

ELLIN & TUCKER

THE COMMUNITY FOUNDATION OF FREDERICK COUNTY,
MARYLAND, INC., THE COMMUNITY FOUNDATION
HOLDING COMPANY, INC., AND PLEASANTS SUPPORTING
CHARITABLE TRUST
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021



THE COMMUNITY FOUNDATION
of FREDERICK COUNTY
For Good. Forever. For Frederick County.

TABLE OF CONTENTS
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust
June 30, 2022 and 2021

INDEPENDENT AUDITORS' REPORT	1-2
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES	4-5
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	6-7
CONSOLIDATED STATEMENTS OF CASH FLOWS	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9-24

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
 The Community Foundation of Frederick County, Maryland, Inc.,
 The Community Foundation Holding Company, Inc., and
 Pleasants Supporting Charitable Trust

OPINION

We audited the accompanying consolidated financial statements of The Community Foundation of Frederick County, Maryland, Inc., The Community Foundation Holding Company, Inc., and Pleasants Supporting Charitable Trust (collectively referred to as the Foundation), which comprise the Consolidated Statements of Financial Position as of June 30, 2022 and 2021, the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT, CONTINUED**AUDITORS' RESPONSIBILITIES FOR THE AUDITS OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance matters regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.



ELLIN & TUCKER
Certified Public Accountants

Baltimore, Maryland
October 20, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust
June 30, 2022 and 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 994,876	\$ 3,083,237
Promises to Give (Note 3)	181,127	221,508
Contributions Receivable (Note 4)	11,912,399	2,934,976
Prepaid Expenses	184,982	182,802
Investments, at Fair Value (Note 2)	140,237,938	162,919,609
Land Held for Sale (Note 5)	19,500,000	19,500,000
Present Value of Remainder Interests	2,590,742	4,216,918
Cash Surrender Value of Life Insurance	239,002	228,830
Property and Equipment, Net of Accumulated Depreciation of \$545,884 and \$519,449, Respectively	<u>128,694</u>	<u>140,998</u>
Total Assets	<u>\$ 175,969,760</u>	<u>\$ 193,428,878</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts Payable	\$ 195,683	\$ 2,150,538
Other Liabilities	284,843	118,454
Liabilities Under Split-Interest Agreements	1,936,214	2,404,626
Funds Held for Others	8,620,962	9,993,601
Note Payable (Note 14)	<u>-</u>	<u>198,134</u>
Total Liabilities	<u>11,037,702</u>	<u>14,865,353</u>
COMMITMENTS (Notes 2 and 9)		
NET ASSETS		
Without Donor Restrictions	141,035,402	150,655,781
With Donor Restrictions (Note 6)	<u>23,896,656</u>	<u>27,907,744</u>
Total Net Assets	<u>164,932,058</u>	<u>178,563,525</u>
Total Liabilities and Net Assets	<u>\$ 175,969,760</u>	<u>\$ 193,428,878</u>

(See Independent Auditors' Report and Accompanying Notes)

CONSOLIDATED STATEMENT OF ACTIVITIES
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and Bequests Raised	\$ 14,589,201	\$ 2,544,208	\$ 17,133,409
Less: Amounts Received on Behalf of Others	(89,355)	(245,341)	(334,696)
Net Contributions and Bequests Raised	14,499,846	2,298,867	16,798,713
Revenue:			
Change in Present Value of Remainder Interests	(1,491,362)	-	(1,491,362)
Investment Loss, Net (Note 2)	(16,123,239)	(3,047,272)	(19,170,511)
Administrative Fee Income (Expense), Net	497,016	(391,213)	105,803
Increase in Cash Surrender Value of Life Insurance	10,172	-	10,172
Revenue before Investment Loss Allocated to Funds Held for Others	(17,107,413)	(3,438,485)	(20,545,898)
Less: Investment Loss Allocated to Funds Held for Others, Net	807,849	278,760	1,086,609
Net Revenue	(16,299,564)	(3,159,725)	(19,459,289)
Net Assets Released from Restrictions	3,150,230	(3,150,230)	-
Total Support and Revenue	1,350,512	(4,011,088)	(2,660,576)
GRANTS AND EXPENSES			
Grants, Scholarships, and Philanthropic Distributions	9,350,118	-	9,350,118
Other Supporting Program Expenses	777,634	-	777,634
Less: Amounts Distributed on Behalf of Others	(513,929)	-	(513,929)
Total Grants, Scholarships, and Philanthropic Distributions	9,613,823	-	9,613,823
Fundraising	641,279	-	641,279
Administrative	913,923	-	913,923
Total Grants and Expenses	11,169,025	-	11,169,025
FORGIVENESS OF DEBT (Note 14)	198,134	-	198,134
Changes in Net Assets	(9,620,379)	(4,011,088)	(13,631,467)
NET ASSETS – JULY 1, 2021	150,655,781	27,907,744	178,563,525
NET ASSETS – JUNE 30, 2022	\$ 141,035,402	\$ 23,896,656	\$ 164,932,058

