



**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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## Independent Auditor's Report

Board of Directors  
Community Foundation of Anne Arundel County, Inc.

We have audited the accompanying financial statements of Community Foundation of Anne Arundel County, Inc. (the Foundation) (a nonprofit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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.

### **Auditor's 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 the audit 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 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 Community Foundation of Anne Arundel County, Inc. as of December 31, 2019 , 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.

## **Prior Period Financial Statements**

The financial statements of Community Foundation of Anne Arundel County, Inc. as of December 31, 2018 were audited by other auditors whose report dated February 20, 2020 expressed an unmodified opinion on those statements.

*Alta CPA Group, LLC*

October 8, 2020

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,419,276	\$ 886,819
Other Receivables	6,758	2,731
Unconditional Promises to Give, Current Portion	243,596	299,596
Investments	13,511,932	9,727,840
Other Current Assets	4,010	4,507
Total Current Assets	16,185,572	10,921,493
PROPERTY AND EQUIPMENT:		
Property and Equipment	10,375	8,875
Accumulated Depreciation	(6,547)	(5,208)
Net Property and Equipment	3,828	3,667
Other Assets:		
Other Asset	13,369	13,369
Unconditional Promises to Give, Net of Current Portion	2,761,191	2,920,029
Total Other Assets	2,774,560	2,933,398
Total Assets	\$ 18,963,960	\$ 13,858,558
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 52,119	\$ 76,560
Deferred Revenue	5,880	-
Total Current Liabilities	57,999	76,560
Noncurrent Liabilities:		
Agency Funds	792,507	554,787
Total Non Current Liabilities	792,507	554,787
Total Liabilities	850,506	631,347
Net Assets:		
Without Donor Restrictions	483,020	523,145
With Donor Restrictions	17,630,434	12,704,066
Total Net Assets	18,113,454	13,227,211
Total Liabilities and Net Assets	\$ 18,963,960	\$ 13,858,558

See auditor's report and accompanying notes to financial statements.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>						
Contributions	\$ 61,487	\$ 6,645,547	\$ 6,707,034	\$ 316,040	\$ 6,064,996	\$ 6,381,036
Program Services	12,985	-	12,985	7,850	-	7,850
Special Events, Net of Costs of Direct Benefit to Participants of \$111,061 and \$98,894 for 2019 and 2018, Respectively,	1,841	(11,555)	(9,714)	-	122,597	122,597
Investment Income (Loss), Net	28,761	1,392,642	1,421,403	-	(559,501)	(559,501)
Agency Funds Mangement Fees	7,670	-	7,670	-	-	-
Net Assets Released from Restrictions	<u>3,100,266</u>	<u>(3,100,266)</u>	<u>-</u>	<u>5,352,211</u>	<u>(5,352,211)</u>	<u>-</u>
Total Public Support and Revenue	3,213,010	4,926,368	8,139,378	5,676,101	275,881	5,951,982
<b>EXPENSES</b>						
Program Services						
Grants	2,657,610	-	2,657,610	4,994,916	-	4,994,916
Other Charitable Exenditures	294,721	-	294,721	263,015	-	263,015
Supporting Services						
Philanthropic Development	55,101	-	55,101	138,810	-	138,810
Management and General	<u>245,703</u>	<u>-</u>	<u>245,703</u>	<u>217,728</u>	<u>-</u>	<u>217,728</u>
Total Expenses	<u>3,253,135</u>	<u>-</u>	<u>3,253,135</u>	<u>5,614,469</u>	<u>-</u>	<u>5,614,469</u>
Change in Net Assets	(40,125)	4,926,368	4,886,243	61,632	275,881	337,513
Net Assets at Beginning of Year	523,145	12,704,066	13,227,211	461,513	12,398,095	12,859,608
Reclassification of Agency Funds Activity to Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,090</u>	<u>30,090</u>
Net Assets at End of Year	<u>\$ 483,020</u>	<u>\$ 17,630,434</u>	<u>\$ 18,113,454</u>	<u>\$ 523,145</u>	<u>\$ 12,704,066</u>	<u>\$ 13,227,211</u>

See auditor's report and accompanying notes to financial statements.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Supporting Services		Total
	Grants	Other Charitable Expenditures	Total Program Services	Philanthropic Development	Management and General	
Accounting and Audit	\$ -	5,401	5,401	\$ 540	\$ 21,062	\$ 27,003
Bank, Credit Card, and Payment Processing Fees	-	8,609	8,609	39	2,500	11,148
Board Expense	-	-	-	-	2,096	2,096
Communications Staff Grant Expenses	-	-	-	-	-	-
Community Outreach	-	-	-	1,038	-	1,038
Consultants	-	1,654	1,654	-	-	1,654
Contractor-Donor Services	-	4,981	4,981	-	-	4,981
Depreciation Expense	-	803	803	-	536	1,339
Employee Benefits	-	5,602	5,602	912	4,916	11,430
Estate Planning Council Expenses	-	12,448	12,448	-	-	12,448
Grants/Scholarships	2,657,610	-	2,657,610	-	-	2,657,610
Insurance	-	1,834	1,834	211	4,537	6,582
Investment Expense- Foreign Tax	-	60	60	-	-	60
Licenses and Permits	-	-	-	-	325	325
Life Insurance Premiums	-	-	-	-	20,148	20,148
Marketing	-	2,760	2,760	3,695	-	6,455
Meals and Entertainment	-	18,316	18,316	-	1,266	19,582
Memberships/Subscriptions	-	3,167	3,167	-	3,167	6,334
Needs Assessment	-	10,629	10,629	-	-	10,629
Office Expenses	-	3,750	3,750	1,638	1,637	7,025
Payroll Taxes	-	13,216	13,216	2,055	11,470	26,741
Postage	-	948	948	1,348	1,348	3,644
Printing	-	555	555	13,319	-	13,874
Professional Development	-	-	-	-	1,538	1,538
Rent	-	4,185	4,185	-	12,667	16,852
Salaries and Wages	-	169,570	169,570	27,038	149,518	346,126
Supplies	-	5,740	5,740	-	-	5,740
Technology/Web	-	16,709	16,709	-	3,704	20,413
Telephone	-	890	890	1,267	1,267	3,424
Travel Expenses	-	1,406	1,406	2,001	2,001	5,408
WGT Expenses	-	1,488	1,488	-	-	1,488
<b>Total Expenses</b>	<b>\$ 2,657,610</b>	<b>294,721</b>	<b>2,952,331</b>	<b>\$ 55,101</b>	<b>\$ 245,703</b>	<b>\$ 3,253,135</b>

