

ELLIN & TUCKER

CONSOLIDATED FINANCIAL STATEMENTS
The Community Foundation of Frederick County,
Maryland, Inc., The Community Foundation
Holding Company, Inc., and Pleasants Supporting
Charitable Trust
June 30, 2025 and 2024



Independent Auditors' Report1-2

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..... 9-23

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, 2025 and 2024, 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, 2025 and 2024 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.

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 22, 2025

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, 2025 and 2024

ASSETS

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,005,144	\$ 1,406,175
Promises to Give (Note 3)	866,381	130,582
Contributions Receivable (Note 4)	1,900,276	8,459,474
Prepaid Expenses	281,933	242,976
Investments, at Fair Value (Note 2)	200,752,608	178,302,734
Land Held for Sale (Note 5)	19,500,000	19,500,000
Present Value of Remainder Interests	5,249,651	4,507,514
Cash Surrender Value of Life Insurance	253,925	251,674
Property and Equipment, Net of Accumulated Depreciation of \$595,503 and \$579,521, Respectively	94,666	112,620
Other Asset	222,000	222,000
Right-of-Use Asset – Operating (Note 9)	-	70,321
Total Assets	<u>\$ 231,126,584</u>	<u>\$ 213,206,070</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable	\$ 190,947	\$ 1,473,783
Other Liabilities	579,029	315,114
Liabilities Under Split-Interest Agreements	2,056,529	2,032,202
Funds Held for Others	11,049,346	9,407,087
Lease Liability – Operating (Note 9)	-	66,301
Total Liabilities	<u>13,875,851</u>	<u>13,294,487</u>

COMMITMENTS (Note 2)

NET ASSETS		
Without Donor Restrictions	185,002,879	171,522,454
With Donor Restrictions (Note 6)	32,247,854	28,389,129
Total Net Assets	<u>217,250,733</u>	<u>199,911,583</u>
Total Liabilities and Net Assets	<u>\$ 231,126,584</u>	<u>\$ 213,206,070</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, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and Bequests Raised	\$ 5,182,517	\$ 6,304,150	\$ 11,486,667
Less: Amounts Received on Behalf of Others	(27,566)	(1,345,156)	(1,372,722)
Net Contributions and Bequests Raised	5,154,951	4,958,994	10,113,945
Revenue:			
Change in Present Value of Remainder Interests	832,544	-	832,544
Investment Income, Net (Note 2)	15,861,967	3,208,195	19,070,162
Administrative Fee Income (Expense), Net	523,027	(414,464)	108,563
Increase in Cash Surrender Value of Life Insurance	2,251	-	2,251
Revenue Before Investment Income Allocated to Funds Held for Others	17,219,789	2,793,731	20,013,520
Less: Investment Income Allocated to Funds Held for Others, Net	(680,433)	(289,543)	(969,976)
Net Revenue	16,539,356	2,504,188	19,043,544
Net Assets Released From Restrictions	3,624,264	(3,624,264)	-
Total Support and Revenue	25,318,571	3,838,918	29,157,489
GRANTS AND EXPENSES			
Grants, Scholarships, and Philanthropic Distributions	9,694,020	-	9,694,020
Other Supporting Program Expenses	885,745	-	885,745
Less: Amounts Distributed on Behalf of Others	(590,414)	-	(590,414)
Total Grants, Scholarships, and Philanthropic Distributions	9,989,351	-	9,989,351
Fundraising	709,678	-	709,678
Administrative	1,119,310	-	1,119,310
Total Grants and Expenses	11,818,339	-	11,818,339
Changes in Net Assets	13,500,232	3,838,918	17,339,150
RECLASSIFICATION OF NET ASSETS (Note 11)	(19,807)	19,807	-
NET ASSETS – JULY 1, 2024	171,522,454	28,389,129	199,911,583
NET ASSETS – JUNE 30, 2025	\$ 185,002,879	\$ 32,247,854	\$ 217,250,733

