciation in value of interest in assets of GHCF	(156,251)	48,787
Depreciation	418,923	440,044
Changes in operating assets and liabilities:		
Operating pledges receivable	98,740	8,747
Other assets	(34,769)	2,539
Accounts payable and accrued expenses	3,211	61,228
Deferred revenue	<u>21,386</u>	<u>52,870</u>
Net cash used by operating activities	<u>(102,289)</u>	<u>(51,568)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Change in money market mutual funds	79,618	(316)
Change in cash restricted for capital additions	(1,260,812)	(1,420,627)
Purchase of property	<u>(2,042,090)</u>	<u>(1,322,226)</u>
Net cash used by investing activities	<u>(3,223,284)</u>	<u>(2,743,169)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for capital additions	3,367,728	2,807,411
Proceeds from contributions restricted for permanent endowment	<u>213,387</u>	<u>                    </u>
Net cash provided by financing activities	<u>3,581,115</u>	<u>2,807,411</u>
<b>NET CHANGE IN CASH</b>	255,542	12,674
Cash, beginning of year	<u>574,069</u>	<u>561,395</u>
Cash, end of year	<u>\$ 829,611</u>	<u>\$ 574,069</u>

*See accompanying notes to financial statements.*

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## Camp For All Foundation

### Statement of Functional Expenses for the year ended December 31, 2012

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	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and benefits	\$ 1,533,380	\$ 82,233	\$ 291,738	\$ 1,907,351
Camp supplies	588,306			588,306
Depreciation	418,923			418,923
Utilities	177,933			177,933
Meetings and special events	1,706	4,724	125,446	131,876
Capital campaign:				
Professional fees			66,425	66,425
Bank fees			8,052	8,052
Other			4,230	4,230
Insurance	75,972	914	914	77,800
Professional fees		43,935	9,920	53,855
Office supplies and small equipment	11,236	12,108	30,403	53,747
Occupancy	11,941	11,940	11,940	35,821
Printing	829	829	24,792	26,450
Credit card and bank fees		1,409	23,563	24,972
Miscellaneous	<u>12,917</u>	<u>81</u>	<u>24,306</u>	<u>37,304</u>
Total expenses	<u>\$ 2,833,143</u>	<u>\$ 158,173</u>	<u>\$ 621,729</u>	3,613,045
Direct donor benefit costs – special events				<u>90,271</u>
Total				<u>\$ 3,703,316</u>

*See accompanying notes to financial statements.*

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## Camp For All Foundation

### Statement of Functional Expenses for the year ended December 31, 2011

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	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and benefits	\$ 1,386,897	\$ 141,984	\$ 304,229	\$ 1,833,110
Camp supplies	524,458			524,458
Depreciation	440,044			440,044
Utilities	185,094			185,094
Meetings and special events	12,844	12,787	88,154	113,785
Office supplies and small equipment	5,858	27,783	26,677	60,318
Insurance	71,884	2,582		74,466
Professional fees		68,189	16,682	84,871
Capital campaign:				
Professional fees			79,964	79,964
Bank fees			2,735	2,735
Other			5,643	5,643
Occupancy	15,039	15,552	15,552	46,143
Printing		3,684	30,323	34,007
Credit card and bank fees		1,723	21,792	23,515
Miscellaneous	<u>14,757</u>	<u>          </u>	<u>358</u>	<u>15,115</u>
Total expenses	<u>\$ 2,656,875</u>	<u>\$ 274,284</u>	<u>\$ 592,109</u>	3,523,268
Direct donor benefit costs – special events				<u>129,750</u>
Total				<u>\$ 3,653,018</u>

*See accompanying notes to financial statements.*

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## Camp For All Foundation

Notes to Financial Statements for the years ended December 31, 2012 and 2011

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### NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Camp For All Foundation (the Foundation) was incorporated in 1993 under the Texas Non-Profit Corporation Act. Its purpose is to provide a camp facility designed for chronically ill or disabled children and adults. The barrier-free facility features paved walkways to assist wheelchair travel, specialized equipment to enable maximum participation in water sports, horseback riding and other physical activities, as well as a medical facility for campers requiring medication.

The Foundation collaborates with 56 other non-profits primarily from the greater Houston area but also throughout Texas and some camps draw campers nationally. The Foundation operates throughout the year and in 2012 provided services for more than 8,200 children and adults including those with cancer, autism, muscular dystrophy, visual challenges, spinal cord injuries, spinal bifida, sickle cell, severe burns, HIV, epilepsy, and their caretakers. Through its fundraising efforts, the Foundation provides 50% of the cost for each individual to attend and experience its life-changing facilities and programming.

Cash – At times, bank deposits exceed the federally insured limit.

