



FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Anne Arundel County, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2021, on our consideration of Community Foundation of Anne Arundel County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Foundation of Anne Arundel County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Foundation of Anne Arundel County, Inc.'s internal control over financial reporting and compliance.

Alta CPA Group, LLC

May 21, 2021

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 612,003	\$ 2,419,276
Other Receivables	10,000	6,758
Unconditional Promises to Give, Current Portion	241,624	243,596
Prepaid Expenses	7,321	-
Investments	19,252,243	13,511,932
Other Current Assets	2,100	4,010
Total Current Assets	20,125,291	16,185,572
Property and Equipment, Net	17,115	3,828
Right of Use Asset - Operating Lease	417,896	-
Other Assets:		
Other Assets	25,113	13,369
Unconditional Promises to Give, Net of Current Portion	2,609,505	2,761,191
Total Other Assets	2,634,618	2,774,560
Total Assets	\$ 23,194,920	\$ 18,963,960
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 50,666	\$ 52,119
Grants Payable	21,250	-
Deferred Revenue	1,050	5,880
Operating Lease Liability, Current Portion	89,028	-
Total Current Liabilities	161,994	57,999
Noncurrent Liabilities:		
Agency Funds	1,184,506	792,507
Operating Lease Liability, Net of Current Portion	331,584	-
Total Non Current Liabilities	1,516,090	792,507
Total Liabilities	1,678,084	850,506
Net Assets:		
Without Donor Restrictions	849,240	483,020
With Donor Restrictions	20,667,596	17,630,434
Total Net Assets	21,516,836	18,113,454
Total Liabilities and Net Assets	\$ 23,194,920	\$ 18,963,960

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

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Contributions	\$ 234,013	\$ 5,965,652	\$ 6,199,665	\$ 61,487	\$ 6,645,547	\$ 6,707,034
Government Grants	1,114,800	-	1,114,800	-	-	-
Program Services	23,150	-	23,150	12,985	-	12,985
Special Events, Net of Costs of Direct Benefit to Participants of \$77,450 and \$111,061 for 2020 and 2019, Respectively	(21,346)	7,845	(13,501)	1,841	(11,555)	(9,714)
Investment Income, Net	6,899	1,190,028	1,196,927	28,761	1,392,642	1,421,403
Agency Funds Management Fees	9,832	-	9,832	7,670	-	7,670
Net Assets Released from Restrictions	4,126,363	(4,126,363)	-	3,100,266	(3,100,266)	-
Total Public Support and Revenue	5,493,711	3,037,162	8,530,873	3,213,010	4,926,368	8,139,378
EXPENSES						
Program Services						
Grants	4,432,379	-	4,432,379	2,657,610	-	2,657,610
Other Charitable Expenditures	292,004	-	292,004	294,721	-	294,721
Supporting Services						
Philanthropic Development	116,409	-	116,409	55,101	-	55,101
Management and General	286,699	-	286,699	245,703	-	245,703
Total Expenses	5,127,491	-	5,127,491	3,253,135	-	3,253,135
Change in Net Assets	366,220	3,037,162	3,403,382	(40,125)	4,926,368	4,886,243
Net Assets at Beginning of Year	483,020	17,630,434	18,113,454	523,145	12,704,066	13,227,211
Net Assets at End of Year	\$ 849,240	\$ 20,667,596	\$ 21,516,836	\$ 483,020	\$ 17,630,434	\$ 18,113,454

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

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services		Total
	Grants	Other Charitable Expenditures	Total Program Services	Philanthropic Development	Management and General	
Accounting and Audit	\$ -	\$ 3,542	\$ 3,542	\$ 354	\$ 13,815	\$ 17,711
Bank, Credit Card, and Payment Processing Fees	-	14,360	14,360	506	-	14,866
Board Expense	-	-	-	-	542	542
Community Outreach	-	-	-	305	-	305
Consultants	-	20,710	20,710	-	-	20,710
Depreciation Expense	-	2,321	2,321	-	1,547	3,868
Employee Benefits	-	6,825	6,825	2,947	5,738	15,510
Estate Planning Council Expenses	-	2,395	2,395	-	-	2,395
Grants/Scholarships	4,432,379	-	4,432,379	-	-	4,432,379
Insurance	-	1,943	1,943	5,265	245	7,453
Investment Expense- Foreign Tax	-	-	-	-	30	30
Licenses and Permits	-	-	-	-	127	127
Life Insurance Premiums	-	-	-	-	20,148	20,148
Marketing	-	1,909	1,909	5,412	-	7,321
Meals and Entertainment	-	5,057	5,057	637	-	5,694
Memberships/Subscriptions	-	3,052	3,052	-	3,052	6,104
Office Expenses	-	2,310	2,310	1,155	9,278	12,743
Payroll Taxes	-	13,416	13,416	8,080	10,688	32,184
Postage	-	636	636	906	906	2,448
Printing	-	790	790	5,395	-	6,185
Professional Development	-	-	-	-	1,262	1,262
Rent	-	2,007	2,007	-	51,567	53,574
Salaries and Wages	-	186,796	186,796	82,420	158,511	427,727
Supplies	-	576	576	-	-	576
Technology/Web	-	21,237	21,237	-	6,998	28,235
Telephone	-	1,694	1,694	2,801	2,019	6,514
Travel Expenses	-	159	159	226	226	611
WGT Expenses	-	269	269	-	-	269
Total Expenses	\$ 4,432,379	\$ 292,004	\$ 4,724,383	\$ 116,409	\$ 286,699	\$ 5,127,491