See auditor's report and accompanying notes to financial statements.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services			Supporting Services		Total
	Grants	Other Charitable Expenditures	Total Program Services	Philanthropic Development	Management and General	
Accounting and Audit	\$ -	\$ 4,193	\$ 4,193	\$ 611	\$ 14,181	\$ 18,985
Administrative Expenses	-	1,836	1,836	1,837	-	3,673
Bank, Credit Card, and Payment Processing Fees	-	8,376	8,376	12,745	189	21,310
Board Expense	-	-	-	-	2,887	2,887
Capacity Building- Development	-	-	-	2,782	-	2,782
Communications Staff Grant Expenses	-	2,365	2,365	2,365	-	4,730
Community Outreach	-	-	-	1,620	-	1,620
Consultants	-	323	323	81	-	404
Contractor-Donor Services	-	3,713	3,713	-	-	3,713
Depreciation Expense	-	447	447	-	286	733
Employee Benefits	-	6,287	6,287	4,425	2,691	13,403
Estate Planning Council Expenses	-	12,380	12,380	-	-	12,380
Grants/Scholarships	4,994,916	-	4,994,916	-	-	4,994,916
Insurance	-	1,105	1,105	202	4,537	5,844
Investment Expense- Foreign Tax	-	3,082	3,082	-	-	3,082
Licenses and Permits	-	-	-	-	311	311
Life Insurance Premiums	-	-	-	-	29,972	29,972
Marketing	-	-	-	3,097	-	3,097
Meals and Entertainment	-	8,481	8,481	837	304	9,622
Memberships/Subscriptions	-	3,894	3,894	-	3,895	7,789
Needs Assessment	-	7,500	7,500	-	-	7,500
Office Expenses	-	4,221	4,221	2,111	2,105	8,437
Other Restricted Expenses	-	3,979	3,979	6,708	9,000	19,687
Payroll Taxes	-	10,576	10,576	6,214	9,225	26,015
Postage	-	757	757	1,077	1,077	2,911
Printing	-	-	-	8,357	-	8,357
Professional Development	-	-	-	-	2,559	2,559
Program Expenses	-	28,066	28,066	-	-	28,066
Rent	-	4,327	4,327	-	12,410	16,737
Salaries and Wages	-	136,618	136,618	81,222	119,754	337,594
Special Events	-	-	-	828	-	828
Technology/Web	-	8,228	8,228	32	685	8,945
Telephone	-	612	612	870	871	2,353
Travel Expenses	-	561	561	789	789	2,139
WGT Expenses	-	1,088	1,088	-	-	1,088
<b>Total Expenses</b>	<b>\$ 4,994,916</b>	<b>\$ 263,015</b>	<b>\$ 5,257,931</b>	<b>\$ 138,810</b>	<b>\$ 217,728</b>	<b>\$ 5,614,469</b>

See auditor's report and accompanying notes to financial statements.



COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 4,886,243	\$ 337,513
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Realized and Unrealized (Gains)/Losses	(1,220,820)	958,568
Donated Securities	(395,575)	(594,029)
Depreciation	1,339	733
(Increase) Decrease in Grant Refund Receivables	-	20,000
(Increase) Decrease in Other Receivables	(4,027)	(2,731)
(Increase)Decrease in Unconditional Promises to Give	214,838	184,920
(Increase)Decrease in Other Assets	497	(15,855)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(24,441)	54,795
Increase (Decrease) in Deferred Revenue	5,880	-
Increase (Decrease) in Agency Funds Liabilities	237,720	(30,091)
	3,701,654	913,823
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(5,849,791)	(2,730,267)
Proceeds from Sale of Investments	3,682,094	2,177,171
Purchases of Fixed Assets	(1,500)	(2,706)
	(2,169,197)	(555,802)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted for Investment in Permanent Endowment	-	56,810
	-	56,810
Net Increase in Cash and Cash Equivalents	1,532,457	414,831
Cash and Cash Equivalents at Beginning of Year	886,819	471,988
Cash and Cash Equivalents at End of Year	\$ 2,419,276	\$ 886,819
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for:		
Income Taxes	\$ -	\$ -
Interest	\$ -	\$ -

See auditor's report and accompanying notes to financial statements.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Community Foundation of Anne Arundel County, Inc. (Foundation), established in 1998 and incorporated in Maryland in 1999, is one (1) of thirteen (13) such foundations in Maryland and one (1) of approximately eight hundred (800) in the United States. Its goal is to build a permanent source of charitable funds that can be used to address the needs of the Anne Arundel County community of Maryland today and in the future. During 2007, the foundation changed its name from Community Foundation of the Chesapeake to Community Foundation of Anne Arundel County, Inc.