(See Independent Auditors' Report and Accompanying Notes)

CONSOLIDATED STATEMENT OF ACTIVITIES
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and Bequests Raised	\$ 5,340,325	\$ 3,191,227	\$ 8,531,552
Less: Amounts Received on Behalf of Others	(87,524)	(293,335)	(380,859)
Net Contributions and Bequests Raised	5,252,801	2,897,892	8,150,693
Revenue:			
Change in Present Value of Remainder Interests	777,921	-	777,921
Investment Income, Net (Note 2)	30,885,779	5,573,332	36,459,111
Administrative Fee Income (Expense), Net	442,652	(349,568)	93,084
Increase in Cash Surrender Value of Life Insurance	9,107	-	9,107
Revenue before Investment Income Allocated to Funds Held for Others	32,115,459	5,223,764	37,339,223
Less: Investment Income Allocated to Funds Held for Others, Net	(1,746,633)	(550,350)	(2,296,983)
Net Revenue	30,368,826	4,673,414	35,042,240
Net Assets Released from Restrictions	3,307,751	(3,307,751)	-
Total Support and Revenue	38,929,378	4,263,555	43,192,933
GRANT AND EXPENSES			
Grants, Scholarships, and Philanthropic Distributions	7,691,440	-	7,691,440
Other Supporting Program Expenses	681,287	-	681,287
Less: Amounts Distributed on Behalf of Others	(436,244)	-	(436,244)
Total Grants, Scholarships, and Philanthropic Distributions	7,936,483	-	7,936,483
Fundraising	507,169	-	507,169
Administrative	807,334	-	807,334
Total Grants and Expenses	9,250,986	-	9,250,986
Changes in Net Assets	29,678,392	4,263,555	33,941,947
RECLASSIFICATION OF NET ASSETS (Note 11)	9,339	(9,339)	-
NET ASSETS – JULY 1, 2020	120,968,050	23,653,528	144,621,578
NET ASSETS – JUNE 30, 2021	\$ 150,655,781	\$ 27,907,744	\$ 178,563,525

(See Independent Auditors' Report and Accompanying Notes)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust
For the Year Ended June 30, 2022

	Grants, Scholarships, and Philanthropic Distributions			Fundraising	General and Administrative	
	Scholarships	Grants	Total		Total	
Grants, Scholarships, and Philanthropic Distributions	\$ 2,558,114	\$ 6,792,004	\$ 9,350,118	\$ -	\$ -	\$ 9,350,118
Less: Amounts Distributed on Behalf of Others	-	(513,929)	(513,929)	-	-	(513,929)
Salaries	248,874	248,874	497,748	430,454	386,829	1,315,031
Payroll Taxes	17,937	17,937	35,874	30,511	27,299	93,684
Advertising	4,957	4,957	9,914	8,690	8,379	26,983
Annual Report	3,658	3,659	7,317	2,032	10,975	20,324
Bad Debts	-	-	-	2,125	-	2,125
Contract Labor	3,569	3,570	7,139	20,256	545	27,940
Depreciation	5,576	5,577	11,153	3,098	16,729	30,980
Employee Health Insurance	17,052	17,052	34,104	37,105	30,158	101,367
Events	9,194	9,195	18,389	11,678	11,033	41,100
Facility Lease	14,568	14,568	29,136	14,568	39,552	83,256
General Insurance	3,755	3,754	7,509	1,843	11,859	21,211
Graphics, Printing, and Brochures	3,519	3,519	7,038	15,206	-	22,244
Legal and Accounting	1,444	2,889	4,333	-	30,737	35,070
Meetings	4,606	4,605	9,211	1,658	304	11,173
Memberships, Dues, and Subscriptions	730	750	1,480	4,136	9,895	15,511
Newsletter	916	917	1,833	1,834	14,668	18,335
Office	32,731	32,731	65,462	21,676	72,808	159,946
Other	1,916	1,916	3,832	4,453	(1,301)	6,984
Photography and Website	2,306	2,306	4,612	923	3,690	9,225
Postage	561	561	1,122	9,697	1,907	12,726
Real Estate Taxes	-	-	-	-	126,076	126,076
Repairs and Maintenance	1,323	1,323	2,646	1,363	4,009	8,018
Retirement Contributions	7,363	7,363	14,726	12,279	13,078	40,083
Strategic Initiatives	-	-	-	100	91,770	91,870
Telephone	327	325	652	578	578	1,808
Travel	27	27	54	3,216	6	3,276
Utilities	966	965	1,931	1,716	2,005	5,652
Volunteer and Donor Recognition	210	209	419	84	335	838
Total Expenses	\$ 2,946,199	\$ 6,667,624	\$ 9,613,823	\$ 641,279	\$ 913,923	\$ 11,169,025

