

COMMUNITY FOUNDATION OF
ANNE ARUNDEL COUNTY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.

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December 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Community Foundation
of Anne Arundel County, Inc.
Annapolis, Maryland

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, 2017 and 2016, and the related statement of activities for the year ended December 31, 2017, and the related statements of cash flows for the years ended December 31, 2017 and 2016, 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 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 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 auditors consider 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, 2017 and 2016, the changes in its net assets for the year ended December 31, 2017, and its cash flows for the years ended December 31, 2017 and 2016 in accordance with accounting principles generally accepted in the United States of America.

Community Foundation of Anne Arundel County, Inc.

Report on Summarized Comparative Information

We have previously audited Community Foundation of Anne Arundel County, Inc.'s statement of activities for the year ended December 31, 2016, and we expressed an unmodified audit opinion on that audited statement of activities in our report dated December 4, 2017. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2016, is consistent, in all material respects, with the audited statement of activities from which it has been derived.

Grandizio, Wilkins, Little & Matthews, LLP

December 3, 2018

Grandizio, Wilkins, Little & Matthews, LLP

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION

December 31,	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 471,988	\$ 463,943
Grant Refund Receivable	20,000	-
Unconditional Promises to Give - Current	310,420	1,452,966
Investments	7,527,965	6,122,926
Other Current Assets	<u>2,021</u>	<u>2,938</u>
TOTAL CURRENT ASSETS	<u>8,332,394</u>	<u>8,042,773</u>
PROPERTY AND EQUIPMENT		
Property and Equipment (Less Accumulated Depreciation of \$4,476 and \$47,814, Respectively)	<u>1,693</u>	<u>209</u>
OTHER ASSETS		
Unconditional Promises to Give	3,094,125	3,237,353
Investments - Permanently Restricted	<u>2,038,039</u>	<u>1,559,022</u>
TOTAL OTHER ASSETS	<u>5,132,164</u>	<u>4,796,375</u>
TOTAL ASSETS	<u><u>\$ 13,466,251</u></u>	<u><u>\$ 12,839,357</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	<u>\$ 21,765</u>	<u>\$ 23,457</u>
OTHER LIABILITIES		
Agency Funds	<u>584,878</u>	<u>498,827</u>
NET ASSETS		
Unrestricted Net Assets	461,513	382,068
Temporarily Restricted Net Assets	11,162,187	10,827,784
Permanently Restricted Net Assets	<u>1,235,908</u>	<u>1,107,221</u>
TOTAL NET ASSETS	<u>12,859,608</u>	<u>12,317,073</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 13,466,251</u></u>	<u><u>\$ 12,839,357</u></u>

The independent auditors' report and accompanying notes are
an integral part of these financial statements.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017 with Comparative Totals for the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2017	2016
SUPPORT AND REVENUES					
Contributions	\$ 125	\$ 2,520,434	\$ 56,810	\$ 2,577,369	\$ 6,886,243
Special Events (Net of Costs of Direct Benefit to Participants of \$70,777 and \$58,643 for 2017 and 2016, Respectively)	-	119,306	-	119,306	137,687
Investment Income, Net	-	809,106	-	809,106	509,263
Net Assets Released from Restrictions (Note 7) Satisfaction of Program Restrictions	2,608,113	(2,608,113)	-	-	-
TOTAL SUPPORT AND REVENUES	2,608,238	840,733	56,810	3,505,781	7,533,193
EXPENSES					
Program Services					
Grants	2,434,118	-	-	2,434,118	1,673,540
Other Charitable Expenditures	217,353	-	-	217,353	204,243
Total Program Services	2,651,471	-	-	2,651,471	1,877,783
Supporting Services					
Philanthropic Development	142,420	-	-	142,420	83,741
Management and General	169,355	-	-	169,355	184,683
Total Supporting Services	311,775	-	-	311,775	268,424
TOTAL EXPENSES	2,963,246	-	-	2,963,246	2,146,207
CHANGE IN NET ASSETS	(355,008)	840,733	56,810	542,535	5,386,986
Net Assets - Beginning of Year	382,068	10,827,784	1,107,221	12,317,073	7,428,914
Interfund Reallocations	434,453	(506,330)	71,877	-	-
Reclassification of Agency Funds to Liabilities	-	-	-	-	(498,827)
NET ASSETS - END OF YEAR	\$ 461,513	\$ 11,162,187	\$ 1,235,908	\$ 12,859,608	\$ 12,317,073