Founded by a group of community-minded citizens who wanted to ensure a permanent source of funds for our local charitable organizations, the Foundation's mission is to improve the quality of life for all people in Anne Arundel County by building and managing an endowment of charitable assets, responding to community needs, helping donors achieve their charitable objectives while strengthening the community, serving as a catalyst for community problem solving, and fostering greater giving and new philanthropy in our community.

Activity

Prior to 2007, the Foundation's primary purpose was to make charitable grants to qualifying recipients in Anne Arundel, Calvert, Charles, and St. Mary's Counties. Currently, the Foundation is focusing exclusively on Anne Arundel County. The Foundation receives its support directly from the public.

The Foundation operates the Anne Arundel Estate Planning Council program to provide a forum for local wealth planning professionals from various disciplines to exchange ideas and build relationships by hosting educational and networking events.

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The basis of accounting involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Adopted

The Foundation has adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with the standard.

The Foundation has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting.

Use of Estimates

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

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate a portion of these net assets for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a 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.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue from contracts with customers primarily consists of special event fees. Revenues are recognized when control of the promised services is transferred to customers, in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those services. These revenues are recognized net of discounts, waivers, and refunds.

The Foundation determines revenue recognition through the five-step model prescribed by Topic 606 as follows:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract;
- Recognition of revenue when, or as, performance obligations are satisfied.

*Performance Obligations*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service in the contract and recognized as revenue when, or as, the performance obligation is satisfied. The primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which the Foundation evaluates the market and estimates a price that a customer would be willing to pay for the goods and services the Foundation provides.

The Foundation's performance obligations are primarily satisfied at the point in time of events. The transaction price is determined based on gross price, net of discounts or refunds.

The Foundation has elected the optional exemption to not disclose amounts where the performance obligation is part of a contract which has an original expected duration of one year or less. The Foundation expects to recognize substantially all revenue on these remaining performance obligations over the next 12 months.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

*Contract Balances*

The timing of billings, cash collections, and revenue recognition results in accounts receivable (contract assets) and program deposits on the statements of financial position. Receivables are only recognized to the extent that it is probable that the Foundation will collect substantially all of the consideration to which it is entitled in exchange for the goods and services that will be transferred. The Foundation receives advance payments of deposits from customers before revenue is recognized, which are recorded as contract liabilities in program deposits.

*Costs to Obtain a Contract*

The Foundation has elected the practical expedient available in ASC 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest, is received. A conditional promise to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three (3) months or less to be cash and cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Grants, and Support

Contributions and grants received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Receivables are charged off when deemed by the Foundation to be uncollectible.

The Foundation reports gifts of goods 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 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.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Property and Equipment

Purchased property and equipment is recorded at cost and is comprised of computer equipment, furniture and software. Donated assets are recorded as contributions at their estimated fair value on the date received. The Foundation capitalizes individual assets with a cost that is equal to \$500 or greater. Depreciation is provided on the straight-line method over the estimated class life of the asset, which ranges from three (3) to seven (7) years.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Gains and losses on investments for the year are reported in the statement of activities as part of investment income.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The costs of various activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain categories of expenses are attributable to program and support functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Such allocated expenses include salaries and wages, benefits and payroll taxes, accounting, meals and entertainment, memberships and subscriptions, office expenses, postage, communications staff grant, consultant, technology/website, telephone, travel, and payment processing fees. Salaries and wages, and benefits and payroll taxes are allocated based on estimates of time and effort; accounting is allocated based on estimates of time spent accounting for each category of operations; meals and entertainment, memberships and subscriptions, postage, communications staff grant, consultant and travel are allocated based on actual expenses; office expenses are allocated based on estimated use of supplies by category of operations; technology/website is allocated based on estimated use by category and/or actual expenses; telephone is allocated based on estimated use by category; and payment processing fees are allocated based on estimated fees for receipts by category and/or actual expenses.

Component Funds

Contributions received by the Foundation are classified and administered according to the donor's instructions at the time the gift is made.

Component funds of the Foundation are as follows:

- Discretionary funds are expended in any charitable field.
- Field-of-interest funds are expended for some broadly defined charitable purpose such as mental health or aid to the aged.
- Advised funds are expended at the discretion of the Board of Trustees, who from time to time consider grant recommendations offered by donors.
- Designated funds are expended for the charitable purposes specified by donors at the time the component fund is created.
- Scholarship funds are expended in support of educational scholarship programs.
- Agency funds are expended for the charitable purpose specified by donors at the time the agency fund is created.

Each of the six (6) kinds of funds previously listed may be created as endowed or non-endowed funds.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit Risk

The Foundation maintains cash and cash equivalents at multiple financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At December 31, 2019, the Foundation's uninsured cash balances totaled approximately \$2,025,000. The Foundation has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Income Taxes

The Foundation is exempt under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. The Foundation is exempt from paying federal income tax on any income except unrelated business income. No provision has been made for income taxes as the Foundation has had no unrelated business income.

The Foundation follows the guidance of ASC 740-10 which clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements, including those of nonprofit organizations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the Foundation's financial statements.

The Foundation analyzes tax positions taken, including those related to the requirements set forth by IRC Section 501(c) to qualify as a tax exempt organization, activities performed by volunteers and board members, the reporting of unrelated business income, and its status as a tax-exempt organization under Maryland state statute. The Foundation does not know of any tax benefits arising from uncertain tax positions and there was no effect on the Foundation's financial position or changes in net assets as a result of analyzing its tax positions.

