

# Camp Harbor View Foundation, Inc.

Financial Statements

Year Ended December 31, 2012

# Camp Harbor View Foundation, Inc.

FINANCIAL STATEMENTS  
Year Ended December 31, 2012

---

## CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	1
Financial Statements:	
Statement of Financial Position .....	2
Statement of Activities and Changes in Net Assets.....	3
Statement of Cash Flows.....	4
Notes to Financial Statements .....	5-13



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Camp Harbor View Foundation, Inc.  
Boston, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Camp Harbor View Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and changes in net assets 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. 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 Harbor View Foundation, Inc. as of December 31, 2012, 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.

*McGladrey LLP*

Boston, Massachusetts  
August 1, 2013

# Camp Harbor View Foundation, Inc.

Statement of Financial Position

December 31, 2012

## ASSETS

Cash and cash equivalents	\$ 2,908,424
Short-term investments	2,845
Investments, at fair value	1,000,000
Contribution receivable, net	4,225,462
Unconditional promise to give	6,042,119
Property and equipment, net of accumulated depreciation and amortization	<u>15,763,510</u>
Total assets	<u><u>\$ 29,942,360</u></u>

## LIABILITIES AND NET ASSETS

### Liabilities:

Accounts payable and accrued liabilities	<u>\$ 232,037</u>
Total liabilities	<u>232,037</u>

### Net assets:

Unrestricted	18,230,746
Temporarily restricted	6,550,553
Permanently restricted	<u>4,929,024</u>
Total net assets	<u>29,710,323</u>

Total liabilities and net assets	<u><u>\$ 29,942,360</u></u>
----------------------------------	-----------------------------

# Camp Harbor View Foundation, Inc.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and support:</b>				
Special events	\$ 3,928,194	\$ 12,921	\$ -	\$ 3,941,115
Contributions	1,441,168	1,606,438	4,929,024	7,976,630
Membership dues	5,185	-	-	5,185
Interest income	5,570	-	-	5,570
Net assets released from restrictions	538,828	(538,828)	-	-
Total revenues and support	5,918,945	1,080,531	4,929,024	11,928,500
<b>Program expenses:</b>				
Camp operation contract	1,451,763	-	-	1,451,763
Depreciation and amortization	908,870	-	-	908,870
Food	400,819	-	-	400,819
Ground rent	318,006	-	-	318,006
Activity supplies and equipment	121,230	-	-	121,230
Insurance	113,275	-	-	113,275
Uniforms	90,757	-	-	90,757
Maintenance	86,208	-	-	86,208
Transportation	70,200	-	-	70,200
Total program expenses	3,561,128	-	-	3,561,128
<b>General and administrative expenses:</b>				
Administrative expenses	419,945	-	-	419,945
Scholarships	108,026	-	-	108,026
Promotional materials	43,988	-	-	43,988
Other	43,336	-	-	43,336
Professional fees	37,530	-	-	37,530
Total general and administrative expenses	652,825	-	-	652,825
<b>Fundraising expenses:</b>				
Fundraising	871,655	-	-	871,655
Total fundraising expenses	871,655	-	-	871,655
Change in net assets	833,337	1,080,531	4,929,024	6,842,892
Net assets, beginning of year	17,397,409	5,470,022	-	22,867,431
Net assets, end of year	\$ 18,230,746	\$ 6,550,553	\$ 4,929,024	\$ 29,710,323

See notes to financial statements.

# Camp Harbor View Foundation, Inc.

## Statement of Cash Flows

Year Ended December 31, 2012

---

Cash flows from operating activities:	
Change in net assets	\$ 6,842,892
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	908,870
Contributed property and equipment	(55,709)
Contributions received for long-term purposes	(4,929,024)
Changes in assets and liabilities:	
(Increase) decrease in:	
Unconditional promise to give	(691,994)
Contribution receivable, net	(296,438)
Increase (decrease) in:	
Accounts payable and accrued liabilities	178,271
Net cash provided by operating activities	<u>1,956,868</u>
Cash flows from investing activities:	
Redemption of short-term investments	(7)
Purchase of investments	(1,000,000)
Purchase of property and equipment	(2,057,023)
Net cash used in investing activities	<u>(3,057,030)</u>
Cash flows from financing activities:	
Cash received restricted for long-term purposes	1,000,000
Net cash provided by financing activities	<u>1,000,000</u>
Net decrease in cash and cash equivalents	(100,162)
Cash and cash equivalents, beginning of year	<u>3,008,586</u>
Cash and cash equivalents, end of year	<u>\$ 2,908,424</u>

See notes to financial statements.