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

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

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

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

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,403,382	\$ 4,886,243
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Realized and Unrealized Gains	(1,032,561)	(1,220,820)
Donated Securities	(1,679,752)	(395,575)
Depreciation	3,868	1,339
(Increase) Decrease in Other Receivables	(3,242)	(4,027)
(Increase)Decrease in Unconditional Promises to Give	153,658	214,838
(Increase)Decrease in Prepaid Expenses	(7,321)	-
(Increase) Decrease in Right of Use Asset- Operating Lease	46,625	-
(Increase) Decrease in Other Assets	1,910	497
Increase (Decrease) in Accounts Payable and Accrued Expenses	(1,453)	(24,441)
Increase (Decrease) in Grants Payable	21,250	-
Increase (Decrease) in Deferred Revenue	(4,830)	5,880
Increase (Decrease) in Agency Funds Liabilities	391,999	237,720
Increase (Decrease) Operating Lease Obligations Liability	(43,909)	-
	1,249,624	3,701,654
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of Security Deposit	(7,321)	-
Purchases of Investments	(9,162,085)	(5,849,791)
Proceeds from Sale of Investments	6,129,664	3,682,094
Purchases of Fixed Assets	(17,155)	(1,500)
	(3,056,897)	(2,169,197)
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,807,273)	1,532,457
Cash and Cash Equivalents at Beginning of Year	2,419,276	886,819
Cash and Cash Equivalents at End of Year	\$ 612,003	\$ 2,419,276
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Income Taxes	\$ -	\$ -
Interest	\$ -	\$ -
Noncash Operating Activities:		
Obtaining Right of Use Asset in Exchange for a Lease Liability	\$ (464,521)	\$ -
Obligations of Lease Liability- Operating Lease	\$ 464,521	-

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

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

Activity

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

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

Recent Accounting Pronouncements Adopted

The Foundation has elected to early-adopt Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended, as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes lease expense, right of use, and lease obligations, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of lease expense, right of use, and lease obligations have been enhanced in accordance with the standard.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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.

Use of Estimates

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

Net Assets

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

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

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

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

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Revenue Recognition (Continued)

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

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

Performance Obligations

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

The Foundation's performance obligations are primarily satisfied at the point services are provided for program service fees and special events. Agency fees are recognized each month as services are provided. The transaction price is determined based on gross price, net of discounts or refunds.

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

Contract Balances

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

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Revenue Recognition (Continued)

Costs to Obtain a Contract

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

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

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 and changes in net assets as net assets released from restrictions. Receivables are charged off when deemed by the Foundation to be uncollectible.

A portion of the Foundation's revenue is derived from government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with the specific contract or grant provisions.

The Foundation reports gifts of goods and equipment as support without donor restrictions 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.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Donated Assets

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

Cash and Cash Equivalents

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

Promises to Give

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

Property and Equipment

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

Investments

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

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 changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Functional Allocation of Expenses (Continued)

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

Component Funds

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

Component funds of the Foundation are as follows:

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

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

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Credit Risk

The Foundation maintains cash and cash equivalents at multiple financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At December 31, 2020, the Foundation's uninsured cash balances totaled approximately \$825,000. The Foundation has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Income Taxes

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

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

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

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

Advertising Costs

The Foundation expenses advertising costs as they are incurred. Advertising costs of \$7,321 and \$6,455 are included in marketing expense on the statements of functional expenses for the years ended December 31, 2020 and 2019, respectively.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Reclassification

Certain amounts in 2019 financial statements have been reclassified for comparative purposes to conform with the presentation in 2020 financial statements. These changes have had no effect on the net income for the year ended December 31, 2019.

