

COMMUNITY FOUNDATION OF  
ANNE ARUNDEL COUNTY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

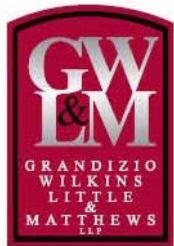
COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.

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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, 2018 and 2017, and the related statements of activities and functional expenses for the year ended December 31, 2018, and the related statements of cash flows for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, the changes in its net assets for the year ended December 31, 2018, and its cash flows for the years ended December 31, 2018 and 2017 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, 2017, and we expressed an unmodified audit opinion on that audited statement of activities in our report dated December 3, 2018. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2017, is consistent, in all material respects, with the audited statement of activities from which it has been derived.

The summarized comparative information presented in the statement of functional expenses for the year ended December 31, 2018 has been subjected to the auditing procedures applied in the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Grandizio, Wilkins, Little & Matthews, LLP*

Grandizio, Wilkins, Little & Matthews, LLP  
February 20, 2020

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

December 31,	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 886,819	\$ 471,988
Grant Refund Receivable	-	20,000
Other Receivables	2,731	-
Unconditional Promises to Give - Current	299,596	310,420
Investments	9,727,840	9,566,004
Other Current Assets	4,507	2,021
<b>TOTAL CURRENT ASSETS</b>	<b>10,921,493</b>	<b>10,370,433</b>
<b>PROPERTY AND EQUIPMENT</b>		
Property and Equipment (Less Accumulated Depreciation of \$5,208 and \$4,476, Respectively)	3,667	1,693
<b>OTHER ASSETS</b>		
Other Asset	13,369	-
Unconditional Promises to Give	2,920,029	3,094,125
<b>TOTAL OTHER ASSETS</b>	<b>2,933,398</b>	<b>3,094,125</b>
<b>TOTAL ASSETS</b>	<b>\$ 13,858,558</b>	<b>\$ 13,466,251</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 76,560	\$ 21,765
<b>OTHER LIABILITIES</b>		
Agency Funds	554,787	584,878
<b>NET ASSETS</b>		
Without Donor Restrictions	523,145	461,513
With Donor Restrictions	12,704,066	12,398,095
<b>TOTAL NET ASSETS</b>	<b>13,227,211</b>	<b>12,859,608</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,858,558</b>	<b>\$ 13,466,251</b>

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, 2018 with Comparative Totals for the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total	
			2018	2017
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 323,890	\$ 6,064,996	\$ 6,388,886	\$ 2,577,369
Special Events (Net of Costs of Direct Benefit to Participants of \$93,894 and \$70,777 for 2018 and 2017, Respectively)	-	122,597	122,597	119,306
Investment Income (Expense), Net	-	(559,501)	(559,501)	809,106
Net Assets Released from Restrictions (Note 6) Satisfaction of Program Restrictions	5,352,211	(5,352,211)	-	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b>5,676,101</b>	<b>275,881</b>	<b>5,951,982</b>	<b>3,505,781</b>
<b>EXPENSES</b>				
Program Services				
Grants	4,994,916	-	4,994,916	2,434,118
Other Charitable Expenditures	263,015	-	263,015	217,353
<b>Total Program Services</b>	<b>5,257,931</b>	<b>-</b>	<b>5,257,931</b>	<b>2,651,471</b>
Supporting Services				
Philanthropic Development	138,810	-	138,810	142,420
Management and General	217,728	-	217,728	169,355
<b>Total Supporting Services</b>	<b>356,538</b>	<b>-</b>	<b>356,538</b>	<b>311,775</b>
<b>TOTAL EXPENSES</b>	<b>5,614,469</b>	<b>-</b>	<b>5,614,469</b>	<b>2,963,246</b>
<b>CHANGE IN NET ASSETS</b>	<b>61,632</b>	<b>275,881</b>	<b>337,513</b>	<b>542,535</b>
Net Assets - Beginning of Year	461,513	12,398,095	12,859,608	12,317,073
Reclassification of Agency Funds to Liabilities	-	30,090	30,090	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 523,145</b>	<b>\$ 12,704,066</b>	<b>\$ 13,227,211</b>	<b>\$ 12,859,608</b>