# Camp Harbor View Foundation, Inc.

Notes to Financial Statements  
Year Ended December 31, 2012

---

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization and Purpose

Camp Harbor View Foundation, Inc., (the "Foundation") is a not-for-profit corporation established on February 21, 2007 for the purpose of operating Camp Harbor View. The Foundation is governed by a Board of Directors comprised of Boston Mayor Thomas M. Menino, Jack Connors, Jr., and Peter Welsh.

Founded in 2007 by the City of Boston and Boston businessman and civic leader Jack Connors, Jr., Camp Harbor View was established to address the summer needs of inner-city youth, and hosts over 800 children ages 11-14 each summer. The mission of Camp Harbor View is to provide an environment in which young adolescents from many of Boston's at-risk neighborhoods can experience fun, friendship, new exposures and mentoring opportunities offered by a caring and competent staff. Through this process they will develop confidence, leadership skills and an awareness of life possibilities (educational, vocational and other) that they would otherwise not have encountered.

### Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. A summary of the significant accounting policies applied in the preparation of the financial statements follows.

### Basis of Presentation

The accompanying financial statements for the year ended December 31, 2012 have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets generally accepted accounting principles ("GAAP") that the Foundation follows to ensure its financial position, results of activities, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification ("ASC").

Under FASB ASC 958, *Not-for-Profit Entities*, the Foundation 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.

Unrestricted net assets represent the portion of net assets of the Foundation that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

Permanently restricted net assets represent the principal amount of contributions accepted with the stipulation from the donor that the principal be maintained in perpetuity and only the income from investments thereof be expended for other general purposes or a purpose specified by the donor.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

# Camp Harbor View Foundation, Inc.

Notes to Financial Statements  
Year Ended December 31, 2012

---

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts, which may at times exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

### Short-Term Investments

Short term investments are primarily certificates of deposit and are recorded at fair value.

### Investments, Investment Income and Appreciation of Endowment Investments

Investments are carried at fair value, as established by the major securities markets. Purchases and sales of securities are recorded on trade dates, and realized gains and losses are determined on the basis of the average cost of securities sold.

As of December 31, 2012, the Foundation's investment holdings were comprised entirely of cash.

### Property and Equipment

Purchased property and equipment are capitalized at cost and are included within unrestricted net assets. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Major additions are capitalized, while ordinary repairs and maintenance are expensed. Depreciation is computed using the straight line method over the estimated useful lives of the assets.

### Endowment Assets

The Foundation follows FASB guidance, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). UPMIFA is a model act approved by the Uniform Law Commission (formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. This guidance also improves disclosures about a Foundation's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds), whether or not the organization is subject to UPMIFA.

# Camp Harbor View Foundation, Inc.

Notes to Financial Statements  
Year Ended December 31, 2012

---

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Endowment Assets...continued

The Board has interpreted Massachusetts General Law as requiring investment earnings on permanently restricted net assets to be retained in a restricted net asset classification until appropriated by the Board and expended. Massachusetts General Law allows the Board to appropriate for expenditure or accumulate so much of endowment fund as the Foundation determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. In making a determination to appropriate or accumulate, the Foundation shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors: the duration and preservation of the endowment fund; the purposes of the Foundation and the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the Foundation; and the investment policy of the Foundation.

The Foundation is in the process of determining its investment and spending policies for its endowment assets. See Note 8 for further information.

### Contributions

Contributions received, including unconditional promises to give, are recognized as revenues when donor's commitments are received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

A donor restriction expires when a stipulated time restriction ends or when a purpose is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period in which the unconditional promises to give are made. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions and pledges receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and nature of fundraising activities.

Contributions received with donor-imposed restrictions that are met in the same year as received are reporting as revenues of the temporarily restricted net asset class. A release to unrestricted net assets is made to reflect the expiration of such restrictions.

# Camp Harbor View Foundation, Inc.

Notes to Financial Statements  
Year Ended December 31, 2012

---

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### In-Kind Support

The Foundation recognizes various types of in-kind support including services, materials and the use of facilities in accordance with ASC 958. This pronouncement requires recognition of services at fair value when:

- the services received either create or enhance nonfinancial assets, or
- the services received require specialized skills and are provided by individuals possessing those skills, and the services received would typically need to be purchased if not provided by contribution.

