

**COMMUNITY FOUNDATION OF
ANNE ARUNDEL COUNTY, INC.
Annapolis, MD**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland**

December 31, 2015 and 2014

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Community Foundation of Anne Arundel County, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statement of activities for the year ended December 31, 2015, and the related statements of cash flows for the years ended December 31, 2015 and 2014, 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of Anne Arundel County, Inc. as of December 31, 2015 and 2014, the changes in its net assets for the year ended December 31, 2015, and its cash flows for the years ended December 31, 2015 and 2014 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Community Foundation of Anne Arundel County, Inc.'s statement of activities for the year ended December 31, 2014, and we expressed an unmodified audit opinion on that audited statement of activities in our report dated November 4, 2015. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2014, is consistent, in all material respects, with the audited statement of activities from which it has been derived.

Grandys, Welles, Little & Matthews, LLP

October 31, 2016
Millersville, Maryland

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
<u>Current assets</u>		
Cash and cash equivalents	\$ 585,109	\$ 385,026
Unconditional promises to give - current	156,043	64,466
Investments	5,626,584	5,243,523
Other current assets	4,958	3,901
Total current assets	<u>6,372,694</u>	<u>5,696,916</u>
Unconditional promises to give	95,651	135,572
Investments - permanently restricted	982,338	294,000
Property and equipment (less accumulated depreciation of \$47,600 and \$47,384 at December 31, 2015 and 2014, respectively)	422	2,129
Total Assets	<u>\$ 7,451,105</u>	<u>\$ 6,128,617</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable and accrued expenses	\$ 22,191	\$ 13,325
Total current liabilities	<u>22,191</u>	<u>13,325</u>
<u>Net Assets</u>		
Unrestricted net assets	686,769	227,951
Temporarily restricted net assets	5,594,807	5,156,915
Permanently restricted net assets	1,147,338	730,426
Total net assets	<u>7,428,914</u>	<u>6,115,292</u>
Total Liabilities and Net Assets	<u>\$ 7,451,105</u>	<u>\$ 6,128,617</u>

The accompanying notes to financial statements are an integral part of this statement

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2015</u>	<u>2014</u>
<u>SUPPORT AND REVENUES</u>					
Contributions	\$ 694,897	\$ 1,966,599	\$ 417,141	\$ 3,078,637	\$ 2,677,530
Special events, (net of costs of direct benefit to participants of \$90,222 and \$97,646 for 2015 and 2014, respectively)	-	996,263	-	996,263	151,739
Investment income/(loss), net	(1,588)	(77,665)	-	(79,253)	174,235
<u>Net assets released from restrictions (Note 7)</u>					
Satisfaction of program restrictions	2,265,720	(2,265,491)	(229)	-	-
Total support and revenues	2,959,029	619,706	416,912	3,995,647	3,003,504
<u>EXPENSES</u>					
Program services					
Grants	2,215,424	-	-	2,215,424	1,822,278
Other charitable expenditures	203,647	-	-	203,647	224,522
Total program services	2,419,071	-	-	2,419,071	2,046,800
Supporting services					
Philanthropic development	74,835	-	-	74,835	87,764
Management and general	188,119	-	-	188,119	162,965
Total supporting services	262,954	-	-	262,954	250,729
Total expenses	2,682,025	-	-	2,682,025	2,297,529
Change in net assets	277,004	619,706	416,912	1,313,622	705,975
Beginning net assets	409,765	4,975,101	730,426	6,115,292	5,409,317
Ending net assets	\$ 686,769	\$ 5,594,807	\$ 1,147,338	\$ 7,428,914	\$ 6,115,292

The accompanying notes to financial statements
are an integral part of this statement

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Cash received from contributions and other support	\$ 3,500,384	\$ 2,949,023
Cash paid to providers and support services	(2,400,032)	(2,561,777)
Interest and dividend Income	116,968	103,218
Net cash provided by (used in) operating activities	<u>1,217,320</u>	<u>490,464</u>
Cash Flows From Investing Activities		
(Purchases) sale of investments, net	<u>(1,434,378)</u>	<u>(960,695)</u>
Cash Flows From Financing Activities		
Proceeds from contributions restricted for investment in permanent endowment	<u>417,141</u>	<u>627,426</u>
Net increase (decrease) in cash and cash equivalents	200,083	157,195
Cash and cash equivalents - beginning of year	<u>385,026</u>	<u>227,831</u>
Cash and cash equivalents - end of year	\$ <u>585,109</u>	\$ <u>385,026</u>