Date of Management Review

The Foundation has evaluated events and transactions that occurred during the period from the date of the financial statements through May 21, 2021, 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 - LIQUIDITY AND AVAILABILITY

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

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

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 612,003	\$ 2,419,276
Other Receivables	10,000	6,758
Unconditional Promises to Give	2,851,129	3,004,787
Investments	<u>19,252,243</u>	<u>13,511,932</u>
Total Financial Assets Available at Year End	22,725,375	18,942,753
Less Amounts Not Available to be Used Within One Year		
Due to:		
Donor-Restricted Promises to Give	(2,851,129)	(3,004,787)
Specific Purposes	<u>(17,816,467)</u>	<u>(14,625,647)</u>
Total Financial Assets Available for General Expenditure Over the Next Twelve Months	\$ <u>2,057,779</u>	\$ <u>1,312,319</u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 - PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2020</u>	<u>2019</u>
Amounts Due in:		
Within One Year	\$ 241,624	\$ 243,596
One to Five Years	1,167,980	1,167,980
More Than Five Years	<u>2,102,365</u>	<u>2,335,961</u>
 Total Unconditional Promises to Give	 \$ 3,511,969	 \$ 3,747,537
Less: Unamortized Discount	<u>(660,840)</u>	<u>(742,750)</u>
 Total Unconditional Promises to Give, Net of Discount	 \$ <u>2,851,129</u>	 \$ <u>3,004,787</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 three and six tenths percent (3.6%) at December 31, 2020 and 2019. In the Foundation's opinion, the balances of unconditional promises to give at December 31, 2020 and 2019 are fully collectible.

NOTE 4 - INVESTMENTS

The Foundation invests in money market funds, mutual funds, exchange traded funds, U.S. government obligations, and corporate securities. Money market funds are valued at cost, which approximates fair value. All other investments are valued based on quoted prices in active markets. There were no changes in valuation techniques in the years ended December 31, 2020 and 2019. 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, 2020 and 2019.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 4 - INVESTMENTS (CONTINUED)

Assets measured at fair value on a recurring basis at December 31, 2020 are as follows:

	Quoted Market Prices in Active Markets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Unobservable Inputs <u>(Level 3)</u>	<u>Total</u>
Cash and				
Cash Equivalents	\$ 487,938	\$ ---	\$ ---	\$ 487,938
Exchange Traded Funds	3,315,419	---	---	3,315,419
Stocks	177,515	---	---	177,515
Real Estate	9,955	---	---	9,955
Mutual Funds	<u>15,261,416</u>	<u>---</u>	<u>---</u>	<u>15,261,416</u>
 Total	 \$ <u>19,252,243</u>	 \$ <u>---</u>	 \$ <u>---</u>	 \$ <u>19,252,243</u>

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

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

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 4 - INVESTMENTS (CONTINUED)

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

	<u>2020</u>	<u>2019</u>
Interest and Dividend Income	\$ 338,933	\$ 353,078
Net Realized Gain/(Loss) on Sales of Investments	8,588	(253)
Unrealized Gain/(Loss) on Investments	909,853	1,118,867
Investment Expense Fees	<u>(60,447)</u>	<u>(50,289)</u>
 Total Investment Income (Loss)	 \$ <u>1,196,927</u>	 \$ <u>1,421,403</u>

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
OPERATING		
Anne Arundel Estate Planning Council	\$ 20,303	\$ 8,172
Community Crisis Response Fund	380,205	7,189
Community Leadership Fund (Endowment)	57,729	33,390
Deerbrook Charitable Trust- Operating	183,077	---
 ANNE ARUNDEL COUNTY CHARITABLE FUND		
AAC Animal Control Fund	5,357	2,127
AAC Department of Aging Fund	363	911
AAC Department of Health	45	1,353
AAC Department of Social Services Fund	108	---
AAC Fire Department Fund	11,097	410
AAC General Fund	---	3
AAC Partnership for Children, Youth and Families Fund	3,491	1,341
AAC Police Department Fund	639	82
AAC Recreation and Parks Department Fund	10	---
AAC Sheriff's Fund	(87)	11,650
 CORPORATE ADVISED		
Baum Jackson Investment Group Charitable Foundation	7,351	17,497
Chaney Enterprises Foundation Fund	68,527	150,474
Crosby Foundation	1,033,499	842,281
Gable Signs Foundation for a Brighter Future	7,788	7,517

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2020</u>	<u>2019</u>
CORPORATE ADVISED (CONTINUED)		
Greenberg Gibbon/Reliable Contracting Foundation Fund	\$ 7,118	\$ 17,336
Howard Bank Fund	10,737	10,275
Insurance Force Foundation	17,887	17,411
Maryland Realtors Charitable Fund	143,201	146,290
MMBBA Fund	28,947	---
DESIGNATED PURPOSE		
Anna E. Greenberg Leadership Fund	53,865	48,904
Annapolis Maritime Museum Endowment Fund	6,207	5,828
Anne Arundel Conflict Resolution Center Endowment Fund	39,124	31,568
Anne Arundel County Public Library Endowment Fund	60,627	25,662
Babe and Dick Chaney Memorial Endowment Fund	134,442	126,228
Beer Family Fund	30,550	29,449
Chrysalis Designated Fund	312	---
Davis Family Fund	1	23,686
Healthy Anne Arundel	5,282	22,827
Humphrey-Hooper Foundation	2,694,582	2,607,916
In Your Honor Fund	3	3
Karen Feldman Endowment Fund for Seeds 4 Success	56,072	---
Kurtz Legacy Fund	16,699	16,699
Ladders to SUCCESS - Economic Opportunity Endowment Fund	144,654	135,816
Langbein Family Endowment Fund	25,161	24,601
Londontowne Symphony Orchestra Designated Fund	5,438	---
Marcus Endowment Fund for Arundel Lodge	298,183	290,662
Opportunity Builders, Inc. Designated Endowment	1,171	1,308
Perinatal Loss	15,718	15,227
Scenic Land Trust Designated Endowment Fund	15,045	13,379
Sullivan Family Charitable Fund	99,494	---
Sunshine Fund	30,835	31,341
Sylvia Meisenberg Adult Literacy Program at Arundel House of Hope	120,536	113,172
Sylvia Meisenberg Shakespeare Education Fund	109,420	107,534
The Capital Gazette Families Fund	178	115,859
Tommy Yeager Endowment Fund	61,794	58,018