Contributions of materials are recognized at fair value when received. Contributions of the use of facilities are recognized at the fair rental value of the property net of any lease payments but not in excess of the fair value of the leased property. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

### Program Income

The Foundation recognizes program income in the period in which the related summer camp enrollment occurs.

### Promotional Materials

The Foundation uses mailings, brochures, posters and a website to promote its program among the communities it serves and to encourage donations. The cost of promotional material is expensed as incurred. For the year ended December 31, 2012, promotional material expense was \$43,988.

### Income Taxes

The Foundation is a nonprofit organization, which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

### Uncertainty of Income Taxes

The Foundation follows the accounting standard, *Accounting for Uncertainty in Income Taxes*. This standard clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management believes that the Foundation has no material uncertainties in income taxes. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S., federal, state or local tax authorities for years before 2009. The Foundation will account for interest and penalties related to uncertain tax positions, if any, as part of income tax expense.

# Camp Harbor View Foundation, Inc.

Notes to Financial Statements  
Year Ended December 31, 2012

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Liquidity

In order to provide information about liquidity, assets are sequenced according to their nearness of conversion to cash and liabilities according to the nearness of their estimated maturity.

## 2. UNCONDITIONAL PROMISE TO GIVE AND OPERATING LEASE

### Unconditional Promise to Give

In June 2007, the Foundation received an unconditional promise to give from the Boston Public Health Commission ("BPHC") in the form of a below market ground lease. The in-kind gift is restricted in purpose for the development, ownership, operation and management of a day camp to benefit the children of the City of Boston on Long Island in Boston Harbor, Massachusetts and is also restricted in time such that it will expire in March 2032.

The noncancelable ground lease is considered a contribution of the use of property and an unconditional promise to give. The Foundation recognizes the in-kind support as temporarily restricted support, at the fair value of the ground lease net of lease payment, when received. The fair value of the ground lease is based on the fair value of the site improvements made and buildings constructed by the Foundation totaling \$7,550,000, which revert to BPHC at the end of the lease. During 2012, site improvements with a fair value of \$1,010,000 were made. The restriction is deemed to expire ratably over the term of the ground lease of twenty-five years. The balance of the unconditional promise to give as of December 31, 2012 is as follows:

Fair value of ground lease, net of lease payments	\$ 7,550,000
Portion expired through 2012	<u>1,507,881</u>
Unconditional promise to give	<u>\$ 6,042,119</u>

The unconditional promise to give shall be recognized as follows:

One to five years	\$ 1,590,031
More than five years	<u>4,452,088</u>
	<u>\$ 6,042,119</u>

No allowance for uncollectible promises to give was deemed necessary.

# Camp Harbor View Foundation, Inc.

Notes to Financial Statements  
Year Ended December 31, 2012

## 2. UNCONDITIONAL PROMISE TO GIVE AND OPERATING LEASE...continued

### Operating Lease

The ground lease referred to above expires in March 2032. The base rent expense is \$1 per year. As consideration for the \$1 per year lease, the Foundation is required to make substantial site improvements and construct buildings thereon. During the lease term, the Foundation is required to maintain such improvements and buildings. At the end of the lease term, these improvements and buildings revert to the BPHC at no cost.

The fair value of the ground lease is recognized ratably over the lease term as a release of assets from restrictions and is recognized as ground rent expense. Total ground rent for the year ended December 31, 2012 was \$318,006.

Future minimum lease payments under this operating lease for the years ending December 31, are as follows:

2013	\$	1
2014		1
2015		1
2016		1
2017		1
Thereafter		<u>14</u>
	\$	<u>19</u>

## 3. CONTRIBUTION RECEIVABLE

During 2012, the Foundation received a \$5,500,000 contribution, \$1,200,000 of which was received in 2012. Included within this contribution were amounts of \$5,000,000 restricted for a campers' expenses endowment fund and \$500,000 restricted for immediate use by the Foundation for campers' expenses. The contribution is due in various payment streams and has been recorded at its net present value, discounted using a risk-adjusted rate of 0.72%.