**Reconciliation of Changes in Net Assets to Net Cash
Provided By (Used In) Operating Activities**

Change in Net Assets	\$ 1,313,622	\$ 705,975
Adjustments		
Depreciation expense	1,707	15,516
Unrealized (gain) loss on investments	362,979	66,831
Contributions restricted for long-term purposes	(417,141)	(627,426)
Changes in Assets and Liabilities:		
(Increase) decrease in other current assets	(1,057)	(480)
(Increase) decrease in unconditional promises to give	(51,656)	337,218
Increase (decrease) in accounts payable and accrued expenses	<u>8,866</u>	<u>(7,170)</u>
Net cash provided by (used in) operating activities	\$ <u>1,217,320</u>	\$ <u>490,464</u>

The accompanying notes to financial statements are an integral part of this statement

**COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014**

**Note 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Organization and Nature of Activities

The Community Foundation of Anne Arundel County, Inc. (Foundation), established in 1998 and incorporated in Maryland in 1999, is one of thirteen such foundations in Maryland and one of approximately 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.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

**Note 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

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 equivalents.

Credit Risk

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

Income Taxes and Uncertainties

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 at December 31, 2015 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2012 through 2014 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.

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.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

**Note 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

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.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

**Note 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

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 3 to 7 years.

Investments

Investments in money market funds and marketable securities are reported at their fair market values based upon published quotations. Investments for which the fair market values are not readily determinable are recorded at cost or, if received as contribution, at their fair market value as determined at the time of gift. 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.

Each of the 5 kinds of funds previously listed may be created as endowed or non-endowed funds.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

**Note 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

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 31, 2016, 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, 2014, from which the summarized information was derived.

Note 3 – PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2015</u>	<u>2014</u>
Unconditional promises	\$ 257,443	\$ 205,504
Less: Unamortized discount	<u>(5,749)</u>	<u>(5,466)</u>
	<u>\$ 251,694</u>	<u>\$ 200,038</u>
Amounts due in:		
Less than one year	\$ 156,043	\$ 64,466
One to five years	<u>95,651</u>	<u>135,572</u>
	<u>\$ 251,694</u>	<u>\$ 200,038</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 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, 2015 is fully collectible.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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 \$950 per month in each 2015 and 2014. The term of the amended agreement goes month-to-month and the Foundation is required to provide a 60 day notice before terminating its lease. Rent expense for 2015 and 2014 was \$11,780 and \$12,825, respectively.

Note 5 – INVESTMENTS

The Foundation invests in equity mutual funds, equity securities, U.S. government obligations, and corporate debt securities. Fair values for investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information. There were no changes in valuation techniques in the years ended December 31, 2015 and 2014. 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, 2015 and 2014.

The Foundation uses quoted prices in active markets for identical assets or liabilities to determine fair value. This pricing methodology applies to all Level 1 investments.

Assets measured at fair value on a recurring basis at December 31, 2015 are as follows:

	<u>Level 1</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 957,334	\$ 957,334
U.S. Government obligations	210,352	210,352
Mutual Funds Equities	51,446	51,446
Corporate Obligations	2,413,856	2,413,856
Fixed Income	422,729	422,729
	<u>2,553,205</u>	<u>2,553,205</u>
	<u>\$ 6,608,922</u>	<u>\$ 6,608,922</u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Note 5 – INVESTMENTS (CONTINUED)

Assets measured at fair value on a recurring basis at December 31, 2014 are as follows:

	<u>Level 1</u>	<u>Total</u>
Cash and Cash		
Equivalents	\$ 638,904	\$ 638,904
U.S. Government		
obligations	110,958	110,958
Mutual Funds	146,332	146,332
U.S. Equities	1,183,346	1,183,346
International Equities	509,854	509,854
Corporate Obligations	468,069	468,069
Fixed Income	2,480,060	2,480,060
	<u>\$ 5,537,523</u>	<u>\$ 5,537,523</u>

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

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 116,968	\$ 103,218
Net realized gain (loss) on sales of		
investments	188,888	156,286
Unrealized gain (loss) on		
investments	(362,979)	(66,831)
Foreign tax	(1,071)	(637)
Fees	(21,058)	(17,801)
	<u>\$ (79,252)</u>	<u>\$ 174,235</u>