The independent auditors' report and accompanying notes are
an integral part of these financial statements.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended December 31,	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions and Other Support	\$ 4,269,524	\$ 2,804,807
Cash Paid to Providers and Support Services	(3,073,848)	(2,180,883)
Interest and Dividend Income	162,527	139,420
	<u>1,358,203</u>	<u>763,344</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,358,203</u>	<u>763,344</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchases) Sale of Investments, Net	<u>(1,406,968)</u>	<u>(1,221,873)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(1,406,968)</u>	<u>(1,221,873)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Investment in Permanent Endowment	<u>56,810</u>	<u>337,363</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>56,810</u>	<u>337,363</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,045	(121,166)
Cash and Cash Equivalents - Beginning of Year	<u>463,943</u>	<u>585,109</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 471,988</u>	<u>\$ 463,943</u>

**RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH
PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Change in Net Assets	\$ 542,535	\$ 5,386,986
Adjustments		
Depreciation Expense	211	214
Unrealized (Gain) Loss on Investments	(505,091)	(367,649)
Contributions Restricted for Long-Term Purposes	(56,810)	(337,363)
Released Expenses Agency Funds	26,308	17,668
Changes in Assets and Liabilities:		
(Increase) Decrease in Grant Refund Receivable	(20,000)	-
(Increase) Decrease in Other Current Assets	917	2,020
(Increase) Decrease in Unconditional Promises to Give	1,285,774	(4,438,625)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(1,692)	1,266
Increase (Decrease) in Agency Funds	<u>86,051</u>	<u>498,827</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,358,203</u>	<u>\$ 763,344</u>

The independent auditors' report and accompanying notes are
an integral part of these financial statements.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 1: Nature of Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

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.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The classes of net assets are determined by restrictions, if any, imposed by the donor.

Cash and Cash Equivalents

For purposes of the statement 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.

Credit Risk

At various times during the year, the Foundation maintained cash balances in one (1) financial institution in excess of \$250,000, the limit of federal insurance.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. As such, no provision for income taxes is reflected in the financial statements.

The Foundation's evaluation on December 31, 2017 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2014 through 2016 tax years remain subject to examination by the IRS. The Foundation does not believe that any reasonably possible changes will occur within the next twelve (12) months that will have a material impact on the financial statements.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

**Note 1: Nature of Organization and Summary of Significant Accounting Policies
(Continued)**

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.

Functional Allocation of Expenses

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

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 unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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, temporarily restricted net assets are reclassified to unrestricted net assets 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.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

**Note 1: Nature of Organization and Summary of Significant Accounting Policies
(Continued)**

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.

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.

Date of Management Review

The Foundation has evaluated events and transactions that occurred during the period from the date of the financial statements through December 3, 2018, 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.

Note 2: Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 3: Promises to Give

Unconditional promises to give consist of the following:

	<u>2017</u>	<u>2016</u>
Unconditional Promises	\$ 4,400,590	\$ 5,783,106
Less: Unamortized Discount	<u>(996,045)</u>	<u>(1,092,787)</u>
TOTAL	<u>\$ 3,404,545</u>	<u>\$ 4,690,319</u>
Amounts Due in:		
Less Than One Year	\$ 310,420	\$ 1,452,966
One to Five Years	1,156,704	1,164,121
More Than Five Years	<u>1,937,421</u>	<u>2,073,232</u>
TOTAL	<u>\$ 3,404,545</u>	<u>\$ 4,690,319</u>

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 four percent (4%), when the donor makes an unconditional promise to give to the Foundation. In the Foundation's opinion, the balance of unconditional promises to give at December 31, 2017 is fully collectible.