The Foundation's informational return filings are subject to audit by the Internal Revenue Service, generally for three years after filing.

Date of Management Review

The Foundation has evaluated events and transactions that occurred during the period from the date of the financial statements through October 8, 2020, the date the financial statements were available to be issued. There were no events or transactions that occurred during the period that materially impacted the amounts or disclosures in the Foundation's financial statements.



COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 2,419,276	\$ 886,819
Other Receivables	6,758	2,731
Unconditional Promises to Give	3,004,785	3,219,625
Investments	<u>13,511,932</u>	<u>9,727,840</u>
Total Financial Assets Available at Year End	18,942,751	13,837,015
Less Amounts Not Available to be Used Within One Year		
Due to:		
Donor-Restricted Promises to Give	(3,004,787)	(3,164,626)
Specific Purposes	<u>(14,625,647)</u>	<u>(9,539,440)</u>
Total Financial Assets Available for General Expenditure Over the Next Twelve Months	\$ <u>1,312,317</u>	\$ <u>1,132,949</u>

NOTE 3 - PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2019</u>	<u>2018</u>
Unconditional Promises	\$ 3,747,537	\$ 4,048,133
Less: Unamortized Discount	<u>(742,750)</u>	<u>(828,508)</u>
Total	\$ <u>3,004,787</u>	\$ <u>3,219,625</u>
	<u>2019</u>	<u>2018</u>
Amounts Due in:		
Less Than One Year	\$ 243,596	\$ 310,420
One to Five Years	1,056,367	1,156,704
More Than Five Years	<u>1,704,824</u>	<u>1,937,421</u>
Total	\$ <u>3,004,787</u>	\$ <u>3,404,545</u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 3 - PROMISES TO GIVE (CONTINUED)

Unconditional promises to give due in more than one (1) year are recognized at fair value, using present value techniques and a discount rate of three and six tenths percent (3.6%) at December 31, 2019 and 2018. In the Foundation's opinion, the balances of unconditional promises to give at December 31, 2019 and 2018 are fully collectible.

NOTE 4 - INVESTMENTS

The Foundation invests in money market funds, mutual funds, exchange traded funds, U.S. government obligations, and corporate securities. Money market funds are valued at cost, which approximates fair value. All other investments are valued based on quoted prices in active markets. There were no changes in valuation techniques in the years ended December 31, 2019 and 2018. The Foundation recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the years ended December 31, 2019 and 2018.

Assets measured at fair value on a recurring basis at December 31, 2019 are as follows:

	Quoted Market Prices in Active Markets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Unobservable Inputs <u>(Level 3)</u>	<u>Total</u>
Cash and				
Cash Equivalents	\$ 1,629,365	\$ ---	\$ ---	\$ 1,629,365
Exchange Traded Funds	2,346,513	---	---	2,346,513
Stocks	163,463	---	---	163,463
Real Estate	20,711	---	---	20,711
Mutual Funds	<u>9,351,880</u>	<u>---</u>	<u>---</u>	<u>9,351,880</u>
 Total	 \$ <u>13,511,932</u>	 \$ <u>---</u>	 \$ <u>---</u>	 \$ <u>13,511,932</u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 4 – INVESTMENTS (CONTINUED)

Assets measured at fair value on a recurring basis at December 31, 2018 are as follows:

	Quoted Market Prices in Active Markets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Unobservable Inputs <u>(Level 3)</u>	<u>Total</u>
Cash and				
Cash Equivalents	\$ 638,219	\$ ---	\$ ---	\$ 638,219
Exchange Traded Funds	1,649,645	---	---	1,649,645
U.S. Government				
Obligations	175,627	---	---	175,627
Stocks	107,015	---	---	107,015
Mutual Funds	<u>7,157,334</u>	<u>---</u>	<u>---</u>	<u>7,157,334</u>
 Total	 \$ <u>9,727,840</u>	 \$ <u>---</u>	 \$ <u>---</u>	 \$ <u>9,727,840</u>

Net investment income (loss) is as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Interest and Dividend Income	\$ 353,078	\$ 228,836
Net Realized Gain/(Loss) on Sales of Investments	(253)	174,876
Unrealized Gain/(Loss) on Investments	1,118,867	(912,136)
Investment Expense Fees	<u>(50,289)</u>	<u>(51,077)</u>
 Total Investment Income (Loss)	 \$ <u>1,421,403</u>	 \$ <u>(559,501)</u>

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following at December 31:

	<u>2019</u>	<u>2018</u>
OPERATING		
Anne Arundel Estate Planning Council	\$ 8,172	\$ 20,753
Community Leadership Fund (Endowment)	33,390	15,670