Note 6 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
<u>Scholarships</u>		
Collegiate Scholarship Fund	\$ 159,707	\$ 153,532
Grant Turner Scholarship Fund	97,866	82,923
Louis A. D'Camera Memorial Scholarship Fund	67,259	69,435
Margaret Sanders Chaires Foundation	18,308	18,804
Lepage Education	33,559	38,014

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Note 6 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

<u>Health and Human Services</u>		
Agnes Dixon Fund	99,510	86,349
Bowen Foundation	-	1,218
Carroll H. Hynson Foundation	5,205	2,759
Perinatal Loss Fund	13,703	13,333
Trish and Greg Strott Fund	9,953	10,316
Tommy Yeager Endowment Fund	7,339	8,334
Walker Fund	138,563	88,669
The Elizabeth Carr Memorial Fund	34,701	36,885
Zoe Quinn Francis Fund	95,202	99,314
Healthy Anne Arundel	25,068	25,506
<u>Youth Programming</u>		
Frank & Susan Chaney Foundation	9,225	9,449
Boy Scouts	13,519	861
<u>Education Programming</u>		
Kurdle Family Fund	9,821	10,432
Grants 4 Teachers	2,572	965
Sunshine Fund	764	26,417
<u>Women/Children Issues</u>		
Anne Arundel Woman Giving Together	99,371	102,113
Anne Arundel Woman Endowment	-	66
Chrysalis House Endowment Fund	6,849	7,410
Women Giving Together	17,457	10,290
Access Arts	2,433	14,691
Access Environment	-	1
Ames Fund for Financial Literacy	-	139
Barry & Mary Gossett Foundation	91,824	98,700
Baum Jackson Investment	8,668	8,936
Beauty for Ashes	58,934	49,750
Beer Family	3,228	3,032
Berkinshaw Family Foundation	-	1,911
Bird Family Fund	75,335	70,975
Bird Fund for the Environment & Arts	34,282	20,010
Blaxall Fund for Economic Growth	60,199	61,401
Blessings Fund	34,297	38,094

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Note 6 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

<u>General Purpose</u>	<u>2015</u>	<u>2014</u>
Brown/Gill Giving Fund	28,395	29,313
Calliope Tsoulis Braun Fund	15,855	16,202
Carbaugh Family Fund	699,369	843,112
Carol Thompson Fund	5,333	5,472
Celebration of Philanthropy Luncheon	17,392	27,687
Babe & Dick Chaney Memorial Fund	135,913	127,263
Chaney Fund for Hope	121,115	61,340
Chaney Fund for Land Use Education	260,379	113,972
Chaney Memorial Endowment	-	545
Cohen Community Fund	-	4,949
Colonial Players Riley Endowment	-	5,451
Community Leadership 2	44,653	51,499
Deems Digital Foundation	28,463	30,631
Frank's Fund	10,575	10,267
Gable Signs Foundation	7,380	5,241
Gibbs Family Fund	693	13,086
Great Give	6,306	1,264
Greenberg Gibbons/Reliable Contracting Fund	201,351	248,037
Gurschick Family Foundation	169,741	217,043
Haller Family Foundation	11,655	10,545
Help Our Neighbors	11,714	13,288
Sulin Charitable Trust	15,456	-
DePaola Family Foundation	61,720	-
Ponatoski Family Foundation	501,757	-
Howard Bank	7,342	5,211
Invictus (IMDV) Fund	30,685	30,658
Insurance Force Foundation	10,014	4,750
Kramer-Schaefer Family Fund	44,070	61,840
Ladd Charitable Fund	176,375	186,117
Ladders/ Arts & Culture	57,462	52,744
Ladders/ Economic Opportunity	11,899	113,211
Ladders/ Education and Youth	3,273	19,753
Ladders/ Environment	268	270
Ladders/ Health and Wellness	7	7

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Note 6 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

	<u>2015</u>	<u>2014</u>
<u>General Purpose</u> (continued)		
Magnolia Family	691,095	745,592
Marcus, Beverly & Stephen Foundation	605,579	368,516
Meisenberg	-	14
Next Generation	12,570	10,425
Potter	8,322	14,091
Potter Env Fund	83,749	53,122
Powell Family Fund	4,142	2,378
Richard & Susan Franyo Foundation	41,644	97,565
South County Fund	39,687	40,381
Speciale Family Fund	8,193	9,753
Thornton Fund	11,197	12,541
What's Up Foundation	-	1,000
Women & Girls Fund	37,066	37,921
Brooks Family Fund	9,982	-
Gerety Fund	250	-
Salamon Family Trust	10,000	-
	<u>\$ 5,594,807</u>	<u>\$ 4,975,101</u>

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.