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

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018 with Comparative Totals for the Year Ended December 31, 2017

	Grants	Other Charitable Expenditures	Total Program Services	Philanthropic Development	Management and General	2018 Total	2017 Total
Accounting and Audit	\$ -	\$ 4,193	\$ 4,193	\$ 611	\$ 14,181	\$ 18,985	\$ 17,062
Administrative Expenses	-	1,836	1,836	1,837	-	3,673	1,466
Bank, Credit Card and Payment Processing Fees	-	8,376	8,376	12,745	189	21,310	4,466
Board Expense	-	-	-	-	2,887	2,887	4,255
Capacity Building - Development	-	-	-	2,782	-	2,782	3,748
Communications Staff Grant Expenses	-	2,365	2,365	2,365	-	4,730	7,979
Community Outreach	-	-	-	1,620	-	1,620	961
Consultants	-	323	323	81	-	404	7,918
Contractor - Donor Services	-	3,713	3,713	-	-	3,713	-
Depreciation Expense	-	447	447	-	286	733	211
Employee Benefits	-	6,287	6,287	4,425	2,691	13,403	12,921
Estate Planning Council Expenses	-	12,380	12,380	-	-	12,380	11,907
Grants/Scholarships	4,994,916	-	4,994,916	-	-	4,994,916	2,434,118
Insurance	-	1,105	1,105	202	4,537	5,844	4,811
Investment Expense - Foreign Tax	-	3,082	3,082	-	-	3,082	1,542
Licenses and Permits	-	-	-	-	311	311	1,450
Life Insurance Premiums	-	-	-	-	29,972	29,972	-
Marketing	-	-	-	3,097	-	3,097	1,760
Meals and Entertainment	-	8,481	8,481	837	304	9,622	5,419
Memberships/Subscriptions	-	3,894	3,894	-	3,895	7,789	3,698
Needs Assessment	-	7,500	7,500	-	-	7,500	-
Office Expenses	-	4,221	4,221	2,111	2,105	8,437	6,421
Other Restricted Expenses	-	3,979	3,979	6,708	9,000	19,687	1,684
Payroll Taxes	-	10,576	10,576	6,214	9,225	26,015	23,841
Postage	-	757	757	1,077	1,077	2,911	1,076
Printing	-	-	-	8,357	-	8,357	2,794
Professional Development	-	-	-	-	2,559	2,559	811
Program Expenses	-	28,066	28,066	-	-	28,066	18,986
Rent	-	4,327	4,327	-	12,410	16,737	13,259
Salaries and Wages	-	136,618	136,618	81,222	119,754	337,594	324,257
Special Events	-	-	-	828	-	828	1,006
Technology/Web	-	8,228	8,228	32	685	8,945	37,498
Telephone	-	612	612	870	871	2,353	2,260
Travel Expenses	-	561	561	789	789	2,139	1,515
WGT Expenses	-	1,088	1,088	-	-	1,088	2,146
<b>TOTAL FUNCTIONAL 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>	<b>\$ 2,963,246</b>

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,	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Contributions and Other Support	\$ 6,989,598	\$ 4,269,524
Cash Paid to Providers and Support Services	(5,679,157)	(3,073,848)
Interest and Dividend Income	228,836	162,527
	<u>1,539,277</u>	<u>1,358,203</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
	<u>1,539,277</u>	<u>1,358,203</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(3,324,296)	(3,621,841)
Proceeds from Sale of Investments	2,177,171	2,214,873
Purchases of Fixed Assets	(2,706)	-
	<u>(1,149,831)</u>	<u>(1,406,968)</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
	<u>(1,149,831)</u>	<u>(1,406,968)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted for Investment in Permanent Endowment	25,385	56,810
	<u>25,385</u>	<u>56,810</u>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
	<u>25,385</u>	<u>56,810</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	414,831	8,045
Cash and Cash Equivalents - Beginning of Year	<u>471,988</u>	<u>463,943</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 886,819</u>	<u>\$ 471,988</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

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December 31, 2018 and 2017

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**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 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.