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
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NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2019</u>	<u>2018</u>
<b>ANNE ARUNDEL COUNTY CHARITABLE FUND</b>		
AAC Animal Control Fund	\$ 2,127	\$ 2,020
AAC Department of Aging Fund	911	428
AAC Department of Health	1,353	---
AAC Fire Department Fund	410	1,009
AAC General Fund	3	10
AAC Partnership for Children, Youth and Families Fund	1,341	174
AAC Police Department Fund	82	2,820
AAC Sheriff's Fund	11,650	---
<b>CORPORATE ADVISED</b>		
Baum Jackson Investment Group Charitable Foundation	17,497	20,290
Chaney Enterprises Foundation Fund	150,474	59,272
Chaney Fund for Hope	---	9
Crosby Foundation	842,281	416,558
Gable Signs Foundation for a Brighter Future	7,517	6,909
Greenberg Gibbon/Reliable Contracting Foundation Fund	17,336	25,150
Howard Bank Fund	10,275	9,363
Insurance Force Foundation	17,411	14,303
Maryland Realtors Charitable Fund	146,290	---
<b>DESIGNATED PURPOSE</b>		
Anna E. Greenberg Leadership Fund	48,904	41,285
Annapolis Maritime Museum Endowment Fund	5,828	---
Anne Arundel Conflict Resolution Center Endowment Fund	31,568	13,766
Anne Arundel County Public Library Endowment Fund	25,662	97
Babe and Dick Chaney Memorial Endowment Fund	126,228	110,212
Beer Family Fund	29,449	25,959
Davis Family Fund	23,686	
Healthy Anne Arundel	22,827	22,579
Humphrey-Hooper Foundation	2,607,916	---
In Your Honor Fund	3	(18)
Kurtz Legacy Fund	16,699	16,699
Ladders to SUCCESS - Economic Opportunity Endowment Fund	135,816	115,637
Langbein Family Endowment Fund	24,601	21,412
Marcus Endowment Fund for Arundel Lodge	290,662	247,477
Opportunity Builders, Inc. Designated Endowment	1,308	---
Perinatal Loss	15,227	14,584
Scenic Land Trust Designated Endowment Fund	13,379	6,266

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2019</u>	<u>2018</u>
DESIGNATED PURPOSE (CONTINUED)		
Sunshine Fund	\$ 31,341	\$ 26,685
Sylvia Meisenberg Adult Literacy Program at Arundel House of Hope	113,172	100,207
Sylvia Meisenberg Shakespeare Education Fund	107,534	99,035
The Capital Gazette Families Fund	115,859	184,339
Tommy Yeager Endowment Fund	58,018	49,311
DISCRETIONARY GRANTMAKING FUNDS		
Fund for Anne Arundel Endowment	356,439	249,984
Fund for Anne Arundel Spendable	345,611	11,707
Grants 4 Teachers	6,537	6,132
Help Our Neighbors	13,135	10,883
Strengthening Nonprofits Fund	8,645	10,465
DONOR ADVISED FUNDS		
Agnes Dixon Fund	130,095	111,308
Barry and Mary Gossett Foundation Fund	114,205	96,024
Beauty for Ashes	22,196	81,267
Beverly and Stephen Marcus Foundation	360,950	304,827
Bird Family Fund	17,672	15,947
Blaxall Fund for Economic Growth	34,396	47,586
Blessings Fund	65,764	37,248
Bo DePaola Family Foundation Fund, Bo's Effort	497,424	300,087
Brooks Family Fund	69,590	49,559
Carbaugh Family Fund	1,272,987	1,076,807
Carol Thompson Fund	6,223	4,301
Carroll H. Hynson Foundation	1,758	3,903
Chaney Impact Fund	466,587	281,933
Colleen and Lester Prosser Fund	24,972	29,568
Council Family Fund	13,682	---
Creston G. and Betty Jane Tate Fund	167,077	189,530
Cron dall Fund	51,310	32,572
Danny's Fund	87,587	66,064
Deems Digital Foundation	26,222	24,131
Dick and Sabra Ladd Charitable Fund	71,424	128,221
Dr. Michael J. Kurtz Foundation	11,096	11,360
Edward G. Garnett, Jr. Memorial Fund	---	3,070
Elizabeth Carr Memorial Fund	11,634	12,634
FEDE Fund	10,247	8,850
Frank and Susan Chaney Foundation	8,933	8,927

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2019</u>	<u>2018</u>
DONOR ADVISED FUNDS (CONTINUED)		
Frank's Fund	\$ 12,020	\$ 14,890
Franyo Foundation	3,089	3,717
Greg and Susan Walker Family Foundation	128,338	116,486
Gutschick Family Foundation	96,291	93,760
Haller Family Fund	17,288	15,405
HannaPolis Fund	13,804	11,854
Invictus (IMDV) Fund	30,334	25,529
Morgenstern Local Community Impact Endowment Fund	27,197	22,987
Morgenstern Local Community Impact Fund	20,342	25,448
Jim and Linda Humphrey Foundation	77,389	62,382
John B. and Mary E. Slidell Family Charitable Trust	444,465	363,100
Kincey and Bruce Potter Environmental Fund	204,314	181,649
Kurdle Family Fund	12,267	11,528
Laurie Sharp Endowment Fund	115	41,874
Laurie Sharp Memorial Fund	44,028	---
Lester M. and Lynda B. Salamon Charitable Fund	21,307	23,893
Louis A. D'Camera Memorial Fund	77,595	66,205
Lowery Homes Fund	11,000	10,008
Magnolia Family Fund	908,312	810,913
Margaret Sander Chaires Foundation	24,208	20,712
Mark and Lynne Powell Foundation	4,404	5,493
Marston Family Donor Advised Fund	56,016	51,830
Mary and Dale Spencer Charitable Fund	17,583	10,818
M&M Curtin Fund	---	4,546
Patty Brown and Joe Gill Giving Fund	155,371	2,760
Peterman Ponatoski Family Foundation	811,202	804,518
Pomfret Family Charitable Foundation	56,440	49,728
RK Family Fund	10,913	9,930
Roger and Sherry Lepage Education Fund	29,234	31,035
Schaefer Family Fund	68,990	73,314
Sonja Swygert Fund	18,183	20,062
Speciale Family Fund	2,227	1,014
Thornton Family Fund	12,942	11,736
Trish and Greg Strott Fund	18,400	30,205
Victor A. Sulin Charitable Trust	13,325	12,076
Walk the Walk Community Fund	26,198	22,415
Zoe Quinn Francis Fund	102,698	97,444