(See Independent Auditors' Report and Accompanying Notes)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust
For the Year Ended June 30, 2021

	Grants, Scholarships, and Philanthropic			Fundraising	General and	
	Distributions				Administrative	Total
	Scholarships	Grants	Total			
Grants, Scholarships, and Philanthropic Distributions	\$ 1,973,679	\$ 5,717,761	\$ 7,691,440	\$ -	\$ -	\$ 7,691,440
Less: Amounts Distributed on Behalf of Others	-	(436,244)	(436,244)	-	-	(436,244)
Salaries	212,840	212,841	425,681	357,203	374,513	1,157,397
Payroll Taxes	14,461	14,461	28,922	25,415	25,900	80,237
Advertising	3,327	3,327	6,654	285	18,070	25,009
Annual Report	3,712	3,712	7,424	2,063	11,138	20,625
Bad Debts	-	-	-	1,074	-	1,074
Contract Labor	3,782	3,783	7,565	7,264	1,829	16,658
Depreciation	5,313	5,313	10,626	2,953	15,940	29,519
Employee Health Insurance	20,221	20,221	40,442	22,747	34,871	98,060
Events	6,016	6,015	12,031	9,252	7,219	28,502
Facility Lease	14,331	14,332	28,663	14,331	38,846	81,840
General Insurance	3,230	3,229	6,459	1,578	10,285	18,322
Graphics, Printing, and Brochures	862	862	1,724	14,037	-	15,761
Legal and Accounting	1,727	3,454	5,181	-	34,066	39,247
Meetings	4,000	4,000	8,000	208	7,501	15,709
Memberships, Dues, and Subscriptions	670	670	1,340	3,211	9,085	13,636
Newsletter	713	713	1,426	1,426	11,408	14,260
Office	27,584	27,584	55,168	15,264	44,366	114,798
Other	3,466	3,466	6,932	5,122	12,012	24,066
Photography and Website	2,363	2,363	4,726	945	3,780	9,451
Postage	408	407	815	9,313	1,515	11,643
Real Estate Taxes	-	-	-	-	124,478	124,478
Repairs and Maintenance	1,387	1,387	2,774	1,429	4,203	8,406
Retirement Contributions	7,608	7,608	15,216	9,205	12,842	37,263
Telephone	425	424	849	756	756	2,361
Travel	-	-	-	47	201	248
Utilities	1,094	1,094	2,188	1,945	2,125	6,258
Volunteer and Donor Recognition	240	241	481	96	385	962
Total Expenses	\$ 2,313,459	\$ 5,623,024	\$ 7,936,483	\$ 507,169	\$ 807,334	\$ 9,250,986

(See Independent Auditors' Report and Accompanying Notes)

CONSOLIDATED STATEMENTS OF CASH FLOWS
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust
For the Years Ended June 30, 2022 and 2021

	2022	2021
OPERATING ACTIVITIES		
Change in Net Assets	\$(13,631,467)	\$ 33,941,947
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	30,980	29,519
Change in Cash Surrender Value of Life Insurance	(10,172)	(9,107)
Forgiveness of Debt	(198,134)	-
Net Unrealized Depreciation (Appreciation) of Investments	30,714,247	(18,320,273)
Realized Gain on Sale of Investments	(7,760,992)	(15,639,477)
Contributions to Permanent Endowments	(33,191)	(10,902)
Net Changes in:		
Promises to Give	40,381	140,595
Contributions Receivable	(8,977,423)	(970,305)
Prepaid Expenses	(2,180)	(89,498)
Present Value of Remainder Interests	1,626,176	(669,916)
Accounts Payable	(1,954,855)	144,520
Other Liabilities	166,389	26,151
Liabilities Under Split-Interest Agreements	(468,412)	333,588
Funds Held for Others	(1,372,639)	2,148,075
Net Cash (Used in) Provided by Operating Activities	(1,831,292)	1,054,917
INVESTING ACTIVITIES		
Purchases of Property and Equipment	(18,676)	(30,472)
Proceeds from Sale of Investments	31,525,168	49,016,347
Purchases of Investments	(31,796,752)	(50,804,133)
Net Cash Used in Investing Activities	(290,260)	(1,818,258)
FINANCING ACTIVITIES		
Contributions to Permanent Endowments	33,191	10,902
Net Change in Cash and Cash Equivalents	(2,088,361)	(752,439)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	3,083,237	3,835,676
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 994,876	\$ 3,083,237