**Basis of Presentation**

The Foundation is required to report information regarding its financial position and activities according to two (2) classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**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.

**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, 2018 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2015 through 2017 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

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December 31, 2018 and 2017

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**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 statements of activities and functional expenses. 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 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.

**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.

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

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December 31, 2018 and 2017

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**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.

**Recent Accounting Pronouncements**

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Non-for-Profit Entities* (Topic 958), which is effective for fiscal years beginning after December 15, 2017, with early application of the amendments in the update permitted. The main provisions of the update require: a) the presentation of two (2) classes of net assets, rather than three (3), b) enhanced disclosures about board designations, composition of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative information about how the Organization manages its liquid resources, quantitative information that communicates the availability of financial assets at the date of the statement of financial position, information about the amount of expenses by both their natural and functional classification, and c) report investment return, net of expenses. Such adoption is applied retrospectively for all periods presented.

A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

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

December 31, 2018 and 2017

**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 February 20, 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.

**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, 2017, from which the summarized information was derived.

**Note 3: Promises to Give**

Unconditional promises to give consist of the following:

	<u>2018</u>	<u>2017</u>
Unconditional Promises	\$ 4,048,133	\$ 4,400,590
Less: Unamortized Discount	<u>(828,508)</u>	<u>(996,045)</u>
<b>TOTAL</b>	<b><u>\$ 3,219,625</u></b>	<b><u>\$ 3,404,545</u></b>
Amounts Due in:		
Less Than One Year	\$ 299,596	\$ 310,420
One to Five Years	1,066,985	1,156,704
More Than Five Years	<u>1,853,044</u>	<u>1,937,421</u>
<b>TOTAL</b>	<b><u>\$ 3,219,625</u></b>	<b><u>\$ 3,404,545</u></b>

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, 2018, and four percent (4%) at December 31, 2017. In the Foundation's opinion, the balance of unconditional promises to give at December 31, 2018 is fully collectible.

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

December 31, 2018 and 2017

**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, 2018 and 2017. 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, 2018 and 2017.

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

	<u>Level 1</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>7,157,334</u>
<b>TOTAL</b>	<b><u>\$ 9,727,840</u></b>	<b><u>\$ 9,727,840</u></b>

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>
<b>TOTAL</b>	<b><u>\$ 9,566,004</u></b>	<b><u>\$ 9,566,004</u></b>

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

	<u>2018</u>	<u>2017</u>
Interest and Dividend Income	\$ 228,836	\$ 162,527
Net Realized Gain on Sales of Investments	174,876	183,744
Unrealized Gain on Investments	(912,136)	505,091
Investment Expense Fees	<u>(51,077)</u>	<u>(42,256)</u>
<b>TOTAL</b>	<b><u>\$ (559,501)</u></b>	<b><u>\$ 809,106</u></b>

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

December 31, 2018 and 2017

**Note 5: Net Assets With Donor Restrictions**

At December 31 net assets with donor restrictions are available for the following purposes:

	2018	2017
<b>OPERATING</b>		
Anne Arundel Estate Planning Council	\$ 20,753	\$ -
Community Leadership Fund (Endowment)	15,670	29,407
<b>ANNE ARUNDEL COUNTY CHARITABLE FUND</b>		
AAC Animal Control Fund	2,020	217
AAC Department of Aging Fund	428	65
AAC Fire Department Fund	1,009	487
AAC General Fund	10	-
AAC Partnership for Children, Youth and Families Fund	174	1,186
AAC Police Department Fund	2,820	174
<b>CORPORATE ADVISED</b>		
Baum Jackson Investment Group Charitable Foundation	20,290	21,168
Chaney Enterprises Foundation Fund	59,272	-
Chaney Fund for Hope	9	98,906
Chaney Fund for Land Use Education	-	448,812
Crosby Foundation	416,558	-
Gable Signs Foundation for a Brighter Future	6,909	7,499
Greenberg Gibbon/Reliable Contracting Foundation Fund	25,150	112,046
Howard Bank Fund	9,363	8,049
Insurance Force Foundation	14,303	13,639
<b>DESIGNATED PURPOSE</b>		
Anna E. Greenberg Leadership Fund	41,285	38,412
Anne Arundel Conflict Resolution Center Endowment Fund	13,766	11,034
Anne Arundel County Public Library Endowment Fund	97	-
Babe and Dick Chaney Memorial Endowment Fund	110,212	10,332
Beer Family Fund	25,959	29,530
Healthy Anne Arundel	22,579	22,681
In Your Honor Fund	(18)	-
Ladders to SUCCESS - Economic Opportunity Endowment Fund	115,637	125,742
Langbein Family Endowment Fund	21,412	23,526
Marcus Endowment Fund for Arundel Lodge	247,477	279,866
Perinatal Loss	14,584	14,526
Scenic Land Trust Designated Endowment Fund	6,266	5,119
Sunshine Fund	26,685	30,203
Sylvia Meisenberg Adult Literacy Program at Arundel House of Hope	100,207	113,519
Sylvia Meisenberg Shakespeare Education Fund	99,035	108,094
The Capital Gazette Families Fund	184,339	-
Tommy Yeager Endowment Fund	49,311	53,277

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

December 31, 2018 and 2017

**Note 5: Net Assets With Donor Restrictions (Continued)**

	2018	2017
<b>DISCRETIONARY GRANTMAKING FUNDS</b>		
Fund for Anne Arundel Endowment	\$ 249,984	\$ 26,500
Fund for Anne Arundel Spendable	11,707	2,753
Grants 4 Teachers	6,132	17,316
Help Our Neighbors	10,883	36,210
Strengthening Nonprofits Fund	10,465	10,462
<b>DONOR ADVISED FUNDS</b>		
Agnes Dixon Fund	111,308	122,738
Barry and Mary Gossett Foundation Fund	96,024	122,156
Beauty for Ashes	81,267	91,496
Beverly and Stephen Marcus Foundation	304,827	682,701
Bird Family Fund	15,947	27,638
Blaxall Fund for Economic Growth	47,586	40,478
Blessings Fund	37,248	41,074
Bo DePaola Family Foundation Fund, Bo's Effort	300,087	133,199
Brooks Family Fund	49,559	43,788
Carbaugh Family Fund	1,076,807	1,441,550
Carol Thompson Fund	4,301	6,418
Carroll H. Hynson Foundation	3,903	5,663
Chaney Impact Fund	281,933	-
Colleen and Lester Prosser Fund	29,568	29,994
Creston G. and Betty Jane Tate Fund	189,530	174,054
Cron dall Fund	32,572	23,717
Danny's Fund	66,064	60,501
Deems Digital Foundation	24,131	25,814
Dick and Sabra Ladd Charitable Fund	128,221	162,890
Dr. Michael J. Kurtz Foundation	11,360	-
Edward G. Garnett, Jr. Memorial Fund	3,070	-
Elizabeth Carr Memorial Fund	12,634	25,983
FEDE Fund	8,850	1,988
Frank and Susan Chaney Foundation	8,927	9,037
Frank's Fund	14,890	15,457
Franyo Foundation	3,717	7,199
Gibbs Family Foundation	-	277
Greg and Susan Walker Family Foundation	116,486	148,119
Gutschick Family Foundation	93,760	140,514
Haller Family Fund	15,405	17,140
HannaPolis Fund	11,854	-
Invictus (IMDV) Fund	25,529	27,632
Morgenstern Local Community Impact Endowment Fund	22,987	27,455
Morgenstern Local Community Impact Fund	25,448	-
Jim and Linda Humphrey Foundation	62,382	60,631