Note 4: Operating Lease

Operating Lease for Office Space

The office space is located on 914 Bay Ridge Road, Annapolis, MD 21401. The lease commenced on January 1, 2006, and was amended on January 1, 2008, and subsequently on January 1, 2011. Rent for the office was \$995 per month in 2017 and \$950 per month in 2016. The term of the amended agreement goes month-to-month and the Foundation is required to provide a sixty (60) day notice before terminating its lease. Rent expense for 2017 and 2016 was \$11,035 and \$11,850, respectively.

Note 5: Investments

The Foundation invests in money market mutual funds, exchange traded funds, U.S. government obligations, and corporate debt 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, 2017 and 2016. 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, 2017 and 2016.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 5: Investments (Continued)

Assets measured at fair value on a recurring basis at December 31, 2017 are as follows:

	<u>Level 1</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 1,751,459	\$ 1,751,459
Mutual Funds	6,576,788	6,576,788
Exchange Traded Funds	<u>1,237,757</u>	<u>1,237,757</u>
TOTAL	<u>\$ 9,566,004</u>	<u>\$ 9,566,004</u>

Assets measured at fair value on a recurring basis at December 31, 2016 are as follows:

	<u>Level 1</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 291,716	\$ 291,716
U.S. Government Obligations	192,097	192,097
Mutual Funds	5,912,394	5,912,394
Corporate Obligations	210,318	210,318
Exchange Traded Funds	<u>1,075,423</u>	<u>1,075,423</u>
TOTAL	<u>\$ 7,681,948</u>	<u>\$ 7,681,948</u>

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

	<u>2017</u>	<u>2016</u>
Interest and Dividend Income	\$ 162,527	\$ 139,420
Net Realized Gain on Sales of Investments	183,744	39,784
Unrealized Gain on Investments	505,091	367,649
Investment Expense Fees	<u>(42,256)</u>	<u>(37,590)</u>
TOTAL	<u>\$ 809,106</u>	<u>\$ 509,263</u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 6: Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31 are available for the following purposes:

	2017	2016
SCHOLARSHIPS		
Herzberg-Wild Scholarship Fund	\$ 189,434	\$ 169,043
Grant Turner Scholarship Fund	115,703	123,151
HEALTH AND HUMAN SERVICES		
Agnes Dixon Fund	122,738	116,753
Carroll H. Hynson Foundation	5,663	7,056
Perinatal Loss Fund	14,526	14,070
Trish and Greg Strott Fund	58,958	12,188
Tommy Yeager Endowment Fund	14,577	8,758
Walker Fund	148,119	123,207
The Elizabeth Carr Memorial Fund	25,983	25,716
Zoe Quinn Francis Fund	103,885	99,008
Healthy Anne Arundel	22,681	23,564
YOUTH PROGRAMING		
Frank & Susan Chaney Foundation	9,037	9,135
EDUCATION PROGRAMMING		
Louis A. D'Camera Memorial Scholarship Fund	78,026	69,841
Margaret Sanders Chaires Foundation	22,723	20,340
Lepage Education	36,444	8,693
Grants 4 Teachers	17,316	9,409
Sunshine Fund	5,248	2,957
WOMEN/CHILDREN ISSUES		
Anne Arundel Woman Giving Together Grant Fund	99,955	106,821
Anne Arundel Woman Endowment	-	5,711
Women Giving Together Admin Fund	20,316	17,886
Barry & Mary Gossett Foundation	122,156	119,006
Baum Jackson Investment	21,168	13,571
Beauty for Ashes	91,496	9,886
Beer Family	5,334	3,043
Bird Family Fund	27,638	41,077
Blaxall Fund for Economic Growth	40,478	30,727
Blessings Fund	41,074	36,948
GENERAL PURPOSE		
Brown/Gill Giving Fund	3,248	25,558
Carol Thompson Fund	6,418	5,576

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 6: Temporarily Restricted Net Assets (Continued)