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2019</u>	<u>2018</u>
FIELD OF INTEREST		
Arts and Culture Anne Arundel Endowment Fund	\$ 102,309	\$ 89,959
Arts and Culture Fund	3,524	7,544
Babe and Dick Chaney Memorial Fund	224,061	128,095
Chaney Enterprises Beautification Fund	27,654	25,190
Chaney Enterprises Bull Roast Fund	171,336	163,603
Community Crisis Response Fund	7,189	6,568
Environment Anne Arundel	31,897	28,643
Ladders to SUCCESS - Preparing Youth for Life	---	189
Live Well Anne Arundel	(241)	8
South County Fund	37,990	37,530
Women and Girls Fund	43,909	39,623
GIVING CIRCLE		
AAWGT Administrative Fund	30,826	21,776
AAWGT Endowment Fund	132,311	105,957
AAWGT Grant Fund	137,736	104,183
AAWGT LTM Endowment Fund (10th Anniversary)	82,696	75,656
CL Lifetime Membership Fund	8,130	5,459
HB AAWGT Lifetime Membership Fund	11,635	10,781
Julie B Schuelke AAWGT Lifetime Membership Fund (JBS)	11,963	11,061
Lifting Anne Arundel	13,108	11,723
SCHOLARSHIPS		
Herzberg - Wild Scholarship Fund	166,707	270,537
Officer Grant Turner Memorial Scholarship	128,121	109,556
The Capital Gazette Memorial Scholarship Fund	199,313	147,983
William Bunn Memorial Scholarship Fund	87,039	71,387
PRESENT VALUE OF PLEDGES		
Carbaugh Family Fund	2,994,787	3,143,008
Patricia Brown and Joseph Gill (Community Leadership)	10,000	19,653
Carol Thompson (Community Leadership Circle)	---	1,965
Kurdle Family Fund	---	---
Arts and Culture Anne Arundel	---	---
Ladders/Arts and Culture	---	---
Herzberg-Wild Scholarship Fund	---	---
Total	\$ <u>17,630,434</u>	\$ <u>12,704,066</u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 6 - RELEASE FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
<b>OPERATING</b>		
Anne Arundel Estate Planning Council	\$ 29,959	\$ 422
Community Leadership Fund (Endowment)	4	1,259
<b>ANNE ARUNDEL COUNTY CHARITABLE FUND</b>		
AAC Animal Control Fund	3,790	2,672
AAC Department of Aging Fund	3,071	2,620
AAC Department of Health Fund	1,151	10
AAC Fire Department Fund	3,026	7,704
AAC General Fund	2,017	16,390
AAC Partnership for Children, Youth and Families Fund	343	2,116
AAC Police Department Fund	3,889	7,249
AAC Sheriff's Fund	182	
<b>CORPORATE ADVISED</b>		
Baum Jackson Investment Group Charitable Foundation	8,339	2,913
Chaney Enterprises Foundation Fund	441,708	180,028
Chaney Fund for Hope	9	100,503
Chaney Fund for Land Use Education	---	456,105
Crosby Foundation	158,793	60,000
Gable Signs Foundation for a Brighter Future	250	250
Greenberg Gibbon/Reliable Contracting Foundation Fund	10,261	85,834
Howard Bank Fund	250	750
Insurance Force Foundation	326	298
Maryland Realtors Charitable Fund	25,829	---
<b>DESIGNATED PURPOSE</b>		
Anna E. Greenberg Leadership Fund	2,085	1,773
Annapolis Maritime Museum	176	---
Anne Arundel Conflict Resolution Center Endowment Fund	317	1,045
Anne Arundel County Public Library Endowment Fund	45	3
Babe and Dick Chaney Memorial Endowment Fund	4,167	1,007
Beer Family Fund	1,423	1,391
Healthy Anne Arundel	398	454
Humphrey-Hooper Foundation	1,052	---
In Your Honor Fund	2	2,290
Ladders to SUCCESS - Economic Opportunity Endowment Fund	1,267	784



COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 6 - RELEASE FROM DONOR RESTRICTIONS

	<u>2019</u>	<u>2018</u>
DESIGNATED PURPOSE (CONTINUED)		
Langbein Family Endowment Fund	\$ 1,153	\$ 703
Marcus Endowment Fund for Arundel Lodge	2,712	12,692
Opportunity Builders, Inc. Designated Endowment	295	---
Perinatal Loss	250	292
Scenic Land Trust Designated Endowment Fund	267	52
Sunshine Fund	292	1,395
Sylvia Meisenberg Adult Literacy Program at Arundel House of Hope	5,366	5,341
Sylvia Meisenberg Shakespeare Education Fund	9,148	1,080
The Capital Gazette Families Fund	79,834	1,846,231
Tommy Yeager Endowment Fund	541	532
DISCRETIONARY GRANTMAKING FUNDS		
Fund for Anne Arundel Endowment	2,367	465
Fund for Anne Arundel Spendable	2,964	302
Grants 4 Teachers	10,377	17,526
Help Our Neighbors	20,318	34,748
Strengthening Nonprofits Fund	6,940	2,653
DONOR ADVISED FUNDS		
Agnes Dixon Fund	1,826	2,443
Barry and Mary Gossett Foundation Fund	4,931	23,410
Beauty for Ashes	60,662	51,647
Beverly and Stephen Marcus Foundation	230,426	416,261
Bird Family Fund	254	11,031
Blaxall Fund for Economic Growth	42,818	11,699
Blessings Fund	9,745	817
Bo DePaola Family Foundation Fund, Bo's Effort	62,086	75,836
Brooks Family Fund	5,779	880
Carbaugh Family Fund	252,121	397,529
Carol Thompson Fund	250	250
Carroll H. Hynson Foundation	5,226	4,848
Chaney Impact Fund	276,308	248,500
Colleen and Lester Prosser Fund	5,445	846
Council Family Fund	34,936	-
Creston G. and Betty Jane Tate Fund	27,798	3,797
Cron dall Fund	5,354	5,025
Danny's Fund	13,348	12,636
Deems Digital Foundation	879	513
Dick and Sabra Ladd Charitable Fund	75,328	24,409