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

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**Note 5: Net Assets With Donor Restrictions (Continued)**

	2018	2017
<b>DONOR ADVISED FUNDS (CONTINUED)</b>		
John B. and Mary E. Slidell Family Charitable Trust	\$ 363,100	\$ 374,023
Kincey and Bruce Potter Environmental Fund	181,649	171,077
Kurdle Family Fund	11,528	11,701
Kurtz Legacy Fund	16,699	-
Lance Ryan Eager	-	4,316
Laurie Sharp Endowment Fund	41,874	35,900
Lester M. and Lynda B. Salamon Charitable Fund	23,893	16,257
Louis A. D'Camera Memorial Fund	66,205	78,026
Lowery Homes Fund	10,008	10,747
Magnolia Family Fund	810,913	805,793
Margaret Sander Chaires Foundation	20,712	22,723
Mark and Lynne Powell Foundation	5,493	5,650
Marston Family Donor Advised Fund	51,830	59,029
Mary and Dale Spencer Charitable Fund	10,818	-
M&M Curtin Fund	4,546	5,176
Patty Brown and Joe Gill Giving Fund	2,760	3,248
Peterman Ponatoski Family Foundation	804,518	516,730
Pomfret Family Charitable Foundation	49,728	-
RK Family Fund	9,930	10,666
Roger and Sherry Lepage Education Fund	31,035	36,444
Schaefer Family Fund	73,314	78,427
Sonja Swygert Fund	20,062	22,122
Speciale Family Fund	1,014	1,970
Thornton Family Fund	11,736	12,554
Trish and Greg Strott Fund	30,205	58,958
Victor A. Sulin Charitable Trust	12,076	12,918
Walk the Walk Community Fund	22,415	23,733
Zoe Quinn Francis Fund	97,444	103,885
<b>FIELD OF INTEREST</b>		
Arts and Culture Anne Arundel Endowment Fund	89,959	22,070
Arts and Culture Fund	7,544	77,530
Babe and Dick Chaney Memorial Fund	128,095	223,699
Chaney Enterprises Beautification Fund	25,190	-
Chaney Enterprises Bull Roast Fund	163,603	-
Community Crisis Response Fund	6,568	-
Environment Anne Arundel	28,643	9,783
Ladders to SUCCESS - Preparing Youth for Life	189	198
Live Well Anne Arundel	8	8
South County Fund	37,530	37,700
Women and Girls Fund	39,623	42,119



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

December 31, 2018 and 2017

**Note 5: Net Assets With Donor Restrictions (Continued)**

	2018	2017
<b>GIVING CIRCLE</b>		
AAWGT Administrative Fund	\$ 21,776	20,316
AAWGT Endowment Fund	105,957	106,016
AAWGT Grant Fund	104,183	99,955
AAWGT LTM Endowment Fund (10th Anniversary)	75,656	88,631
CL Lifetime Membership Fund	5,459	1,500
HB AAWGT Lifetime Membership Fund	10,781	-
Julie B Schuelke AAWGT Lifetime Membership Fund (JBS)	11,061	12,573
Lifting Anne Arundel	11,723	23,300
<b>SCHOLARSHIPS</b>		
Herzberg - Wild Scholarship Fund	270,537	189,434
Officer Grant Turner Memorial Scholarship	109,556	115,703
The Capital Gazette Memorial Scholarship Fund	147,983	-
William Bunn Memorial Scholarship Fund	71,387	74,263
<b>PRESENT VALUE OF PLEDGES</b>		
Carbaugh Family Fund	3,143,008	3,216,528
Patricia Brown and Joseph Gill (Community Leadership)	19,653	-
Carol Thompson (Community Leadership Circle)	1,965	-
Kurdle Family Fund	-	2,390
Arts and Culture Anne Arundel	-	20,000
Ladders/Arts and Culture	-	4,823
Herzberg-Wild Scholarship Fund	-	109,425
	<b>\$ 12,704,066</b>	<b>\$ 12,398,095</b>
<b>TOTAL</b>	<b>\$ 12,704,066</b>	<b>\$ 12,398,095</b>