	2017	2016
GENERAL PURPOSE (CONTINUED)		
Carbaugh Family Fund	\$ 1,441,550	\$ 529,217
Strengthening Nonprofits Fund	10,462	18,157
Babe & Dick Chaney Memorial Fund	158,699	174,330
Chaney Fund for Hope	98,906	11,403
Chaney Fund for Land Use Education	448,812	162,120
Lance Ryan Eager	4,316	2,695
Walk the Walk Community Fund	23,733	20,972
Sonja Swygert Fund	22,122	10,477
Deems Digital Foundation	25,814	25,117
Frank's Fund	15,457	15,511
Gable Signs Foundation	7,499	7,110
Gibbs Family Fund	277	489
Greenberg Gibbons/Reliable Contracting Fund	112,046	138,407
Gurschick Family Foundation	140,514	149,074
Haller Family Foundation	17,140	13,528
Help Our Neighbors	36,210	9,232
Sulin Charitable Trust	12,918	12,080
DePaola Family Foundation	133,199	135,784
Ponatoski Family Foundation	516,730	546,120
Howard Bank	8,049	7,614
Invictus (IMDV) Fund	27,632	1,174
Insurance Force Foundation	13,639	11,442
Kramer-Schaefer Family Fund	78,427	45,002
Ladd Charitable Fund	162,890	171,041
Arts & Culture Anne Arundel	77,530	64,774
Ladders/ Economic Opportunity	-	43,104
Ladders/ Education and Youth	198	31,627
Ladders/ Environment	9,783	36,589
Ladders/ Health and Wellness	8	7
Magnolia Family	805,793	729,529
Marcus, Beverly & Stephen Foundation	682,701	1,008,787
Lowery Homes Fund	10,747	10,088
Next Generation/ Lifting Anne Arundel	23,300	17,437
Potter	-	2,461
Potter Env Fund	171,077	126,871
Powell Family Fund	5,650	33,672
Richard & Susan Franyo Foundation	7,199	12,246
South County Fund	37,700	39,581
Speciale Family Fund	1,970	10,758
Thornton Fund	12,554	11,745
William Bunn Memorial Scholarship Fund	9,096	2,214
Women & Girls Fund	42,119	39,140

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 6: Temporarily Restricted Net Assets (Continued)