(See Independent Auditors' Report and Accompanying Notes)

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

NATURE OF OPERATIONS

The Community Foundation of Frederick County, Maryland, Inc. (Community Foundation), The Community Foundation Holding Company, Inc. (Holding Company), and Pleasants Supporting Charitable Trust (Pleasants) are public charities formed to attract contributions and distribute funds for community betterment. Together, they match many donors' charitable intentions with community needs, bringing philanthropy within as broad a reach of Frederick County's citizenry as possible. Community Foundation and Holding Company were incorporated under the laws of Maryland in 1986 and 1997, respectively. Pleasants was established in 2017. Holding Company and Pleasants are supporting organizations of the Community Foundation.

BASIS OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Community Foundation, Holding Company, and Pleasants (collectively referred to as the Foundation). Community Foundation appoints the majority of the Board of Trustees for Holding Company and Pleasants. All material intercompany accounts and transactions were eliminated in the consolidation.

ACCOUNTING STANDARDS CODIFICATION

All references in the consolidated financial statements to the Codification refer to the Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (GAAP) issued by the Financial Accounting Standards Board (FASB). The Codification is the single source of authoritative GAAP in the United States.

BASIS OF ACCOUNTING AND PRESENTATION

The consolidated financial statements were prepared on the accrual basis of accounting in accordance with GAAP. Under the accrual basis of accounting, support and revenue are recorded when earned, and expenses are recorded when incurred. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

(See Independent Auditors' Report)

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and certain reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Foundation maintains its cash in money market funds and bank deposit accounts, which may exceed federally insured limits. The Foundation believes its cash and cash equivalents are not exposed to any significant credit risk.

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

PROMISES TO GIVE

Contributions are recognized when the donor makes a written promise to give amounts that are unconditional in substance to the Foundation. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. The allowance for doubtful promises to give is based on management's evaluation of the status of existing promises to give and historical results.

Promises to give in a future period are discounted to their net present value at the time the revenue is recorded. The Foundation's promises to give are generally receivable over a five-year period and discounted at a rate of 3%.

INVESTMENTS

The Foundation invests in various equity and debt securities. All investments are stated at fair value. Unrealized appreciation (depreciation) of investments is reflected as a component of revenue in the Consolidated Statements of Activities during the period in which the changes occur. Realized gains and losses are also reflected in the Consolidated Statements of Activities in the period credited to the Foundation's account. See Note 2 for a discussion of fair value measurements.

REMAINDER INTERESTS – CHARITABLE REMAINDER TRUSTS

The Foundation was named beneficiary of various charitable remainder trusts. A qualifying charitable remainder trust provides lifetime income to the donor and/or donor's family members, with the remaining trust assets passing to the Foundation when the trust ends.

(See Independent Auditors' Report)

These trusts are created by donors independently of the Foundation and are neither in the possession nor under the control of the Foundation. However, Holding Company is the trustee of a number of the trusts. The trusts are administered by outside fiscal agents as designated by the donor. The Foundation recorded the present value of the remainder interest discounted at the rate of 3.6% and 1.2% for the years ended June 30, 2022 and 2021, respectfully.

RISKS AND UNCERTAINTIES

The Foundation's investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is reasonably possible that changes in risks in the near term would materially affect investment balances reported in the Consolidated Statements of Financial Position.

PROPERTY AND EQUIPMENT

Property and equipment in excess of \$1,000 are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of five to 10 years.

FUNDS HELD FOR OTHERS

These amounts represent funds established by various not-for-profit organizations for their benefit that are held and administered by the Foundation.

REVENUE RECOGNITION

Contributions received are recorded as support within net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted revenue is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 Consolidated Statements of Activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenue or gain in the period received as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depended are substantially met. Promises to give are reviewed at the end of each year, and any amounts deemed uncollectible by management are reserved.

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust

As a donee, the Foundation records the assets received as contribution revenue. If the Foundation is considered an agent, trustee, or intermediary, a liability rather than contribution revenue is recorded.

Revenue from fees for services is recognized as the related services are performed.

INCOME TAXES

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). In addition, the Internal Revenue Service determined the Foundation is not a private foundation within the meaning of Section 509(a) of the Code.