Federal income tax status – The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §170(b)(1)(A)(vi). The Foundation files annual federal information returns that are subject to routine examinations; however, there are no examinations for any tax periods currently in progress. The Foundation believes it is no longer subject to examinations of returns for tax years ended before December 31, 2009.

Pledges receivable – Amounts that are expected to be collected within one year are reported at net realizable value. Amounts that are expected to be collected in future years are discounted to estimate the present value of future cash flows.

Allowance for uncollectible accounts – An allowance for accounts receivable and pledges receivable is provided when it is believed accounts may not be collected in full. The adequacy of the allowance at the end of each period are determined using a combination of historical loss experience and account by account analysis of accounts receivable and pledges balances each period. Receivables are written off as a charge to the allowance for uncollectible accounts when management determines the receivable will not be collected.

Investments are reported at fair value. Investment return is reported in the statement of activities as a change in unrestricted net assets unless the use of the income is limited by donor-imposed restrictions. Investment return whose use is restricted by the donor is reported as an increase in temporarily restricted net assets.

Property is reported at cost, if purchased, or at fair value at the date of gift, if donated. The Foundation capitalizes additions and improvements with a cost more than \$5,000. Depreciation is calculated using the straight-line method over estimated useful lives of 3 to 39 years.

Net asset classification – Contributions, investment return and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions and investment income restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.
- *Permanently restricted net assets* include contributions that donors have restricted in perpetuity. The income earned on these funds is available to support the operations of the Foundation.

Program service fees represent fees from user groups for use of camp facilities. Fees are recognized in the period in which the services are provided.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit the use of the donated assets are classified as restricted support. Conditional contributions are recognized in the same manner when the conditions are substantially met. The Foundation recognizes gifts of property and equipment 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, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Special events revenue is recognized when the event occurs. Amounts received in advance are reported as deferred revenue until earned.

In-kind contributions – Donated assets, materials and use of facilities are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	<u>2012</u>	<u>2011</u>
Pledges receivable	\$ 1,267,865	\$ 1,612,470
Allowance for uncollectible pledges	(5,000)	(10,520)
Discount to net present value at .5%	<u>(4,080)</u>	<u>(7,892)</u>
Pledges receivable, net	<u>\$ 1,258,785</u>	<u>\$ 1,594,058</u>

Pledges receivable at December 31, 2012 are expected to be collected as follows:

Within one year	\$ 809,865
In one to five years	<u>458,000</u>
Total pledges receivable	<u>\$ 1,267,865</u>

At December 31, 2012, approximately 44% of pledges receivable were from two foundations.

### NOTE 3 – INVESTMENTS

Investments consist of the following:

	<u>2012</u>	<u>2011</u>
Interest in assets of Greater Houston Community Foundation (GHCF)	\$ 2,242,035	\$ 2,085,784
Money market mutual funds	<u>                    </u>	<u>79,618</u>
Total investments	<u>\$ 2,242,035</u>	<u>\$ 2,165,402</u>

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Investment return is comprised of the following:

	<u>2012</u>	<u>2011</u>
Net appreciation (depreciation) in value of interest in assets of GHCF	\$ 156,251	\$ (48,787)
Interest income	<u>417</u>	<u>550</u>
Total investment return	<u>\$ 156,668</u>	<u>\$ (48,237)</u>

The agreement with GHCF specifies that amounts transferred from the Foundation to GHCF will be invested and held for the benefit of the Foundation. The Foundation may request grants from these funds from GHCF. The investments held by GHCF are in pooled accounts with the following investment composition as reported by GHCF:

	<u>2012</u>	<u>2011</u>
Fixed-income securities	29%	29%
Domestic equity securities	24%	26%
Alternative investments	18%	30%
Money market mutual funds	13%	6%
International equity securities	8%	9%
Real estate	<u>8%</u>	<u>          </u>
Total	<u>100%</u>	<u>100%</u>

### NOTE 4 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price

that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

The Foundation invests in pooled investments which allow it to invest in a large portfolio of assets with many other investors in an attempt to reduce risk. Such pooled investments are considered a Level 3 investment under the accounting standard because the pricing inputs are not observable. Classification as a Level 3 investment is not a determination of risk or liquidity.