	2017	2016
GENERAL PURPOSE (CONTINUED)		
Brooks Family Fund	\$ 43,788	\$ 30,886
Gerety Fund	-	54,006
Kurdle Family Fund	11,701	10,533
Sharp Endowment Fund	4,000	318
Meisenberg Shakespeare	9,070	1,079
Ladders to Success Endowment Fund	-	413
CFAAC Sustainability Endowment Fund	2,897	457
Langbein Family Endowment Fund	2,776	589
Ladders to Success - EOE Fund	15,946	6,171
Greenberg Leadership Fund	3,111	701
Babe & Dick Chaney Memorial Endowment	10,332	2,930
Meisenberg Literacy	9,817	1,210
Anne Arundel Women Endowment	15,575	6,966
Scenic Land Trust Endowment Fund	346	172
Cron dall Fund	23,717	10,138
Marcus Fund for Arundel Lodge	29,866	1,426
Slidell Family Charitable Trust	374,023	313,971
M&M Curtin Fund	5,176	5,044
RK Family Fund	10,666	10,013
Salamon Family Trust	16,257	14,775
AAC Animal Control	217	-
AAC Department of Aging	65	-
AAC Fire Department	487	-
AAC Partnership for Children, Youth and Families	1,186	-
AAC Police Department	174	-
Colleen and Lester Prosser Fund	29,994	-
Creston G. and Betty Jane Tate Fund	174,054	-
Danny's Fund	60,501	-
FEDE Fund	1,988	-
Jim and Linda Humphrey Foundation	60,631	-
Fund for Anne Arundel	2,753	-
Fund for the AA Conflict Res Ctr	1,034	-
Anne Arundel Woman Giving Together 10th Anniversary	14,131	-
Martson Family Donor Advised Fund	4,406	-
CL Lifetime Membership Fund	500	-
JBS AAWGT Lifetime Membership Fund	573	-
Morgenstein Local Community Impact Fund	2,455	-
PRESENT VALUE OF PLEDGES		
Carbaugh Family Fund	3,216,528	4,491,709
Deems Digital Foundation	-	20,000
Kurdle Family Fund	2,390	-
Ladders/ Arts and Culture	4,823	15,870
Herzberg-Wild Scholarship Fund	109,425	130,982
	<u>\$ 11,162,187</u>	<u>\$ 10,827,784</u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 7: Release from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2017	2016
PURPOSE RESTRICTIONS ACCOMPLISHED		
Gibbs Family Fund	\$ 250	\$ 250
Grant Turner Scholarship Fund	19,323	17,477
Haller Family Foundation	347	1,310
Howard Bank Fund	250	250
Kramer-Schaefer Family Fund	17,835	2,195
Kurdle Family Fund	250	250
Louis A. D'Camera Memorial Scholarship Fund	1,474	5,360
Sulin Charitable Trust	252	4,259
Magnolia Family Foundation	93,650	63,738
Margaret Sanders Chaires Foundation	321	290
Sherole Scholarship Fund	-	2,250
South County Fund	2,531	797
The Elizabeth Carr Memorial Fund	3,021	11,571
Trish and Greg Strott Fund	4,773	1,750
Women Giving Together	-	20,080
Zoe Quinn Francis Fund	4,552	3,437
Barry & Mary Gossett Foundation	26,716	1,916
Baum Jackson Investment	2,750	6,751
Beauty for Ashes	1,742	49,700
Women & Girls Fund	609	571
Ladders to Success Endowment	-	215
Bird Family Fund	16,274	35,850
Bird Fund for the Environment & Arts	-	470
Blaxall Fund for Economic Growth	12,524	23,262
Blessings Fund	776	712
Brown/Gill Giving Fund	25,473	557
Calliope Tsoulis Braun Fund	-	16,331
Carbaugh Family Fund	468,572	197,766
Carol Thompson Fund	250	250
Strengthening Nonprofits Fund	9,477	8,567
Chaney Fund for Hope	245,284	86,236
Chaney Fund for Land Use Education	74,779	109,099
Frank and Susan Chaney Foundation	250	-
Sonja Swygert Fund	3,317	138
Core Legacy Fund	250	375
Cron dall Fund	3,550	250
Slidell Family Charitable Trust	6,601	2,869
Agnes Dixon Fund	9,440	8,311
Anne Arundel Women Giving Together Administrative Fund	12,906	-
Anne Arundel Women Giving Together Grant Fund	112,509	100,600
Carrol H. Hynson Foundation	4,258	1,250

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 7: Release from Donor Restrictions (Continued)

	2017	2016
PURPOSE RESTRICTIONS ACCOMPLISHED (CONTINUED)		
Danny Gerety Memorial Fund	\$ 2,614	\$ 2,509
Deems Digital Foundation	1,505	5,004
Frank's Fund	311	250
Gable Signs Foundation	250	750
Grants 4 Teachers	5,857	6,326
Great Give	-	(523)
Anna Greenberg Leadership Fund	1,818	594
AAC Animal Control	33	-
AAC Department of Aging	10	-
AAC Fire Department	73	-
AAC Partnership for Children, Youth and Families	164	-
AAC Police Department	26	-
Colleen and Lester Prosser Fund	6	-
Gurschik Family Foundation	28,088	27,926
Healthy Anne Arundel	1,266	1,925
Help Our Neighbors	11,252	10,928
Humphrey Foundation	200,653	-
Insurance Force Foundation	260	250
Invictus (IMDV) Fund	23,840	29,929
Ladd Charitable Fund	28,394	21,092
DePaola Family Foundation	18,552	51,662
FEDE Fund	13	-
Ladders/ Economic Opportunity	49,330	1,185
Ladders/ Education and Youth	33,702	116
Ladders/ Environment	40,198	75
Marcus, Beverly & Stephen Foundation	400,937	242,347
M&M Curtin Fund	500	-
Ponatoski Family Foundation	109,972	10,516
Lifting Anne Arundel/ Next Generation	4,434	15,666
Perinatal Loss Fund	288	280
Potter Charitable Trust	2,527	6,250
Potter Env Fund	35,982	22,585
Powell Family Fund	28,421	25,426
Brooks Family Fund	1,146	250
Richard & Susan Franyo Fund	6,250	32,622
RK Family Fund	250	-
Salamon Family Trust	250	225
Speciale Family Fund	23,030	2,750
Tate Fund	1,875	-
Thornton Fund	250	250