The Foundation follows the provisions of Accounting for Uncertainty in Income Taxes under the Income Taxes Topic of the Codification. The Codification requires the Foundation's evaluation of tax positions, which include maintaining its tax-exempt status and the taxability of any unrelated business income, and does not allow recognition of tax positions which do not meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. Management does not believe it took any tax positions that would not meet this threshold.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities were summarized on a functional basis in the Consolidated Statements of Functional Expenses. Accordingly, certain costs were allocated among the benefitting programs and supporting services based upon estimates of actual time or resources devoted to each functional category.

SUBSEQUENT EVENTS

The Foundation evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through October 20, 2022, the date the consolidated financial statements were available to be issued.

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust

NOTE 2 INVESTMENTS

The Foundation utilizes professional investment services to manage all assets held for investment purposes. At June 30, 2022, the distribution of invested assets was as follows:

	Equities	Cash Equivalents	Bonds	Investment Funds	Mutual Funds	Total
PNC Bank, N.A.	\$ 130,084	\$ 27,200	\$ -	\$ -	\$ 297,540	\$ 454,824
Wilmington Trust	10,361,733	7,833,815	-	-	59,006,953	77,202,501
Morgan Stanley	-	2,098,830	-	-	-	2,098,830
Maryland Financial Planners	-	-	-	-	6,476,621	6,476,621
Merrill Lynch	1,274,742	78,123	279,510	-	3,270,186	4,902,561
First United	-	2,830	-	-	28,935	31,765
Morgan Stanley PWM	2,177,844	36,427	-	-	697,578	2,911,849
Family Heritage Trust	-	18,034	-	-	3,575,599	3,593,633
Wells Fargo	1,895,104	53,594	-	-	-	1,948,698
Sandy Spring Bank	-	647,377	-	-	-	647,377
Primis Bank	-	250,000	-	-	-	250,000
Frederick County Bank	-	253,625	-	-	-	253,625
Other PVRT	443,156	13,349	93,744	-	-	550,249
Truist	28,758	45,992	-	-	1,902,016	1,976,766
RBC Wealth Management	514,557	50,255	149,490	-	6,450	720,752
Constitution Capital Partners	-	-	-	4,154,645	-	4,154,645
Crestline Management LP	-	-	-	1,077,995	-	1,077,995
Golub Capital	-	-	-	2,363,222	-	2,363,222
MacKay Shields	-	-	-	7,543,304	-	7,543,304
Prudential	-	-	-	7,474,235	-	7,474,235
Glouston Capital Partners	-	-	-	153,027	-	153,027
Intrinsic Edge Capital Management	-	-	-	2,240,769	-	2,240,769
ValStone Asset Management	-	-	-	1,345,002	-	1,345,002
StepStone Associates	-	-	-	5,574,649	-	5,574,649
Accolade Partners	-	-	-	3,115,192	-	3,115,192
Auldbrass	-	-	-	107,087	-	107,087
JLL	-	-	-	1,068,760	-	1,068,760
June 30, 2022 Totals	<u>\$16,825,978</u>	<u>\$11,409,451</u>	<u>\$ 522,744</u>	<u>\$36,217,887</u>	<u>\$75,261,878</u>	<u>\$140,237,938</u>
Percentage of Total	12.0%	8.1%	0.4%	25.8%	53.7%	100.0%
June 30, 2021 Totals	\$25,939,328	\$ 5,144,296	\$ 611,061	\$34,444,871	\$96,780,053	\$162,919,609
Percentage of Total	15.9%	3.2%	0.4%	21.1%	59.4%	100.0%

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust

Investment (loss) income for the years ended June 30, 2022 and 2021 consisted of the following:

	2022	2021
Net Investment Income - Realized	\$ 12,439,231	\$ 19,138,283
Net Unrealized (Depreciation) Appreciation on Investments	(30,714,247)	18,320,273
	(18,275,016)	37,458,556
Less: Investment Expenses	(895,495)	(999,445)
	\$ (19,170,511)	\$ 36,459,111

The Fair Value Measurements and Disclosures Section of the Codification establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment, the characteristics specific to the investment, and the state of the marketplace, as well as the existence and transparency of transactions between market participants. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices in an orderly market generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments in Level 1 include listed equities and listed derivatives. As required by the Codification, the Foundation does not adjust the quoted price for these investments, even in situations where it holds a large position, and a sale could reasonably impact the quoted price.

- Level 2 Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Generally, investments in this category include corporate bonds and loans, less liquid and restricted equity securities, and certain over-the-counter derivatives.

- Level 3 Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Generally, investments in this category include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt, and non-investment grade residual interests in securitizations and collateralized debt obligations.