(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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and Bequests Raised	\$ 4,802,607	\$ 4,514,780	\$ 9,317,387
Less: Amounts Received on Behalf of Others	(61,774)	(610,812)	(672,586)
Net Contributions and Bequests Raised	4,740,833	3,903,968	8,644,801
Revenue:			
Change in Present Value of Remainder Interests	1,777,533	-	1,777,533
Investment Income, Net (Note 2)	14,524,224	3,003,675	17,527,899
Administrative Fee Income (Expense), Net	459,153	(368,078)	91,075
Increase in Cash Surrender Value of Life Insurance	5,786	-	5,786
Revenue Before Investment Income Allocated to Funds Held for Others	16,766,696	2,635,597	19,402,293
Less: Investment Income Allocated to Funds Held for Others, Net	(646,346)	(249,209)	(895,555)
Net Revenue	16,120,350	2,386,388	18,506,738
Net Assets Released From Restrictions	2,978,653	(2,978,653)	-
Total Support and Revenue	23,839,836	3,311,703	27,151,539
GRANTS AND EXPENSES			
Grants, Scholarships, and Philanthropic Distributions	8,447,146	-	8,447,146
Other Supporting Program Expenses	819,831	-	819,831
Less: Amounts Distributed on Behalf of Others	(516,762)	-	(516,762)
Total Grants, Scholarships, and Philanthropic Distributions	8,750,215	-	8,750,215
Fundraising	567,907	-	567,907
Administrative	955,482	-	955,482
Total Grants and Expenses	10,273,604	-	10,273,604
Changes in Net Assets	13,566,232	3,311,703	16,877,935
RECLASSIFICATION OF NET ASSETS (Note 11)	(118,692)	118,692	-
NET ASSETS – JULY 1, 2023	158,074,914	24,958,734	183,033,648
NET ASSETS – JUNE 30, 2024	\$ 171,522,454	\$ 28,389,129	\$ 199,911,583

(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, 2025

	Grants, Scholarships, and Philanthropic Distributions				General and Administrative	
	Scholarships	Grants	Total	Fundraising		Total
Grants, Scholarships, and Philanthropic Distributions	\$ 2,728,738	\$ 6,965,282	\$ 9,694,020	\$ -	\$ -	\$ 9,694,020
Less: Amounts Distributed on Behalf of Others	-	(590,414)	(590,414)	-	-	(590,414)
Salaries	277,688	277,688	555,376	512,744	547,318	1,615,438
Payroll Taxes	25,243	25,243	50,486	26,915	36,086	113,487
Advertising	1,791	1,791	3,582	2,650	7,948	14,180
Annual Report	3,011	3,011	6,022	6,020	4,683	16,725
Bad Debt Recoveries	-	-	-	(38,726)	-	(38,726)
Contracted Services	6,614	6,614	13,228	23,228	144	36,600
Depreciation	4,706	4,706	9,412	2,614	14,118	26,144
Employee Health Insurance	19,272	19,272	38,544	34,733	53,934	127,211
Events	12,415	12,852	25,267	19,403	12,929	57,599
Facility Lease	16,045	16,045	32,090	30,516	28,316	90,922
General Insurance	5,037	5,037	10,074	2,823	13,733	26,630
Graphics, Printing, and Brochures	668	668	1,336	16,250	-	17,586
Legal and Accounting	2,749	5,499	8,248	-	67,455	75,703
Meetings	5,302	5,302	10,604	1,558	208	12,370
Memberships, Dues, and Subscriptions	1,058	1,058	2,116	7,073	13,376	22,565
Newsletter	846	846	1,692	1,692	13,541	16,925
Office	41,018	41,018	82,036	22,787	116,842	221,665
Other	3,636	3,636	7,272	11,268	12,107	30,647
Photography and Website	3,137	3,137	6,274	1,255	5,020	12,549
Postage	656	656	1,312	8,462	2,052	11,826
Real Estate Taxes	-	-	-	-	135,375	135,375
Repairs and Maintenance	1,647	1,647	3,294	1,697	4,991	9,982
Retirement Contributions	6,538	6,538	13,076	11,235	19,918	44,229
Strategic Initiatives	-	-	-	-	3,562	3,562
Telephone	490	490	980	871	871	2,722
Travel	46	46	92	1,430	113	1,635
Utilities	1,363	1,363	2,726	1,060	4,186	7,972
Volunteer and Donor Recognition	303	303	606	120	484	1,210
Total Expenses	<u>\$ 3,170,017</u>	<u>\$ 6,819,334</u>	<u>\$ 9,989,351</u>	<u>\$ 709,678</u>	<u>\$ 1,119,310</u>	<u>\$ 11,818,339</u>