	<u>2015</u>	<u>2014</u>
Purpose restrictions accomplished		
Access Arts	\$ 12,305	\$ 9,100
Access Environment	-	4,600
Agnes Dixon Fund	2,367	1,186

**COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
Annapolis, Maryland**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014**

Note 7 – RELEASE FROM DONOR RESTRICTIONS (continued)

	<u>2015</u>	<u>2014</u>
Purpose restrictions accomplished (continued)		
Ames Fund for Financial Literacy	142	10,426
Anne Arundel Women Endowment	1,827	1,519
Anne Arundel Women Giving Together	107,509	93,715
Bowen Foundation	1,218	8
Boy Scouts	250	152
Carrol H. Hynson Foundation	313	9,193
Collegiate Scholarship Fund	14,010	14,462
Chaney Memorial Foundation	104,899	43,826
Gibbs Family Fund	7,750	260
Grant Turner Scholarship Fund	11,973	20,690
Haller Family Foundation	811	248
Howard Bank	250	177
Kramer-Schaefer Family Fund	2,910	4,647
Kurdle Family Fund	500	217
Louis A. D'Camera Memorial Scholarship Fund	1,408	6,426
Sulin Charitable Trust	1,166	-
Magnolia Family Foundation	49,957	74,521
Margaret Sanders Chaires Foundation	286	278
Meisenberg	2,453	4
Sherole Scholarship Fund	4,250	217
South County Fund	805	819
Sunshine Fund	402	347
The Elizabeth Carr Memorial Fund	2,743	4,522
Tommy Yeager Endowment Fund	471	2,565
Trish and Greg Strott Fund	250	1,236
Women Giving Together	12,692	17,088
Zoe Quinn Francis Fund	3,682	28,530
Barry & Mary Gossett Foundation	19,553	27,051
Baum Jackson Investment	4,250	6,677
Beauty for Ashes	40,907	250
Beer Family Fund	272	234
Berkinshaw Family Foundation	1,918	651
Bird Family Fund	23,415	19,397
Bird Fund for the Environment & Arts	423	1,516
Blaxall Fund for Economic Growth	4,669	3,539
Blessings Fund	3,514	2,895

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS
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Note 7 – RELEASE FROM DONOR RESTRICTIONS (continued)

	<u>2015</u>	<u>2014</u>
Purpose restrictions accomplished (continued)		
Brown/Gill Giving Fund	594	673
Calliope Tsoulis Braun Fund	327	7,761
Carbaugh Family Fund	112,125	151,342
Carol Thompson Fund	254	176
Celebration of Philanthropy Luncheon	10,296	6,311
Babe & Dick Chaney Memorial Fund	250	5,238
Chaney Fund for Hope	107,767	109,169
Chaney Fund for Land Use Education	96,265	122,813
Chaney Memorial Endowment	659	402
Chrysalis House Endowment Fund	250	191
Cohen Community Fund	4,132	176
Colonial Players Riley Endowment	9,401	1,099
Community Leadership	138	-
Deems Digital Foundation	959	1,049
Frank's Fund	6,746	6,240
Gable Signs Foundation	2,752	6,738
Grants 4 Teachers	4,425	8,015
Great Give	996,873	768,106
Greenberg Gibbons/Reliable Contracting Fund	25,921	87,117
Gurschik Family Foundation	43,359	39,571
Healthy Anne Arundel	509	517
Help Our Neighbors	10,600	7,608
Insurance Force Foundation	250	250
Invictus (IMDV) Fund	25,537	24,103
Ladd Charitable Fund	7,744	250
DePaola Family Foundation	250	-
Ladders/ Economic Opportunity	640	72,010
Ladders/ Education and Youth	108,648	61,705
Ladders/ Environment	-	400
Martson Family Donor Advised Fund	3,000	-
Laurie Sharp Endowment Fund	250	128
Marcus, Beverly & Stephen Foundation	91,335	73,781
Ponatoski Family Foundation	250	-
Next Generation	18,092	16,014
Perinatal Loss Fund	260	267
Potter	5,762	4,828
Potter Env Fund	23,548	4,985

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Note 7 – RELEASE FROM DONOR RESTRICTIONS (continued)