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 6 - RELEASE FROM DONOR RESTRICTIONS (CONTINUED)

	<u>2019</u>	<u>2018</u>
DONOR ADVISED FUNDS (CONTINUED)		
Dr. Michael J. Kurtz Foundation	3,250	2,909
Edward G. Garnett, Jr. Memorial Fund	8,716	351
Elizabeth Carr Memorial Fund	3,250	11,943
FEDE Fund	250	5,401
Frank and Susan Chaney Foundation	250	250
Frank's Fund	3,250	807
Franyo Foundation	1,250	3,250
Gibbs Family Foundation	---	277
Greg and Susan Walker Family Foundation	9,908	20,878
Gutschick Family Foundation	53,778	37,708
Haller Family Fund	750	1,356
HannaPolis Fund	250	2,454
Invictus (IMDV) Fund	25,777	27,412
Morgenstern Local Community Impact Endowment Fund	254	1,306
Morgenstern Local Community Impact Fund	9,141	44
Jim and Linda Humphrey Foundation	219,119	143,620
John B. and Mary E. Slidell Family Charitable Trust	5,965	8,180
Kincey and Bruce Potter Environmental Fund	31,523	36,104
Kurdle Family Fund	1,641	1,750
Kurtz Legacy Fund	---	29,972
Lance Ryan Eager	---	4,666
Laurie Sharp Endowment Fund	46,458	513
Laurie Sharp Memorial Fund	250	---
Lester M. and Lynda B. Salamon Charitable Fund	6,880	826
Louis A. D'Camera Memorial Fund	1,089	6,495
Lowery Homes Fund	250	250
Magnolia Family Fund	106,022	155,306
Margaret Sander Chaires Foundation	340	340
Mark and Lynne Powell Foundation	1,250	15,250
Marston Family Donor Advised Fund	5,033	3,051
Mary and Dale Spencer Charitable Fund	3,825	1,250
M&M Curtin Fund	5,365	250
Patty Brown and Joe Gill Giving Fund	250	250
Peterman Ponatoski Family Foundation	133,213	140,160
Pomfret Family Charitable Foundation	1,805	975
RK Family Fund	250	250
Roger and Sherry Lepage Education Fund	5,458	3,861
Schaefer Family Fund	13,112	1,560
Sonja Swygert Fund	5,297	440

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 6 - RELEASE FROM DONOR RESTRICTIONS (CONTINUED)

	<u>2019</u>	<u>2018</u>
DONOR ADVISED FUNDS (CONTINUED)		
Speciale Family Fund	\$ 4,000	\$ 10,500
Thornton Family Fund	250	250
Trish and Greg Strott Fund	16,737	26,068
Victor A. Sulin Charitable Trust	250	257
Walk the Walk Community Fund	368	490
Zoe Quinn Francis Fund	6,521	2,073
FIELD OF INTEREST		
Arts and Culture Anne Arundel Endowment Fund	4,372	45,083
Arts and Culture Fund	1,165	1
Babe and Dick Chaney Memorial Fund	57,627	160,567
Chaney Enterprises Beautification Fund	648	250
Chaney Enterprises Bull Roast Fund	95,976	58,212
Community Crisis Response Fund	252	210
Environment Anne Arundel	308	75
Ladders to SUCCESS - Preparing Youth for Life	203	---
Live Well Anne Arundel	250	---
South County Fund	615	755
Women and Girls Fund	631	629
GIVING CIRCLE		
AAWGT Administrative Fund	19,823	17,398
AAWGT Endowment Fund	5,309	4,370
AAWGT Grant Fund	114,441	105,379
AAWGT LTM Endowment Fund (10th Anniversary)	6,814	8,836
CL Lifetime Membership Fund	1,078	541
HB AAWGT Lifetime Membership Fund	1,116	56
Julie B Schuelke AAWGT Lifetime Membership Fund (JBS)	1,119	623
Lifting Anne Arundel	293	18,219
SCHOLARSHIPS		
Herzberg - Wild Scholarship Fund	153,898	44,699
Officer Grant Turner Memorial Scholarship	5,899	17,811
The Capital Gazette Memorial Scholarship Fund	6,916	1,558
William Bunn Memorial Scholarship Fund	<u>3,783</u>	<u>3,377</u>
Total Restricted Released	3,187,604	5,352,211
Less: Special Events Expenses	<u>(87,338)</u>	<u>(93,894)</u>
NET RESTRICTIONS RELEASED	\$ <u>3,100,266</u>	<u>5,258,317</u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 7 - ENDOWMENT FUNDS

Interpretation of Relevant Law

The Foundation classifies as net assets with donor restrictions held to perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions held to perpetuity is classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). In accordance with the UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of endowment fund with donor restrictions.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation.
- 5) The expected total return from income and the appreciation (depreciation) of investments.
- 6) Other resources of the Foundation.
- 7) The investment policies of the Foundation.