(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, 2024

	Grants, Scholarships, and Philanthropic Distributions				General and Administrative	
	Scholarships	Grants	Total	Fundraising		Total
Grants, Scholarships, and Philanthropic Distributions	\$ 2,136,556	\$ 6,310,590	\$ 8,447,146	\$ -	\$ -	\$ 8,447,146
Less: Amounts Distributed on Behalf of Others	-	(516,762)	(516,762)	-	-	(516,762)
Salaries	266,573	266,573	533,146	361,757	484,112	1,379,015
Payroll Taxes	17,660	17,660	35,320	27,791	33,259	96,370
Advertising	1,665	1,665	3,330	1,628	4,883	9,841
Annual Report	3,124	3,124	6,248	1,735	9,371	17,354
Bad Debts	-	-	-	1,228	-	1,228
Contracted Services	5,918	5,918	11,836	1,045	659	13,540
Depreciation	4,941	4,941	9,882	2,745	14,824	27,451
Employee Health Insurance	20,419	20,419	40,838	49,098	44,215	134,151
Events	8,908	8,908	17,816	14,146	10,688	42,650
Facility Lease	14,739	14,739	29,478	27,996	25,981	83,455
General Insurance	4,799	4,799	9,598	2,740	12,907	25,245
Graphics, Printing, and Brochures	613	613	1,226	22,903	-	24,129
Legal and Accounting	1,924	3,849	5,773	-	31,600	37,373
Meetings	685	685	1,370	1,931	1,351	4,652
Memberships, Dues, and Subscriptions	1,413	1,413	2,826	5,047	10,640	18,513
Newsletter	857	857	1,714	1,713	13,707	17,134
Office	35,367	35,367	70,734	17,369	90,192	178,295
Other	2,464	2,464	4,928	1,378	4,725	11,031
Photography and Website	3,299	3,299	6,598	1,319	5,277	13,194
Postage	615	615	1,230	6,847	1,949	10,026
Real Estate Taxes	-	-	-	-	131,107	131,107
Repairs and Maintenance	1,515	1,515	3,030	1,561	4,592	9,183
Retirement Contributions	8,413	8,413	16,826	13,003	14,825	44,654
Strategic Initiatives	-	-	-	1,005	87	1,092
Telephone	352	352	704	627	627	1,958
Travel	1,310	1,310	2,620	310	15	2,945
Utilities	1,144	1,144	2,288	890	3,511	6,689
Volunteer and Donor Recognition	236	236	472	95	378	945
Total Expenses	<u>\$ 2,545,509</u>	<u>\$ 6,204,706</u>	<u>\$ 8,750,215</u>	<u>\$ 567,907</u>	<u>\$ 955,482</u>	<u>\$ 10,273,604</u>