**Note 6: 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.

PURPOSE RESTRICTIONS ACCOMPLISHED	2018	2017
<b>OPERATING</b>		
Anne Arundel Estate Planning Council	\$ 422	\$ -
Community Leadership Fund (Endowment)	1,259	-

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.  
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December 31, 2018 and 2017

**Note 6: Release from Donor Restrictions (Continued)**

PURPOSE RESTRICTIONS ACCOMPLISHED (CONTINUED)	2018	2017
<b>ANNE ARUNDEL COUNTY CHARITABLE FUND</b>		
AAC Animal Control Fund	\$ 2,672	\$ 33
AAC Department of Aging Fund	2,620	10
AAC Department of Health Fund	10	-
AAC Fire Department Fund	7,704	73
AAC General Fund	16,390	-
AAC Partnership for Children, Youth and Families Fund	2,116	164
AAC Police Department Fund	7,249	26
<b>CORPORATE ADVISED</b>		
Baum Jackson Investment Group Charitable Foundation	2,913	2,750
Chaney Enterprises Foundation Fund	180,028	-
Chaney Fund for Hope	100,503	245,284
Chaney Fund for Land Use Education	456,105	74,779
Crosby Foundation	60,000	-
Gable Signs Foundation for a Brighter Future	250	250
Greenberg Gibbon/Reliable Contracting Foundation Fund	85,834	36,786
Howard Bank Fund	750	250
Insurance Force Foundation	298	260
<b>DESIGNATED PURPOSE</b>		
Anna E. Greenberg Leadership Fund	1,773	1,818
Anne Arundel Conflict Resolution Center Endowment Fund	1,045	250
Anne Arundel County Public Library Endowment Fund	3	-
Babe and Dick Chaney Memorial Endowment Fund	1,007	993
Beer Family Fund	1,391	1,290
Healthy Anne Arundel	454	1,266
In Your Honor Fund	2,290	-
Ladders to SUCCESS - Economic Opportunity Endowment Fund	784	5,216
Ladders to SUCCESS - Economic Opportunity General Purpose	-	49,330
Langbein Family Endowment Fund	703	643
Marcus Endowment Fund for Arundel Lodge	12,692	2,475
Perinatal Loss	292	288
Scenic Land Trust Designated Endowment Fund	52	106
Sunshine Fund	1,395	1,317
Sylvia Meisenberg Adult Literacy Program at Arundel House of Hope	5,341	5,229
Sylvia Meisenberg Shakespeare Education Fund	1,080	4,963
The Capital Gazette Families Fund	1,846,231	-
Tommy Yeager Endowment Fund	532	500