Assets measured at fair value at December 31, 2012 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Interest in assets of GHCF	<u>                    </u>	<u>                    </u>	\$ 2,242,035	\$ 2,242,035
Total assets measured at fair value	\$ <u>                    </u> 0	\$ <u>                    </u> 0	\$ 2,242,035	\$ 2,242,035

Assets measured at fair value at December 31, 2011 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Interest in assets of GHCF			\$ 2,085,784	\$ 2,085,784
Money market mutual funds	\$ 79,618	<u>                    </u>	<u>                    </u>	79,618
Total assets measured at fair value	\$ 79,618	\$ <u>                    </u> 0	\$ 2,085,784	\$ 2,165,402

Valuation methods used for assets measured at fair value are as follows:

- *Interest in assets of GHCF* is valued at the fair value of the underlying investments as provided by GHCF.
- *Money market mutual funds* are valued at the net asset value of shares held at year end.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Changes in the fair value of Level 3 assets consist of the following:

Balance at January 1, 2011	\$ 2,134,571
Net depreciation in value of interest in assets of GHCF	<u>(48,787)</u>
Balance at December 31, 2011	2,085,784
Net appreciation in value of interest in assets of GHCF	<u>156,251</u>
Balance at December 31, 2012	<u>\$ 2,242,035</u>

	<u>2012</u>	<u>2011</u>
The amount reported in investment return attributable to net appreciation (depreciation) in value of interest in assets of GHCF related to Level 3 assets held at year end.	\$ <u>156,251</u>	\$ <u>(48,787)</u>

**NOTE 5 – PROPERTY**

Property consists of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 435,332	\$ 435,332
Construction in progress	3,144,716	312,262
Camp facilities	13,221,084	13,057,383
Camp furniture and equipment	775,292	929,101
Office furniture and equipment	<u>17,589</u>	<u>17,590</u>
Property, at cost	17,594,013	14,751,668
Accumulated depreciation	<u>(5,405,326)</u>	<u>(5,150,256)</u>
Property, net	<u>\$ 12,188,687</u>	<u>\$ 9,601,412</u>

**NOTE 6 – UNRESTRICTED NET ASSETS**

Unrestricted net assets consist of the following:

	<u>2012</u>	<u>2011</u>
Undesignated	\$ 447,457	\$ 308,344
Board Reserve Fund	693,612	640,682
Property	<u>9,043,971</u>	<u>9,289,150</u>
Total unrestricted net assets	<u>\$ 10,185,040</u>	<u>\$ 10,238,176</u>

The Board Reserve Fund can only be accessed by obtaining a resolution approved by a majority of the Board of Directors.

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Camp facility construction and enhancements	\$ 6,636,081	\$ 3,934,015
Accumulated endowment earnings for operations	113,491	18,907
Future operations	<u>5,820</u>	<u>71,668</u>
Total temporarily restricted net assets	<u>\$ 6,755,392</u>	<u>\$ 4,024,590</u>

**NOTE 8 – ENDOWMENT FUNDS**

The Foundation has a donor-restricted general endowment fund for operations. The Board of Directors of the Foundation has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the

donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the original value of gifts donated to the permanent endowment as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by TUPMIFA. 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 donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

The Board of Directors may approve a distribution of available endowment funds equal to a maximum of 6% of the average endowment investment balance for the previous three years. A distribution was not approved by the Board of Directors in 2012 and 2011.

Endowment funds are maintained in an investment account which is managed by GHCF. The Foundation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on a blend of equity-based investments and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

Changes in endowment funds for the years ended December 31, 2012 and 2011 are as follows:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Endowment net assets, January 1, 2011	\$ 0	\$ 49,212	\$ 1,313,394	\$ 1,362,606
Investment return:				
Interest and dividends		482		482
Net depreciation of investments		(30,787)		(30,787)
Total investment return		(30,305)		(30,305)
Endowment net assets, December 31, 2011	<u>0</u>	<u>18,907</u>	<u>1,313,394</u>	<u>1,332,301</u>
Contributions			<u>213,387</u>	<u>213,387</u>
Investment return:				
Interest and dividends		90		90
Net appreciation of investments		<u>94,494</u>		<u>94,494</u>
Total investment return		<u>94,584</u>		<u>94,584</u>
Endowment net assets, December 31, 2012	<u>\$ 0</u>	<u>\$ 113,491</u>	<u>\$ 1,526,781</u>	<u>\$ 1,640,272</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor specified as a fund of perpetual duration. Deficiencies of this nature resulted from unfavorable market fluctuations. These deficiencies are reported in unrestricted net assets as an aggregate deficiency of endowment funds.

**NOTE 9 – IN-KIND CONTRIBUTIONS**

The Foundation recognized approximately \$67,000 and \$64,000 of in-kind contributions in 2012 and 2011, respectively. In 2012, the Foundation recognized \$64,000 of in-kind capital additions and \$3,000 of in-kind program materials. In 2011, the Foundation recognized \$51,000 of in-kind capital additions and \$13,000 of in-kind program materials.

**NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 17, 2013, which is the date that the financial statements were available for issuance. 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.

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