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2020</u>	<u>2019</u>
DISCRETIONARY GRANTMAKING FUNDS		
Chaney Enterprise Disaster Relief Fund	\$ 12,992	\$ ---
Fund for Anne Arundel Endowment	415,642	356,439
Fund for Anne Arundel Spendable	193,388	345,611
Grants 4 Teachers	10,834	6,537
Help Our Neighbors	9,849	13,135
Strengthening Nonprofits Fund	4,885	8,645
DONOR ADVISED FUNDS		
Agnes Dixon Fund	120,757	130,095
Barry and Mary Gossett Foundation Fund	116,842	114,205
Beauty for Ashes	11,243	22,196
Beverly and Stephen Marcus Foundation	310,575	360,950
Bird Family Fund	(339)	17,672
Blaxall Fund for Economic Growth	44,800	34,396
Blessings Fund	63,609	65,764
Bo DePaola Family Foundation Fund, Bo's Effort	658,052	497,424
Brooks Family Fund	77,187	69,590
Carbaugh Family Fund	1,158,356	1,272,987
Carol Thompson Fund	7,424	6,223
Carroll H. Hynson Foundation	1,997	1,758
Chaney Impact Fund	748,573	466,587
Colleen and Lester Prosser Fund	23,982	24,972
Council Family Fund	17,310	13,682
Creston G. and Betty Jane Tate Fund	137,159	167,077
Cron dall Fund	57,162	51,310
Danny's Fund	82,270	87,587
Deems Digital Foundation	27,083	26,222
Dick and Sabra Ladd Charitable Fund	67,120	71,424
Dr. Michael J. Kurtz Foundation	11,815	11,096
Elizabeth Carr Memorial Fund	1,255	11,634
EWE Spirit Fund	65,395	---
FEDE Fund	10,749	10,247
Frank and Susan Chaney Foundation	8,820	8,933
Frank's Fund	11,487	12,020
Franyo Foundation	3,067	3,089
Greg and Susan Walker Family Foundation	130,322	128,338
Gutschick Family Foundation	217,869	96,291
Haller Family Fund	18,292	17,288

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2020</u>	<u>2019</u>
DONOR ADVISED FUNDS (CONTINUED)		
Hamel Family Fund	\$ 5,802	\$ ---
HannaPolis Fund	16,022	13,804
Invictus (IMDV) Fund	52	30,334
Morgenstern Local Community Impact Endowment Fund	27,852	27,197
Morgenstern Local Community Impact Fund	4,634	20,342
Jim and Linda Humphrey Foundation	62,969	77,389
John B. and Mary E. Slidell Family Charitable Trust	546,516	444,465
Kincey and Bruce Potter Environmental Fund	237,732	204,314
Kurdle Family Fund	13,479	12,267
Laurie Sharp Endowment Fund	124	115
Laurie Sharp Memorial Fund	46,666	44,028
Lester M. and Lynda B. Salamon Charitable Fund	22,579	21,307
Lewis Family Fund	293,696	---
Louis A. D'Camera Memorial Fund	82,803	77,595
Lowery Homes Fund	11,513	11,000
Magnolia Family Fund	951,204	908,312
Margaret Sander Chaires Foundation	25,653	24,208
Mark and Lynne Powell Foundation	4,222	4,404
Marston Family Donor Advised Fund	59,360	56,016
Mary and Dale Spencer Charitable Fund	25,276	17,583
Mathias Family Foundation	90,500	---
Neal Lehner Family Fund	15,472	---
Patty Brown and Joe Gill Giving Fund	119,880	155,371
Peterman Ponatoski Family Foundation	1,934,004	811,202
Pomfret Family Charitable Foundation	59,607	56,440
RK Family Fund	11,419	10,913
Roger and Sherry Lepage Education Fund	24,470	29,234
Ronald M. and Jeanne M. Uhl Family Fund	58,780	---
Rosso Family Fund	19,664	---
Schaefer Family Fund	72,766	68,990
Sonja Swygert Fund	24,609	18,183
Speciale Family Fund	39	2,227
Thornton Family Fund	13,589	12,942
Three Cones Foundation	101,457	---
Trish and Greg Strott Fund	16,252	18,400
Victor A. Sulin Charitable Trust	13,999	13,325
Walk the Walk Community Fund	27,761	26,198
Williams Family Fund	18,500	---