Contribution receivable, gross	\$	4,300,000
Less - unamortized discount		<u>(74,538)</u>
Contribution receivable, net	\$	<u>4,225,462</u>
Amounts due in:		
Less than one year	\$	1,150,000
One to five years		<u>3,150,000</u>
Total contribution receivable, gross	\$	<u>4,300,000</u>

# Camp Harbor View Foundation, Inc.

Notes to Financial Statements  
Year Ended December 31, 2012

## 4. PROPERTY AND EQUIPMENT

As of December 31, 2012, property and equipment consisted of the following:

	Estimated Useful Life (Years)	
Site improvements	25	\$ 10,436,117
Buildings	25	9,070,042
Equipment and furniture and fixtures	10	355,865
Ropes course	10	144,006
Sailing vessels	5	220,257
Vehicles	5	<u>24,854</u>
		20,251,141
Less - accumulated depreciation and amortization		<u>4,487,631</u>
Property and equipment - net		<u>\$ 15,763,510</u>

Depreciation and amortization expense for the year ended December 31, 2012 was \$908,870.

## 5. TEMPORARILY RESTRICTED NET ASSETS

The following is a summary of temporarily restricted net assets as of December 31, 2012:

BPHC unconditional promise to give (See Note 2)	\$ 6,042,119
Camper expense funding	496,438
Scholarship funding	<u>11,996</u>
	<u>\$ 6,550,553</u>

## 6. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from donor restrictions for the year ended December 31, 2012 were as follows:

Leader in training program	\$ 100,000
Capital and annual designation	12,796
Scholarships	108,026
Expiration of time restrictions	<u>318,006</u>
	<u>\$ 538,828</u>

# Camp Harbor View Foundation, Inc.

Notes to Financial Statements  
Year Ended December 31, 2012

## 7. IN-KIND SUPPORT

During the year ended December 31, 2012, the Foundation received the following noncash donations that have been reflected in the financial statements of the Foundation:

Services:	
Fundraising	\$ 102,099
Transportation	26,120
Administrative wages	19,945
Legal	11,850
Accounting	10,000
Tax	5,175
Materials:	
Camper uniforms	76,250
Property and equipment	55,709
Food	29,276
Activities, supplies, and equipment	<u>6,191</u>
Total in-kind support	<u>\$ 342,615</u>

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation in carrying out its mission. No amounts have been recognized in the accompanying statement of activities and changes in net assets since such services did not meet the criteria for recognition.

## 8. ENDOWMENT NET ASSETS

The following is a summary of endowment net asset composition by type as of December 31, 2012:

<u>December 31, 2012</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 496,438	\$ 4,929,024	\$ 5,425,462
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, as of December 31, 2011	\$ -	\$ -	\$ -	\$ -
Contributions	<u>-</u>	<u>496,438</u>	<u>4,929,024</u>	<u>5,425,462</u>
Net assets, as of December 31, 2012	<u>\$ -</u>	<u>\$ 496,438</u>	<u>\$ 4,929,024</u>	<u>\$ 5,425,462</u>

Endowment net assets include a grant from one donor. The endowment was entirely held in cash, which totaled \$1,000,000 as of December 31, 2012 with the remaining balance included in contribution receivable. The endowment is to be used to cover campers' expenses for children from Boston's at-risk neighborhoods to attend the Foundation's camp. There were no gains or losses recorded for the year ended December 31, 2012.

# Camp Harbor View Foundation, Inc.

Notes to Financial Statements  
Year Ended December 31, 2012

---

## 9. RELATED PARTIES

In accordance with FASB ASC Topic 850, *Related Party Disclosures*, a related party may be any party that can exercise control or significant influence over an organization. The following is disclosed regarding related parties:

The Mayor of the City of Boston is a member of the Board of Directors of the Foundation. The Boston Public Health Commission is the lessor of a ground lease with the Foundation to provide land situated on Long Island in Boston Harbor for the operation of Camp Harbor View as disclosed in Note 2.

A founder of the Foundation and member of the Board of Directors of the Foundation has made unrestricted contributions to the Foundation of approximately \$8,000. In addition, the Connors Family Office, a company related to this member, has provided free use of facilities and accounting and support staff time of approximately \$20,000 as in-kind support. The Foundation also had a payable due to this member in the amount of \$125,000 for the year ended December 31, 2012.

Another member of the Board of Directors of the Foundation is also a member of management of a construction company that has made unrestricted contributions to the Foundation in the amount of \$100,000 and a fair value donation representing donated construction services, representing donated construction services in the amount of approximately \$56,000 as in-kind support.

## 10. MAJOR REVENUE SOURCE

Revenue from one donor accounted for approximately 46% of revenue and support for the year ended December 31, 2012.

## 11. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through August 1, 2013, the date which the financial statements were available to be issued. No material events have occurred subsequent to December 31, 2012.