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The Foundation's investments in investment funds are measured at fair value using the net assets value as a practical expedient. In accordance with the FASB's Accounting Standards Update 2015-07, these investments are not required to be categorized within the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2022 and 2021:

	2022		
	Level 1	Level 2	Total
Cash Equivalents	\$ 11,409,451	\$ -	\$ 11,409,451
Bonds:			
Agency	-	87,219	87,219
Corporate	-	138,596	138,596
Treasury	-	113,481	113,481
Mortgages	-	89,704	89,704
Municipal	-	93,744	93,744
Total Bonds	-	522,744	522,744
Mutual Funds:			
Fixed Income	6,604,896	-	6,604,896
Foreign	16,779,234	-	16,779,234
Large Cap	23,278,196	-	23,278,196
Mid Cap	9,996,538	-	9,996,538
Equity	2,773,998	-	2,773,998
Real Estate	492,207	-	492,207
Small Cap	5,966,822	-	5,966,822
High Yield	274,452	-	274,452
Long Term	-	-	-
Commodity	149,163	-	149,163

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust

	2022		
	Level 1	Level 2	Total
Emerging Markets	5,321,249	-	5,321,249
Intermediate	194,255	-	194,255
Balanced	2,922,170	-	2,922,170
Other	508,698	-	508,698
Total Mutual Funds	75,261,878	-	75,261,878
Equities:			
Consumer Discretionary	1,910,245	-	1,910,245
Consumer Staples	684,073	-	684,073
Energy	195,965	-	195,965
Financial	4,260,721	-	4,260,721
Health Care	2,183,808	-	2,183,808
Industrials	1,775,879	-	1,775,879
Information Technology	2,315,436	-	2,315,436
Materials	368,408	-	368,408
Real Estate	418,022	-	418,022
Equity Cap	119,648	-	119,648
Telecommunications	2,502,385	-	2,502,385
Utilities	91,388	-	91,388
Total Equities	16,825,978	-	16,825,978
	\$ 103,497,307	\$ 522,744	104,020,051
Investment Funds			36,217,887
Total			\$ 140,237,938
2021			
	Level 1	Level 2	Total
Cash Equivalents	\$ 5,144,296	\$ -	\$ 5,144,296
Bonds:			
Agency	-	180,747	180,747
Corporate	-	159,807	159,807
Treasury	-	176,676	176,676
Mortgages	-	40,843	40,843
Municipal	-	52,988	52,988
Total Bonds	-	611,061	611,061

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust

	2021		Total
	Level 1	Level 2	
Mutual Funds:			
Fixed Income	7,013,492	-	7,013,492
Foreign	20,687,568	-	20,687,568
Large Cap	27,569,012	-	27,569,012
Mid Cap	12,091,225	-	12,091,225
Equity	3,201,191	-	3,201,191
Real Estate	309,646	-	309,646
Small Cap	10,308,662	-	10,308,662
High Yield	922,999	-	922,999
Long Term	2,357,355	-	2,357,355
Commodity	78,659	-	78,659
Emerging Markets	8,531,799	-	8,531,799
Intermediate	68,161	-	68,161
Balanced	3,363,613	-	3,363,613
Other	276,671	-	276,671
Total Mutual Funds	<u>96,780,053</u>	<u>-</u>	<u>96,780,053</u>
Equities:			
Consumer Discretionary	3,233,407	-	3,233,407
Consumer Staples	935,564	-	935,564
Energy	276,899	-	276,899
Financial	5,623,269	-	5,623,269
Health Care	3,058,035	-	3,058,035
Industrials	2,449,883	-	2,449,883
Information Technology	4,421,229	-	4,421,229
Materials	691,055	-	691,055
Real Estate	393,845	-	393,845
Equity Cap	138,928	-	138,928
Telecommunications	4,691,081	-	4,691,081
Utilities	26,133	-	26,133
Total Equities	<u>25,939,328</u>	<u>-</u>	<u>25,939,328</u>
	<u>\$ 127,863,677</u>	<u>\$ 611,061</u>	128,474,738
Investment Funds			<u>34,444,871</u>
Total			<u>\$ 162,919,609</u>

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust

As of June 30, 2022, the fair value of the investments within the scope of the Fair Value Measurements and Disclosures Topic of the Codification and for which the Foundation estimated fair value using net asset value or partners' capital aggregated \$36,217,887. The table below summarizes such investments and certain attributes as of June 30, 2022:

	<u>Fair Value</u>	<u>Future Commitments</u>	<u>Redemption Provision</u>
Ironsides Partnership Fund III, LP	\$ 664,599	\$ 185,090	None *
Ironsides Co-Investment Fund III, LP	337,410	24,538	None *
Ironsides Offshore Direct Investment Fund IV	1,366,349	247,221	None *
Ironsides Offshore Opportunities Fund, LP	755,500	485,497	None *
Ironsides Co-Investment Fund VI, LP	1,030,787	133,660	None *
Glouston Private Equity Opportunities IV, LP	153,027	218,000	None *
Crestline Offshore Recovery Fund II, LP	24,862	-	None *
Crestline Associates Fund III	1,053,133	186,331	None *
MacKay Shields Core Plus Opportunities Fund LP	7,543,304	-	30 Days
Prudential Institutional Core Plus Bond-NQ	7,474,235	-	Monthly **
Golub Capital Partners International 10, LP	1,313,697	187,500	With consent ***
Golub Capital Partners International 11, LP	1,049,525	150,000	With consent ***
Intrinsic Edge Plus Offshore LTD	2,240,769	-	Monthly
ValStone Opportunity Fund VI	1,345,002	73,172	Quarterly
StepStone Opportunities V, LP	1,410,323	56,000	Quarterly
StepStone Early Stage I, LP	1,152,066	90,000	Quarterly
StepStone Secondaries Fund IV, LP	2,135,150	26,602	Quarterly
StepStone Secondaries Fund V, LP	877,110	1,200,000	Quarterly
Accolade Partners VI-C, LP	746,374	112,499	None *
Accolade Partners Growth I, LP	751,185	296,250	None *
Bedrock Capital III, LP	770,747	257,000	None *
Base 10 Advancement Initiative I, LP	846,886	154,101	None *
Auldbrass Secondary Opportunity Fund III, LLC	107,087	1,360,553	None *
JLL Income Property Trust Class MI	1,068,760	-	Daily ****
	<u>\$ 36,217,887</u>	<u>\$ 5,444,014</u>	

* No redemption provision for these investments prior to funds liquidating the underlying investments

** Requires five days notice

*** Requires general partner consent

**** Subject to one year lockup period

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust

NOTE 3 PROMISES TO GIVE

Promises to give at June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Promises to Give Expected to Be Collected in:		
Less Than One Year	\$ 112,097	\$ 140,772
One to Five Years	88,748	104,531
Greater Than Five Years	-	-
	<u>200,845</u>	<u>245,303</u>
Less: Allowance for Uncollectible Promises to Give	(9,533)	(11,658)
Less: Discount on Promises to Give	<u>(10,185)</u>	<u>(12,137)</u>
	<u>\$ 181,127</u>	<u>\$ 221,508</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

As of June 30, 2022, the Foundation was the beneficiary of estates with an estimated value of approximately \$11,912,399. The Foundation expects to receive this amount during the year ending June 30, 2023.

NOTE 5 LAND HELD FOR SALE

During the year ended June 30, 2018, Pleasants was established as a Type 1 supporting organization of the Foundation and received a donation of land in Anne Arundel County valued at \$19,500,000. It is expected that the land will be developed and sold.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 and 2021 were restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Grants, Scholarships, and Philanthropic Purposes:		
Subject to Expenditure for Specified Purpose	\$ 12,783,590	\$ 14,765,580
Subject to Foundation's Spending Policy and Appropriation	784,607	2,824,345
Amounts Invested in Perpetuity	<u>10,328,459</u>	<u>10,317,819</u>
	<u>\$ 23,896,656</u>	<u>\$ 27,907,744</u>

(See Independent Auditors' Report)

NOTE 7 **ENDOWMENT FUNDS**

The Foundation’s endowment consists of various donor-restricted funds established to provide a source of income for ongoing grants and scholarships. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Foundation is subject to the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Trustees interprets UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation interprets UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) Duration and preservation of the fund
- (2) Purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) Possible effect of inflation and deflation
- (5) Expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) Investment policies of the Foundation

ENDOWMENT FUND COMPOSITION BY TYPE OF FUND AS OF JUNE 30, 2022 AND 2021:

	2022	2021
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts Required to Be Maintained in Perpetuity by Donor	\$ 10,328,459	\$ 10,317,819
Accumulated Investment Gains	784,607	2,824,345
	\$ 11,113,066	\$ 13,142,164

(See Independent Auditors’ Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust

CHANGES IN ENDOWMENT FUNDS FOR THE YEARS ENDED JUNE 30, 2022 AND 2021:

Endowment Funds, July 1, 2020	\$ 11,864,129
Investment Return:	
Investment Income – Realized	1,072,458
Net Unrealized Depreciation	641,513
Total Investment Return	1,713,971
Contributions	10,902
Appropriation of Endowment Assets for Expenditure	(446,838)
Endowment Funds, June 30, 2021	13,142,164
Investment Return:	
Investment Income - Realized	429,704
Net Unrealized Depreciation	(1,933,353)
Total Investment Return	(1,503,649)
Contributions	33,191
Net Assets Reclassified	(28,966)
Appropriation of Endowment Assets for Expenditure	(529,674)
Endowment Funds, June 20, 2022	\$ 11,113,066

UNDERWATER ENDOWMENT FUNDS

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2022, there were underwater endowment funds totaling approximately \$3,455,000 with an original gift balance of approximately \$3,795,000. As of June 30, 2021, there were no underwater endowment funds.