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2020</u>	<u>2019</u>
DONOR ADVISED FUNDS (CONTINUED)		
Wisteria Fund	\$ 10,164	\$ ---
Zoe Quinn Francis Fund	102,674	102,698
FIELD OF INTEREST		
Arts and Culture Anne Arundel Endowment Fund	107,224	102,309
Arts and Culture Fund	783	3,524
Babe and Dick Chaney Memorial Fund	239,733	224,061
Chaney Enterprises Beautification Fund	1,027	27,654
Chaney Enterprises Bull Roast Fund	242,535	171,336
Environment Anne Arundel	30,096	31,897
Live Well Anne Arundel	(241)	(241)
One Annapolis	326	---
South County Fund	38,003	37,990
Women and Girls Fund	33,892	43,909
GIVING CIRCLE		
AAWGT Administrative Fund	35,151	30,826
AAWGT Endowment Fund	188,379	132,311
AAWGT Grant Fund	132,388	137,736
AAWGT LTM Endowment Fund (10th Anniversary)	84,942	82,696
CL Lifetime Membership Fund	---	8,130
HB AAWGT Lifetime Membership Fund	11,870	11,635
Julie B Schuelke AAWGT Lifetime Membership Fund (JBS)	12,219	11,963
Lifting Anne Arundel	13,218	13,108
SCHOLARSHIPS		
Herzberg - Wild Scholarship Fund	171,364	166,707
Officer Grant Turner Memorial Scholarship	126,239	128,121
The Capital Gazette Memorial Scholarship Fund	208,763	199,313
William Bunn Memorial Scholarship Fund	94,188	87,039
PRESENT VALUE OF PROMISES TO GIVE		
Carbaugh Family Fund	2,843,101	2,994,787
Patricia Brown and Joseph Gill (Community Leadership)	---	10,000
Other Future Operations	<u>8,028</u>	<u>---</u>
Total	\$ <u>20,667,596</u>	\$ <u>17,630,434</u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6 - RELEASE FROM DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
OPERATING		
Anne Arundel Estate Planning Council	\$ 23,312	\$ 29,959
Community Crisis Response Fund	226,243	252
Community Leadership Fund (Endowment)	---	4
Deerbrook Charitable Trust- Operating	36,923	---
ANNE ARUNDEL COUNTY CHARITABLE FUND		
AAC Animal Control Fund	5,489	3,790
AAC Department of Aging Fund	4,144	3,071
AAC Department of Health Fund	1,505	1,151
AAC Department of Social Services Fund	499	---
AAC Fire Department Fund	7,997	3,026
AAC General Fund	782	2,017
AAC Partnership for Children, Youth and Families Fund	3,054	343
AAC Police Department Fund	1,620	3,889
AAC Recreation and Parks Department Fund	2	---
AAC Sheriff's Fund	11,932	182
CORPORATE ADVISED		
Baum Jackson Investment Group Charitable Foundation	10,250	8,339
Chaney Enterprises Foundation Fund	540,726	441,708
Chaney Fund for Hope	---	9
Chaney Fund for Land Use Education	---	---
Crosby Foundation	350,309	158,793
Gable Signs Foundation for a Brighter Future	250	250
Greenberg Gibbon/Reliable Contracting Foundation Fund	10,250	10,261
Howard Bank Fund	250	250
Insurance Force Foundation	297	326
Maryland Realtors Charitable Fund	12,004	25,829
MMBBA Fund	571	---
DESIGNATED PURPOSE		
Anna E. Greenberg Leadership Fund	496	2,085
Annapolis Maritime Museum Endowment Fund	55	176
Anne Arundel Conflict Resolution Center Endowment Fund	963	317

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6 - RELEASE FROM DONOR RESTRICTIONS (CONTINUED)