Foundation's Policy for Appropriation of Endowment Assets for Expenditure

The Foundation's Board of Trustees has adopted a "Total Return" approach to determine the annual amount available for grant-making from the Foundation's endowed component funds. Under this philosophy, the Foundation appropriates at least three percent (3%) of its assets each year while maintaining and increasing the real value of its assets and covering reasonable administrative expenses. The Foundation could spend up to 4.5% of the previous twelve-quarter average of each Fund's market value.

Foundation's Endowment Investment Policies

The Foundation's investment objective for the endowment funds is to achieve an average annual rate of return of the Consumer Price Index plus three percent (3%) evaluated over a period of five (5) years. The total return concept is used to most effectively balance current demands and future needs. A conservative risk level is used for endowments.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
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NOTE 7 - ENDOWMENT FUNDS (CONTINUED)

The composition of endowment net assets, which comprise amounts to be invested in perpetuity, and the changes in endowment net assets as of December 31, 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Endowment Net Assets</u>
Donor-Restricted Endowment Funds	\$ <u>          </u> ---	\$ <u>2,082,189</u>	\$ <u>2,082,189</u>
Total	\$ <u>          </u> ---	\$ <u>2,082,189</u>	\$ <u>2,082,189</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Endowment Net Assets</u>
Endowment Net Assets, Beginning of Year	\$           ---	\$ 1,705,886	\$ 1,705,886
Contributions	---	258,686	258,686
Investment Return	---	231,406	231,406
Underwater Endowment	---	(642)	(642)
Appropriation of Endowment for Expenditure	<u>          </u> ---	<u>(113,147)</u>	<u>(113,147)</u>
Endowment Net Assets, End of Year	\$ <u>          </u> ---	\$ <u>2,082,189</u>	\$ <u>2,082,189</u>

The composition of endowment net assets, which comprise amounts to be invested in perpetuity, and the changes in endowment net assets as of December 31, 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Endowment Net Assets</u>
Donor-Restricted Endowment Funds	\$ <u>          </u> ---	\$ <u>1,705,886</u>	\$ <u>1,705,886</u>
Total	\$ <u>          </u> ---	\$ <u>1,705,886</u>	\$ <u>1,705,886</u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
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NOTE 7 - ENDOWMENT FUNDS (CONTINUED)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Endowment Net Assets</u>
Endowment Net Assets, Beginning of Year	\$ ---	\$ 1,403,458	\$ 1,403,458
Contributions	---	209,163	209,163
Investment Return	---	231,772	231,772
Underwater Endowment	---	(39,068)	(39,068)
Appropriation of Endowment for Expenditure	---	(99,439)	(99,439)
Endowment Net Assets, End of Year	\$ <u>---</u>	\$ <u>1,705,886</u>	\$ <u>1,705,886</u>

NOTE 8 - RECLASSIFICATION

Certain amounts in 2018 financial statements have been reclassified for comparative purposes to conform with the presentation in 2019 financial statements.

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2019 and 2018, respectively:

	<u>Estimated Life</u>	<u>2019</u>	<u>2018</u>
Equipment	5 Years	\$ 8,075	\$ 6,575
Furniture	7 Years	<u>2,300</u>	<u>2,300</u>
		10,375	8,875
Less Accumulated Depreciation		<u>(6,547)</u>	<u>(5,208)</u>
Net Value of Property and Equipment		\$ <u>3,828</u>	\$ <u>3,667</u>

Depreciation expense was \$1,339 and \$733 for the years ended December 31, 2019 and 2018, respectively.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
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NOTE 10 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about significant changes in the contract liabilities for the year ended December 31:

	<u>2019</u>	<u>2018</u>
Deferred Program Service Fees, Beginning of Year	\$ ---	\$ ---
Revenue recognized that was Included in Deferred Program Service Fees at the Beginning of Year	---	---
Increase in Deferred Program Service Fees due to Cash Received During the Period	<u>5,880</u>	<u>---</u>
Deferred Program Service Fees, End of Year	\$ <u><u>5,880</u></u>	\$ <u><u>---</u></u>

NOTE 11 - AGENCY FUNDS

The Foundation receives and distributes assets under certain agency and intermediary arrangements. The Foundation accepts these contributions from donors and agrees to transfer those assets, the return on investment of those assets, or both, to an entity that is specified by the donors. When a not-for-profit organization establishes a fund at the Foundation with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the Foundation accounts for the transfer of such assets as a liability. The liability for such funds has been established at the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the not-for-profit organizations. The agency funds activity at December 31, 2019 and 2018 was as follows:

	<u>2019</u>	<u>2018</u>
Beginning Balances	\$ 554,787	\$ 584,878
Additional Contributions to Existing Funds	53,966	23,766
New Agency Funds	110,000	---
Investment Return, Net	86,896	(33,938)
Expenses	<u>(13,142)</u>	<u>(19,919)</u>
Ending Balances	\$ <u><u>792,507</u></u>	\$ <u><u>554,787</u></u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
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NOTE 12 - OPERATING LEASE

Operating Lease for Office Space

The office space is located on 914 Bay Ridge Road, Annapolis, Maryland 21401. The original lease was signed on December 16, 2005. Since then, it underwent seven amendments. The last amendment occurred on January 3, 2017, which extended the lease through December 31, 2019. Rent for the office was \$1,056 per month in 2019 and \$1,025 per month in 2018. Rent expense for 2019 and 2018 was \$12,667 and \$12,410, respectively. The Foundation continued to lease its office space on a monthly basis after the lease expiration.

Subsequent to the year ended December 31, 2020, the Foundation signed a lease for a new office space located at 900 Bestgate Road, Annapolis, Maryland 21401. The lease term is for sixty months and requires monthly payments at a base rate of \$7,321 per month for the first lease year with an annual escalation of 3% through the end of the lease.