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 7: Release from Donor Restrictions (Continued)

	2017	2016
PURPOSE RESTRICTIONS ACCOMPLISHED (CONTINUED)		
Walk the Walk Community Fund	\$ 444	\$ 583
Walker Fund	15,433	25,978
Herzberg-Wild Scholarship Fund	44,489	33,880
Chaney Memorial Foundation	166,242	250
Greenberg Gibbons/Reliable Contracting Fund	36,786	74,464
Beer Family Fund	1,290	1,192
Babe & Dick Chaney Memorial Fund	993	94,464
Fund for the AA Conflict Residential Center	250	95
Langbein Family Endowment Fund	643	609
Ladders to Success EOE Fund	5,216	1,109
Bunn Memorial Scholarship Fund	3,020	529
Scenic Land Trust Endowment Fund	106	40
Marcus Fund for Arundel Lodge	2,475	846
Anne Arundel Woman Giving Together 10th Anniversary	810	2,000
Anne Arundel Women Endowment	4,749	1,735
JBS AAWGT Lifetime Membership Fund	43	-
Meisenberg Adult Literacy Program	5,229	10,528
Meisenberg Shakespeare Education Fund	4,963	-
Morgenstern Local Community Impact Fund	507	-
Sunshine Fund	1,317	332
Tommy Yeager Endowment Fund	500	2,335
Fund for Anne Arundel	25,619	-
Ladders/ Arts and Culture Anne Arundel	33,344	20,328
Lepage Education Fund	303	-
Martson Family Donor Advised Fund	1,459	2,989
Laurie Sharp Endowment Fund	420	330
	2,608,113	1,581,091
Total Restricted Released		
Less: Special Event Expenses	(70,777)	(58,643)
NET RESTRICTIONS RELEASED	\$ 2,537,336	\$ 1,522,448

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 8: Permanently Restricted Net Assets

Net assets were permanently restricted for the following purpose at December 31:

	<u>2017</u>	<u>2016</u>
DESIGNATED FUND		
Tommy Yeager Endowment Fund	\$ 38,700	\$ 38,700
Babe & Dick Chaney Memorial Endowment	65,000	45,000
Fund for Anne Arundel Endowment	26,500	26,000
Anne Arundel Women Giving Together	90,441	84,162
Roger and Sherry Lepage Education	-	25,000
Meisenberg Literacy	103,702	103,702
Meisenberg Shakespeare	99,024	99,024
Sharp Endowment Fund	31,900	31,900
Fund for the AA Conflict Res Ctr	10,000	10,000
Langbein Family Endowment Fund	20,750	20,500
Ladders to Success – EOE Fund	109,796	109,796
Greenberg Leadership Fund	35,301	30,473
Scenic Land Trust Endowment Fund	4,773	3,000
Sunshine Fund	24,955	24,955
CFAAC Sustainability Endowment Fund	26,510	16,500
Arts and Culture Anne Arundel	22,070	24,794
William Bunn Memorial Scholarship Fund	65,167	63,881
Marcus Fund for Arundel Lodge	250,000	175,000
Anne Arundel Woman Giving Together 10th Anniversary	74,500	66,003
Marston Family Donor Advised Fund	54,623	54,623
CL Lifetime Membership Fund	1,000	-
JBS AAWGT Lifetime Membership Fund	12,000	-
Morgenstern Local Community Impact Fund	25,000	-
PRESENT VALUE OF PLEDGES		
Arts and Culture Anne Arundel	20,000	31,758
DISCRETIONARY FUND		
The Beer Family Fund - General Purpose	<u>24,196</u>	<u>22,450</u>
TOTAL	<u><u>\$ 1,235,908</u></u>	<u><u>\$ 1,107,221</u></u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 9: Endowment Funds

Interpretation of Relevant Law

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated 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 in 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 the 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 the donor-restricted endowment fund.
- 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.