	<u>2020</u>	<u>2019</u>
DESIGNATED PURPOSE (CONTINUED)		
Anne Arundel County Public Library Endowment Fund	\$ 504	\$ 45
Babe and Dick Chaney Memorial Endowment Fund	1,187	4,167
Beer Family Fund	1,382	1,423
Chrysalis House Designated Fund	10	---
Davis Family Designated Fund	23,722	---
Healthy Anne Arundel	18,766	398
Humphrey-Hooper Foundation	117,435	1,052
In Your Honor Fund	---	2
Karen Feldman Endowment Fund for Seeds 4 Success	1,081	---
Ladders to SUCCESS - Economic Opportunity Endowment Fund	1,277	1,267
Langbein Family Endowment Fund	1,170	1,153
Londontowne Symphony Orchestra Designated Fund	269	---
Marcus Endowment Fund for Arundel Lodge	12,893	2,712
Opportunity Builders, Inc. Designated Endowment	250	295
Perinatal Loss	250	250
Scenic Land Trust Designated Endowment Fund	457	267
Sullivan Family Charitable Fund	1,463	---
Sunshine Fund	2,586	292
Sylvia Meisenberg Adult Literacy Program at Arundel House of Hope	1,064	5,366
Sylvia Meisenberg Shakespeare Education Fund	5,075	9,148
The Capital Gazette Families Fund	117,505	79,834
Tommy Yeager Endowment Fund	545	541
DISCRETIONARY GRANTMAKING FUNDS		
Chaney Enterprises Disaster Relief Fund	67,943	---
Fund for Anne Arundel Endowment	3,305	2,367
Fund for Anne Arundel Spendable	165,922	2,964
Grants 4 Teachers	3,971	10,377
Help Our Neighbors	17,100	20,318
Strengthening Nonprofits Fund	4,451	6,940
DONOR ADVISED FUNDS		
Agnes Dixon Fund	17,271	1,826
Barry and Mary Gossett Foundation Fund	10,717	4,931
Beauty for Ashes	11,257	60,662
Beverly and Stephen Marcus Foundation	315,424	230,426
Bird Family Fund	17,677	254
Blaxall Fund for Economic Growth	20,932	42,818

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6 - RELEASE FROM DONOR RESTRICTIONS (CONTINUED)

	<u>2020</u>	<u>2019</u>
DONOR ADVISED FUNDS (CONTINUED)		
Blessings Fund	\$ 6,349	\$ 9,745
Bo DePaola Family Foundation Fund, Bo's Effort	95,173	62,086
Brooks Family Fund	10,904	5,779
Carbaugh Family Fund	425,618	252,121
Carol Thompson Fund	250	250
Carroll H. Hynson Foundation	795	5,226
Chaney Impact Fund	81,814	276,308
Colleen and Lester Prosser Fund	1,373	5,445
Council Family Fund	25,750	34,936
Creston G. and Betty Jane Tate Fund	32,449	27,798
Cron dall Fund	6,194	5,354
Danny's Fund	15,805	13,348
Deems Digital Foundation	876	879
Dick and Sabra Ladd Charitable Fund	8,935	75,328
Dr. Michael J. Kurtz Foundation	3,250	3,250
Edward G. Garnett, Jr. Memorial Fund	---	8,716
Elizabeth Carr Memorial Fund	13,750	3,250
EWE Spirit Fund	1,319	---
FEDE Fund	250	250
Frank and Susan Chaney Foundation	250	250
Frank's Fund	5,250	3,250
Franyo Foundation	250	1,250
Greg and Susan Walker Family Foundation	6,775	9,908
Gutschick Family Foundation	61,514	53,778
Haller Family Fund	1,000	750
Hamel Family Fund	250	---
HannaPolis Fund	2,750	250
Invictus (IMDV) Fund	30,250	25,777
Morgenstern Local Community Impact Endowment Fund	1,250	254
Morgenstern Local Community Impact Fund	15,500	9,141
Jim and Linda Humphrey Foundation	241,735	219,119
John B. and Mary E. Slidell Family Charitable Trust	7,310	5,965
Kincey and Bruce Potter Environmental Fund	53,799	31,523
Kurdle Family Fund	250	1,641
Laurie Sharp Endowment Fund	---	46,458
Laurie Sharp Memorial Fund	620	250
Lester M. and Lynda B. Salamon Charitable Fund	300	6,880
Lewis Family Fund	46,000	---

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6 - RELEASE FROM DONOR RESTRICTIONS (CONTINUED)

	<u>2020</u>	<u>2019</u>
DONOR ADVISED FUNDS (CONTINUED)		
Louis A. D'Camera Memorial Fund	\$ 11,183	\$ 1,089
Lowery Homes Fund	250	250
Magnolia Family Fund	118,624	106,022
Margaret Sander Chaires Foundation	341	340
Mark and Lynne Powell Foundation	250	1,250
Marston Family Donor Advised Fund	788	5,033
Mary and Dale Spencer Charitable Fund	6,870	3,825
Mathias Family Foundation	9,500	---
M&M Curtin Fund	---	5,365
Neal Lehner Family Fund	10,673	---
Patty Brown and Joe Gill Giving Fund	66,910	250
Peterman Ponatoski Family Foundation	16,379	133,213
Pomfret Family Charitable Foundation	1,284	1,805
RK Family Fund	250	250
Roger and Sherry Lepage Education Fund	6,398	5,458
Ronald M. and Jeanne M. Uhl Family Fund	8,149	---
Rosso Family Fund	3,000	---
Schaefer Family Fund	1,006	13,112
Sonja Swygert Fund	5,268	5,297
Speciale Family Fund	2,250	4,000
Thornton Family Fund	250	250
Three Cones Foundation	500	---
Trish and Greg Strott Fund	9,895	16,737
Victor A. Sulin Charitable Trust	250	250
Walk the Walk Community Fund	369	368
Williams Family Fund	1,500	---
Wisteria Fund	5,000	---
Zoe Quinn Francis Fund	6,960	6,521
FIELD OF INTEREST		
Arts and Culture Anne Arundel Endowment Fund	3,729	4,372
Arts and Culture Fund	5,750	1,165
Babe and Dick Chaney Memorial Fund	114,583	57,627
Chaney Enterprises Beautification Fund	27,354	648
Chaney Enterprises Bull Roast Fund	26,141	95,976
Environment Anne Arundel	13,969	308
Ladders to SUCCESS - Preparing Youth for Life	---	203
Live Well Anne Arundel	---	250