RETURN OBJECTIVES AND RISK PARAMETERS

The Foundation established investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds the Foundation must hold in perpetuity or for donor-specified periods. Under these policies, as approved by the Board of Trustees, the endowment assets are invested in a manner intended to produce results that exceed the portfolio's benchmark index, as defined by the indices represented by the portfolio's asset

(See Independent Auditors' Report)

allocation, while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an annual average rate of return that exceeds the spending rate. Actual returns in any given year may vary from this amount.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on fixed income-based investments to achieve its long-term return objectives within prudent risk constraints.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Foundation has a Board-approved endowment spending policy that targets net income as of June 30 of the previous fiscal year for all funds. In establishing this policy, the Foundation considers the long-term expected return on its endowment. Annually, the investment committee debates the prudence of continuing the spending policy, keeping in mind the seven prudence guidelines for appropriation as outlined in UPMIFA. Over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average rate of return that exceeds the spending rate. This is consistent with the objective to maintain the purchasing power of the endowment assets in perpetuity or for a donor-specified term as well as provide additional real growth through new gifts and investment return.

NOTE 8 **EMPLOYEE RETIREMENT PLAN**

The Foundation has a 401(k) plan for eligible employees. The 401(k) plan requires the Foundation to contribute up to 3% of a participant's compensation plus 50% of each participant's contribution that exceeds 3% of a participant's compensation up to 5% of a participant's compensation. For the years ended June 30, 2022 and 2021, contributions were \$40,083 and \$37,263, respectively.

NOTE 9 **COMMITMENTS**

The Foundation rents office space under an agreement through April 2025. Rent expense was \$74,363 and \$73,698 for the years ended June 30, 2022 and 2021, respectively.

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust

Future minimum lease payments are as follows:

Year Ending June 30,	2023	\$ 79,140
	2024	79,934
	2025	<u>67,170</u>
		<u>\$ 226,244</u>

The Foundation agreed to make additional investments in investment funds. At June 30, 2022, the Foundation had commitments of \$5,444,014 (Note 2).

NOTE 10 DONATED SERVICES

No amounts were reflected in the consolidated financial statements for donated services because no objective basis is available to measure the value of such services. However, a substantial number of volunteers donates significant amounts of time to the Foundation's program services, scholarship committees, and general administration.

NOTE 11 RECLASSIFICATION OF NET ASSETS

Certain net assets were reclassified as a result of revisions to the funds.

NOTE 12 ADMINISTRATIVE FEES

Gross administrative fees earned by the Foundation for the years ended June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Administrative Fees, Gross	\$ 1,915,816	\$ 1,667,589

NOTE 13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's financial assets available to meet cash needs for general expenditures within one year of the Consolidated Statements of Financial Position date were as follows:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 994,876	\$ 3,083,237
Promises to Give	181,127	221,508
Investments, at Fair Value	140,237,938	162,919,609
Contributions Receivable	<u>11,912,399</u>	<u>2,934,976</u>
Total Financial Assets	153,326,340	169,159,330

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
The Community Foundation of Frederick County, Maryland, Inc.,
The Community Foundation Holding Company, Inc., and
Pleasants Supporting Charitable Trust

	2022	2021
Financial Assets to Be Collected in More Than One Year:		
Promises to Give	(78,563)	(92,394)
Investment Funds	(36,217,887)	(34,444,871)
Contractual or Donor-Imposed Restrictions:		
Endowment Funds	(11,113,066)	(13,142,164)
Donor Contributions Restricted to Specific Purpose	(12,783,590)	(14,765,580)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 93,133,234	\$106,714,321

As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments.

NOTE 14 **NOTE PAYABLE**

In May 2020, the Foundation received a loan in the amount of \$198,134 under the Small Business Administration’s (SBA) Paycheck Protection Program (PPP). The Foundation used the funds primarily for payroll costs during the 24-week period beginning in May 2020 in accordance with the terms of the PPP. The Company applied for forgiveness of the loan under the terms of the program and received notification from the SBA that the loan was forgiven. Forgiveness income of \$198,134 is included on the Consolidated Statements of Operations for the year ended June 30, 2022. PPP loans are subject to audit by the U.S. Department of Treasury, SBA, or lender; as a result of such audit, adjustments could be required to the recognition of revenue.

(See Independent Auditors’ Report)