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

December 31, 2018 and 2017

**Note 6: Release from Donor Restrictions (Continued)**

PURPOSE RESTRICTIONS ACCOMPLISHED (CONTINUED)	2018	2017
<b>DISCRETIONARY GRANTMAKING FUNDS</b>		
Fund for Anne Arundel Endowment	\$ 465	\$ 25,619
Fund for Anne Arundel Spendable	302	-
Grants 4 Teachers	17,526	5,857
Help Our Neighbors	34,748	11,252
Strengthening Nonprofits Fund	2,653	9,477
<b>DONOR ADVISED FUNDS</b>		
Agnes Dixon Fund	2,443	9,440
Barry and Mary Gossett Foundation Fund	23,410	26,716
Beauty for Ashes	51,647	1,742
Beverly and Stephen Marcus Foundation	416,261	400,937
Bird Family Fund	11,031	16,274
Blaxall Fund for Economic Growth	11,699	12,524
Blessings Fund	817	776
Bo DePaola Family Foundation Fund, Bo's Effort	75,836	18,552
Brooks Family Fund	880	1,146
Carbaugh Family Fund	397,529	468,572
Carol Thompson Fund	250	250
Carroll H. Hynson Foundation	4,848	4,258
Chaney Impact Fund	248,500	-
Chaney Memorial Foundation	-	166,242
Colleen and Lester Prosser Fund	846	6
Core Legacy Fund	-	250
Creston G. and Betty Jane Tate Fund	3,797	1,875
Cron dall Fund	5,025	3,550
Danny's Fund	12,636	2,614
Deems Digital Foundation	513	1,505
Dick and Sabra Ladd Charitable Fund	24,409	28,394
Dr. Michael J. Kurtz Foundation	2,909	-
Edward G. Garnett, Jr. Memorial Fund	351	-
Elizabeth Carr Memorial Fund	11,943	3,021
FEDE Fund	5,401	13
Frank and Susan Chaney Foundation	250	250
Frank's Fund	807	311
Franyo Foundation	3,250	6,250
Gibbs Family Foundation	277	250
Greg and Susan Walker Family Foundation	20,878	15,433
Gutschick Family Foundation	37,708	28,088
Haller Family Fund	1,356	347
HannaPolis Fund	2,454	-
Invictus (IMDV) Fund	27,412	23,840

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December 31, 2018 and 2017

**Note 6: Release from Donor Restrictions (Continued)**

PURPOSE RESTRICTIONS ACCOMPLISHED (CONTINUED)	2018	2017
<b>DONOR ADVISED FUNDS (CONTINUED)</b>		
Morgenstern Local Community Impact Endowment Fund	\$ 1,306	\$ -
Morgenstern Local Community Impact Fund	44	507
Jim and Linda Humphrey Foundation	143,620	200,653
John B. and Mary E. Slidell Family Charitable Trust	8,180	6,601
Kathy and Chris Potter Charitable Fund	-	2,527
Kincey and Bruce Potter Environmental Fund	36,104	35,982
Kurdle Family Fund	1,750	250
Kurtz Legacy Fund	29,972	-
Lance Ryan Eager	4,666	-
Laurie Sharp Endowment Fund	513	420
Lester M. and Lynda B. Salamon Charitable Fund	826	250
Louis A. D'Camera Memorial Fund	6,495	1,474
Lowery Homes Fund	250	-
Magnolia Family Fund	155,306	93,650
Margaret Sander Chaires Foundation	340	321
Mark and Lynne Powell Foundation	15,250	28,421
Marston Family Donor Advised Fund	3,051	1,459
Mary and Dale Spencer Charitable Fund	1,250	-
M&M Curtin Fund	250	500
Patty Brown and Joe Gill Giving Fund	250	25,473
Peterman Ponatoski Family Foundation	140,160	109,972
Pomfret Family Charitable Foundation	975	-
RK Family Fund	250	250
Roger and Sherry Lepage Education Fund	3,861	303
Schaefer Family Fund	1,560	17,835
Sonja Swygert Fund	440	3,317
Speciale Family Fund	10,500	23,030
Thornton Family Fund	250	250
Trish and Greg Strott Fund	26,068	4,773
Victor A. Sulin Charitable Trust	257	252
Walk the Walk Community Fund	490	444
Zoe Quinn Francis Fund	2,073	4,552
<b>FIELD OF INTEREST</b>		
Arts and Culture Anne Arundel Endowment Fund	45,083	33,344
Arts and Culture Fund	1	-
Babe and Dick Chaney Memorial Fund	160,567	-
Chaney Enterprises Beautification Fund	250	-
Chaney Enterprises Bull Roast Fund	58,212	-
Community Crisis Response Fund	210	-
Environment Anne Arundel	75	40,198