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6 - RELEASE FROM DONOR RESTRICTIONS (CONTINUED)

	<u>2020</u>	<u>2019</u>
FIELD OF INTEREST (CONTINUED)		
One Annapolis	\$ 4,299	\$ ---
South County Fund	570	615
Women and Girls Fund	13,969	631
GIVING CIRCLE		
AAWGT Administrative Fund	23,066	19,823
AAWGT Endowment Fund	1,584	5,309
AAWGT Grant Fund	161,071	114,441
AAWGT LTM Endowment Fund (10th Anniversary)	3,776	6,814
CL Lifetime Membership Fund	7,532	1,078
HB AAWGT Lifetime Membership Fund	609	1,116
Julie B Schuelke AAWGT Lifetime Membership Fund (JBS)	612	1,119
Lifting Anne Arundel	271	293
SCHOLARSHIPS		
Herzberg - Wild Scholarship Fund	43,883	153,898
Officer Grant Turner Memorial Scholarship	5,956	5,899
The Capital Gazette Memorial Scholarship Fund	7,840	6,916
William Bunn Memorial Scholarship Fund	<u>846</u>	<u>3,783</u>
Total Restricted Released	4,182,198	3,187,604
Less: Special Events Expenses	<u>(55,835)</u>	<u>(87,338)</u>
NET RESTRICTIONS RELEASED	\$ <u>4,126,363</u>	\$ <u>3,100,266</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.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7 - ENDOWMENT FUNDS (CONTINUED)

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions held to perpetuity is classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

In accordance with the UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Foundation's Policy for Appropriation of Endowment Assets for Expenditure

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

Foundation's Endowment Investment Policies

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

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7 - ENDOWMENT FUNDS (CONTINUED)

The composition of endowment net assets, which comprise amounts to be invested in perpetuity, and the changes in endowment net assets as of December 31, 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Endowment Net Assets</u>
Donor-Restricted Endowment Funds	\$ <u> </u> ---	\$ <u>2,478,254</u>	\$ <u>2,478,254</u>
Total	\$ <u> </u> ---	\$ <u>2,478,254</u>	\$ <u>2,478,254</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Endowment Net Assets</u>
Endowment Net Assets, Beginning of Year	\$ ---	\$ 2,082,189	\$ 2,082,189
Contributions	---	268,943	268,943
Investment Return	---	195,482	195,482
Underwater Endowment	---	(507)	(507)
Appropriation of Endowment for Expenditure	<u> </u> ---	<u> (67,853)</u>	<u> (67,853)</u>
Endowment Net Assets, End of Year	\$ <u> </u> ---	\$ <u>2,478,254</u>	\$ <u>2,478,254</u>

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

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

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7 - ENDOWMENT FUNDS (CONTINUED)

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

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>Estimated Life</u>	<u>2020</u>	<u>2019</u>
Equipment	5 Years	\$ 12,952	\$ 8,075
Furniture	7 Years	<u>13,528</u>	<u>2,300</u>
		26,480	10,375
Less Accumulated Depreciation		<u>(9,365)</u>	<u>(6,547)</u>
Net Value of Property and Equipment		\$ <u>17,115</u>	\$ <u>3,828</u>

Depreciation expense was \$3,868 and \$1,339 for the years ended December 31, 2020 and 2019, respectively.

NOTE 9 - REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	<u>2020</u>	<u>2019</u>
Deferred Program Service Fees, Beginning of Year	\$ 5,880	\$ ---
Program Service Fees Revenue Recognized	(23,150)	(12,985)
Cash Collections of Program Service Fees	<u>18,320</u>	<u>18,865</u>
Deferred Program Service Fees, End of Year	\$ <u>1,050</u>	\$ <u>5,880</u>

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10 - 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, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Beginning Balances	\$ 792,507	\$ 554,787
Additional Contributions to Existing Funds	270,919	53,966
New Agency Funds	53,975	110,000
Investment Return, Net	102,910	86,896
Expenses	<u>(35,805)</u>	<u>(13,142)</u>
Ending Balances	\$ <u>1,184,506</u>	\$ <u>792,507</u>

NOTE 11 - LEASES

The Foundation leased its former office space under an amended monthly lease until the end of June 2020. Rent for the office was \$1,056 per month.