	<u>2015</u>	<u>2014</u>
Purpose restrictions accomplished (continued)		
Powell Family Fund	10,750	4,677
Brooks Family Fund	250	-
Richard & Susan Franyo Fund	54,419	61,598
Scenic River Land Trust	8,616	8,422
Speciale Family Fund	6,500	4,250
Thornton Fund	1,253	5,327
Walker Fund	11,910	31,353
What's Up Foundation	1,001	141
Women & Girls Fund	575	864
Ladders to Success Endowment	243	-
Fund for the AA Conflict Residential Center	600	-
Langbein Family Endowment Fund	129	-
Ladders to Success EOE Fund	394	-
Greenberg Leadership Fund	247	-
Total Restrictions Released	<u>2,265,575</u>	<u>2,118,854</u>
Less: Special Event Expenses	<u>(90,222)</u>	<u>(97,646)</u>
Net Restrictions Released	<u>\$ 2,175,352</u>	<u>\$ 2,024,208</u>

Note 8 – PERMANENTLY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
<u>Designated Fund</u>		
Chrysalis House Endowment	\$ 20,000	\$ 20,000
Tommy Yeager Endowment Fund	38,000	38,000
Babe & Dick Chaney Memorial Endowment	35,000	25,000
Colonial Players Riley Endowment	165,000	165,000
Ladders to Success Endowment	16,000	1,000
Anne Arundel Women Giving Together	112,671	78,298
Boy Scouts	-	13,010
Scenic River Land Trust Stewardship	265,324	265,574
Meisenberg	103,702	870
Meisenberg Endowment Fund	99,024	99,024
Sharp Endowment Fund	21,647	3,900
Fund for the AA Conflict Res Ctr	10,000	-

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NOTES TO FINANCIAL STATEMENTS
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Note 8 – PERMANENTLY RESTRICTED NET ASSETS (continued)

	<u>2015</u>	<u>2014</u>
<u>Designated Fund</u> – (continued)		
Langbein Family Endowment Fund	20,500	-
Ladders to Success – EOE Fund	109,796	-
Greenberg Leadership Fund	19,396	-
Scenic Land Trust Endowment Fund	3,000	-
Sunshine Fund	24,955	-
CFAAC Sustainability Endowment Fund	16,500	-
Marston Family Donor Advised Fund	46,323	-
<u>Discretionary Fund</u>		
The Beer Family Fund – General Purpose	20,500	20,750
	<u>\$ 1,147,338</u>	<u>\$ 730,426</u>

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.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Note 9 – ENDOWMENT FUNDS (continued)

Interpretation of Relevant Law (continued)

- 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 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 3% evaluated over a period of five 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:

<u>Asset Category</u>	<u>Target Allocation</u>	<u>Acceptable Range</u>
Cash	5%	5-25%
Fixed Income	35%	15-50%
Stocks	60%	50-70%
Total	100%	

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 |

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NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Note 9 – ENDOWMENT FUNDS (continued)

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 (Deficit) composition by Type of Fund as of December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ (17,104)</u>	<u>\$ 1,147,338</u>

Changes in Endowment Net Assets (Deficit) for the Year Ended December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ -	\$ 25,107	\$ 730,426
Contributions	-	2,212	417,141
Investment return	-	(15,315)	-
Appropriation of endowment for expenditure	-	(29,108)	(229)
Endowment net assets (deficit), end of year	<u>\$ -</u>	<u>\$ (17,104)</u>	<u>\$ 1,147,338</u>

Endowment Net Assets (Deficit) composition by Type of Fund as of December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 25,107</u>	<u>\$ 730,426</u>

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NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Note 9 – ENDOWMENT FUNDS (continued)

Changes in Endowment Net Assets (Deficit) for the Year Ended December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ -	\$ 30,189	\$ 103,000
Contributions	-	-	627,426
Investment return	-	23,422	-
Appropriation of endowment for expenditure	-	(28,504)	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 25,107</u>	<u>\$ 730,426</u>

Note 10 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2015 and 2014, respectively:

	<u>Estimated Life</u>	<u>2015</u>	<u>2014</u>
Equipment	5 years	\$ 3,959	\$ 4,629
Furniture	7 years	514	514
Software	3 years	<u>43,549</u>	<u>44,370</u>
		48,022	49,513
Less: Accumulated depreciation		<u>(47,600)</u>	<u>(47,384)</u>
		<u>\$ 422</u>	<u>\$ 2,129</u>

Depreciation expense was \$1,707 and \$15,516 for the years ended December 31, 2015 and 2014, respectively.

Note 11 – RECLASSIFICATION

Certain amounts in 2014 financial statements have been reclassified for comparative purposes to conform with the presentation in 2015 financial statements.