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. The following schedule shows the target and acceptable ranges for assets categories of the endowments:

Asset Category	Target Location	Acceptable Range
Cash	5%	5-25%
Fixed Income	35%	15-50%
Stocks	60%	50-70%
TOTAL	100%	

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 9: Endowment Funds (Continued)

The following are the types of investments that have been approved for endowment investing:

Money Market	Real Estate Investment Trust
U.S. Bonds	Guaranteed Fixed Rate
Government Bonds	International Bonds
Balanced Account	International Balanced Account
U.S. Stock Account	International Stock Account

At all times, there must be a minimum of three asset classes represented among endowment assets. There shall be no maximum limit to the number of classes.

Endowment net assets composition by type of fund as of December 31, 2017 were:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Donor-Restricted Endowment Funds	\$ 167,550	\$ 1,235,908	\$ 1,403,458

Changes in endowment net assets (deficit) for the year ended December 31, 2017 were:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment Net Assets, Beginning of Year	\$ 43,956	\$ 1,107,221	\$ 1,151,177
Interfund Reallocations	(142,447)	71,877	(70,570)
Contributions	165,819	56,810	222,629
Investment Return	215,773	-	215,773
Other Income	2,422	-	2,422
Appropriation of Endowment for Expenditure	(117,973)	-	(117,973)
 ENDOWMENT NET ASSETS, END OF YEAR	 <u>\$ 167,550</u>	 <u>\$ 1,235,908</u>	 <u>\$ 1,403,458</u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 9: Endowment Funds (Continued)

Endowment net assets composition by type of fund as of December 31, 2016 were:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Donor-Restricted Endowment Funds	\$ 43,956	\$ 1,107,221	\$ 1,151,177

Changes in endowment net assets (deficit) for the year ended December 31, 2016 were:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment Net Assets, Beginning of Year	\$ (17,104)	\$ 1,147,338	\$ 1,130,234
Reclassifications	34,773	61,483	96,256
Agency Funds Reallocation	(29,265)	(470,549)	(499,814)
Contributions	10,000	337,363	347,363
Investment Return	71,747	-	71,747
Present Value of Pledges	-	31,758	31,758
Appropriation of Endowment for Expenditure	<u>(26,195)</u>	<u>(172)</u>	<u>(26,367)</u>
 ENDOWMENT NET ASSETS, END OF YEAR	 <u>\$ 43,956</u>	 <u>\$ 1,107,221</u>	 <u>\$ 1,151,177</u>

Note 10: Reclassification

Certain amounts in 2016 financial statements have been reclassified for comparative purposes to conform with the presentation in 2017 financial statements.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Note 11: Property and Equipment

Property and equipment consists of the following at December 31, 2017 and 2016, respectively:

	Estimated Life	2017	2016
Equipment	5 Years	\$ 5,655	\$ 3,959
Furniture	7 Years	514	514
Software	3 Years	-	43,550
Total Property and Equipment		6,169	48,023
Less: Accumulated Depreciation		(4,476)	(47,814)
PROPERTY AND EQUIPMENT, NET		<u>\$ 1,693</u>	<u>\$ 209</u>

Depreciation expense was \$211 and \$214 for the years ended December 31, 2017 and 2016, respectively.

Note 12: 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, 2017 and 2016 was as follows:

	2017	2016
Beginning Balances	\$ 498,827	\$ -
Agency Funds Reclassified	-	454,395
New Agency Funds	51,292	25,000
Investment Return, Net	58,339	37,100
Expenses	(23,580)	(17,668)
ENDING BALANCES	<u>\$ 584,878</u>	<u>\$ 498,827</u>