The Foundation signed a lease for its current office space beginning July 2020 and paid a security deposit of \$7,321 for the lease. The lease term is for sixty months and requires monthly payments at a base rate of \$7,321 per month for the first lease year with an annual escalation of 3% through the end of the lease. Beginning January 1, 2021 and continuing thereafter throughout the lease term, the Foundation will pay additional operating charges for its proportionate share of the building expenses related to operation, maintenance, repair, cleaning, and real estate taxes. The Foundation has the right to renew the term of the lease for one period of five years by giving notice to the landlord no later than nine months and not earlier than fifteen months prior to the expiration of the current term of its lease. If the Foundation renews the lease, the landlord will provide the determination of the annual base rent for the renewal term. At the commencement date of the lease, the Foundation was not reasonably certain to exercise the renewal of the lease.

The Foundation has elected the short-term lease practical expedient related to leases of various venue rentals used for programming activities.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 11 - LEASES (CONTINUED)

The Foundation has elected the practical expedient not to separate lease and nonlease components for the operating lease for its office space.

During the years ended December 31, 2020 and 2019, the Foundation recognized rent expense associated with its leases as follows:

	<u>2020</u>	<u>2019</u>
Operating Lease Cost:		
Fixed Rent Expense	\$ 51,567	\$ 12,667
Short Term Lease Cost	<u>2,007</u>	<u>4,185</u>
Total Lease Cost	\$ <u>53,574</u>	\$ <u>16,852</u>

During the years ended December 31, 2020 and 2019, the Foundation had the following cash and non-cash activities associated with its leases:

	<u>2020</u>	<u>2019</u>
Cash Paid for Amounts Included in the Measurement Of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ <u>51,258</u>	\$ <u>16,852</u>
Non-Cash Investing Activities:		
Additions to Right of Use Assets Obtained from:		
New Operating Lease Liabilities	\$ <u>464,521</u>	\$ <u>---</u>

Future minimum payments due under operating leases as of December 31, 2020 are as follows:

2021	\$ 89,165
2022	91,840
2023	94,595
2024	97,433
2025	<u>49,437</u>
Total Future Minimum Payments Due	422,470
Less Effects of Discounting	<u>(1,858)</u>
Lease Liabilities Recognized	\$ <u>420,612</u>

Because the Foundation does not have access to the rate implicit in the lease, the Foundation has used the Treasury bill risk-free rate of 0.16% as of the commencement date of the lease to determine the applicable lease discount rate.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Foundation applied and was approved for a loan in the amount of \$64,800 under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the U.S. Small Business Administration. The loan accrued interest at 1%, but payments are not required to begin for 24-weeks after funding of the loan. The Foundation was eligible for loan forgiveness of up to 100% of the principal upon meeting certain requirements. The Foundation incurred eligible expenses and met criteria required for forgiveness of the total amount of \$64,800 during the year ended December 31, 2020. The Foundation recognized the revenue as a government grant during the year ended December 31, 2020. In April 2021, the Foundation received notice that the entire loan amount was forgiven upon execution and approval of the application.

SUPPLEMENTARY INFORMATION

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. DEPARTMENT OF TREASURY</u>				
Passed Through Anne Arundel County:				
Coronavirus Relief Fund	21.019	242785-ON	\$ <u>1,050,000</u>	\$ <u>1,000,000</u>
Total Department of Treasury			<u>1,050,000</u>	<u>1,000,000</u>
Total Expenditures of Federal Awards			<u>\$ 1,050,000</u>	<u>\$ 1,000,000</u>

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

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Community Foundation of Anne Arundel County, Inc. under programs of the Federal government for the year ended December 31, 2020. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Community Foundation of Anne Arundel County, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Foundation of Anne Arundel County, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Costs

Community Foundation of Anne Arundel County, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The grant agreements the Foundation has signed contain specified dollar amounts or percentages of allowable indirect costs.

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Foundation of Anne Arundel County, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Foundation of Anne Arundel County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Foundation of Anne Arundel County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Foundation of Anne Arundel County, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Foundation of Anne Arundel County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alta CPA Group, LLC

May 21, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Community Foundation of Anne Arundel County, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Foundation of Anne Arundel County, Inc.'s major federal programs for the year ended December 31, 2020. Community Foundation of Anne Arundel County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Foundation of Anne Arundel County, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Foundation of Anne Arundel County, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Foundation of Anne Arundel County, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Foundation of Anne Arundel County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Community Foundation of Anne Arundel County, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Foundation of Anne Arundel County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Foundation of Anne Arundel County, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Alta CPA Group, LLC

May 21, 2021

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiency identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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21.019	Coronavirus Relief Fund
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Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee? Yes No

COMMUNITY FOUNDATION OF ANNE ARUNDEL COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None