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December 31, 2018 and 2017

**Note 6: Release from Donor Restrictions (Continued)**

PURPOSE RESTRICTIONS ACCOMPLISHED (CONTINUED)	2018	2017
FIELD OF INTEREST (CONTINUED)		
Ladders to SUCCESS - Preparing Youth for Life	\$ -	\$ 33,702
South County Fund	755	2,531
Women and Girls Fund	629	609
GIVING CIRCLE		
AAWGT Administrative Fund	17,398	12,906
AAWGT Endowment Fund	4,370	4,749
AAWGT Grant Fund	105,379	112,509
AAWGT LTM Endowment Fund (10th Anniversary)	8,836	810
CL Lifetime Membership Fund	541	-
HB AAWGT Lifetime Membership Fund	56	43
Julie B. Schuelke AAWGT Lifetime Membership Fund (JBS)	623	-
Lifting Anne Arundel	18,219	4,434
SCHOLARSHIPS		
Herzberg - Wild Scholarship Fund	44,699	44,489
Officer Grant Turner Memorial Scholarship	17,811	19,323
The Capital Gazette Memorial Scholarship Fund	1,558	-
William Bunn Memorial Scholarship Fund	3,377	3,020
Total Restricted Released	5,352,211	2,608,113
Less: Special Events Expenses	(93,894)	(70,777)
NET RESTRICTIONS RELEASED	<u>\$ 5,258,317</u>	<u>\$ 2,537,336</u>

**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:

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

December 31, 2018 and 2017

**Note 7: Endowment Funds (Continued)**

**Interpretation of Relevant Law (Continued)**

- 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.

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 and 2017, are as follows:

	With Donor Restrictions
ENDOWMENT NET ASSETS, JANUARY 1, 2017	\$ 1,151,177
Interfund Reallocations	(70,570)
Contributions	222,629
Investment Return	215,773
Other Income	2,422
Appropriation of Endowment for Expenditure	(117,973)
ENDOWMENT NET ASSETS, DECEMBER 31, 2017	1,403,458
Contributions	209,163
Investment Return	231,772
Underwater Endowment	(39,068)
Appropriation of Endowment for Expenditure	(99,439)
ENDOWMENT NET ASSETS, DECEMBER 31, 2018	\$ 1,705,886

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

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December 31, 2018 and 2017

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**Note 8: Liquidity and Availability of Financial Assets**

The following reflects the Foundation's financial assets as of the date of the statements of financial position, reduced by amounts not available for general use because of donor-imposed restrictions within one (1) year of the date of the statements of financial position.

	2018	2017
Financial Assets at Year End	\$ 13,837,015	\$ 13,462,537
Less Those Unavailable to General Expenditures Within One (1) Year, Due to:		
Donor-Restricted Promises to Give	(3,164,626)	(3,353,166)
Donor-Restricted Various	(9,539,440)	(9,044,929)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One (1) Year	\$ 1,132,949	\$ 1,064,442

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

**Note 9: Functional Allocation of Expenses**

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.

**Note 10: Reclassification**

Certain amounts in 2017 financial statements have been reclassified for comparative purposes to conform with the presentation in 2018 financial statements.

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

December 31, 2018 and 2017

**Note 11: Property and Equipment**

Property and equipment consists of the following at December 31, 2018 and 2017, respectively:

	Estimated Life	2018	2017
Equipment	5 Years	\$ 6,575	\$ 5,655
Furniture	7 Years	2,300	514
Total Property and Equipment		8,875	6,169
Less: Accumulated Depreciation		(5,208)	(4,476)
PROPERTY AND EQUIPMENT, NET		<u>\$ 3,667</u>	<u>\$ 1,693</u>

Depreciation expense was \$733 and \$211 for the years ended December 31, 2018 and 2017, 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, 2018 and 2017 was as follows:

	2018	2017
Beginning Balances	\$ 584,878	\$ 498,827
Additional Contributions to Existing Funds	23,766	-
New Agency Funds	-	51,292
Investment Return, Net	(33,938)	58,339
Expenses	(19,919)	(23,580)
ENDING BALANCES	<u>\$ 554,787</u>	<u>\$ 584,878</u>



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

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December 31, 2018 and 2017

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**Note 13: 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 \$1,025 per month in 2018 and \$995 per month in 2017. Rent expense for 2018 and 2017 was \$12,410 and \$11,035, respectively.