(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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Change in Net Assets	\$ 17,339,150	\$ 16,877,935
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	26,144	27,451
Noncash Lease Expense	4,020	(2,407)
Donation of Other Asset	-	(222,000)
Change in Cash Surrender Value of Life Insurance	(2,251)	(5,786)
Net Unrealized Appreciation of Investments	(7,623,167)	(5,376,962)
Realized Gain on Sale of Investments	(5,413,612)	(7,425,689)
Contributions to Permanent Endowments	(54,676)	(1,051,182)
Net Changes in:		
Promises to Give	(735,799)	23,332
Contributions Receivable	6,559,198	7,299,632
Prepaid Expenses	(38,957)	(67,632)
Present Value of Remainder Interests	(742,137)	(1,783,896)
Accounts Payable	(1,282,836)	1,340,867
Other Liabilities	263,915	196,044
Liabilities Under Split-Interest Agreements	24,327	42,554
Funds Held for Others	1,642,259	958,352
Net Cash Provided by Operating Activities	<u>9,965,578</u>	<u>10,830,613</u>
INVESTING ACTIVITIES		
Purchases of Property and Equipment	(8,190)	(36,964)
Proceeds From Sale of Investments	37,678,366	40,923,098
Purchases of Investments	<u>(47,091,461)</u>	<u>(53,293,786)</u>
Net Cash Used in Investing Activities	<u>(9,421,285)</u>	<u>(12,407,652)</u>
FINANCING ACTIVITIES		
Contributions to Permanent Endowments	<u>54,676</u>	<u>1,051,182</u>
Net Change in Cash and Cash Equivalents	598,969	(525,857)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>1,406,175</u>	<u>1,932,032</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u><u>\$ 2,005,144</u></u>	<u><u>\$ 1,406,175</u></u>

(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.

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.

(See Independent Auditors' Report)

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. 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 5.0% and 5.6% for the years ended June 30, 2025 and 2024, respectively.

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

(See Independent Auditors' Report)

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

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 uncollectable by management are reserved.

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,

(See Independent Auditors' Report)

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

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.

Leases

The Foundation determines if an arrangement is a lease at inception. Short-term leases are leases that, at lease commencement, have a lease term of 12 months or less and do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. With the exception of short-term leases, operating leases are included as right-of-use (ROU) assets and operating lease liabilities in the Consolidated Statements of Financial Position. ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Foundation uses a risk-free rate in determining the present value of lease payments for all leases. The operating lease ROU asset includes any lease payments made and excludes any lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Subsequent Events

The Foundation evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through October 22, 2025, the date the consolidated financial statements were available to be issued.

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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, 2025, the distribution of invested assets was as follows:

	Cash Equivalents	Bonds	Mutual Funds	Equities	Investment Funds	Total
Charles Schwab	\$ 274,003	\$ 10,136,854	\$ -	\$ -	\$ -	\$ 10,410,857
Family Heritage Trust	306,106	-	7,351,860	-	-	7,657,966
First United	1,880	-	34,291	-	-	36,171
Maryland Financial Planners	-	-	8,106,150	-	-	8,106,150
Merrill Lynch	209,949	2,017,196	6,099,495	5,788,138	-	14,114,778
Morgan Stanley	4,574,113	-	704,474	1,048,156	-	6,326,743
Morgan Stanley PWM	3,739	400,938	911,644	2,159,193	-	3,475,514
Other PVRT	594	35,842	-	515,826	-	552,262
PNC Bank, N.A.	8,617	-	162,698	105,072	-	276,387
RBC Wealth Management	50,137	-	166,755	630,992	-	847,884
Sandy Spring Bank	630,544	-	-	-	-	630,544
Truist	134,772	39,958	2,196,382	31,864	-	2,402,976
Wells Fargo	32,754	-	2,144,470	-	-	2,177,224
Wilmington Trust	2,460,264	-	102,670,044	14,382,041	-	119,512,349
Accolade Partners	-	-	-	-	1,716,462	1,716,462
Auldbrass	-	-	-	-	1,366,554	1,366,554
Base10 Partners	-	-	-	-	783,186	783,186
Bedrock Capital	-	-	-	-	1,379,793	1,379,793
Constitution Capital Partners	-	-	-	-	2,625,138	2,625,138
Crestline Management LP	-	-	-	-	414,150	414,150
ElmTree	-	-	-	-	1,312,695	1,312,695
Glouston Capital Partners	-	-	-	-	26,673	26,673
Golub Capital	-	-	-	-	2,362,500	2,362,500
Intrinsic Edge Capital Managem	-	-	-	-	2,528,840	2,528,840
MillStreet	-	-	-	-	2,060,492	2,060,492
Savano	-	-	-	-	647,336	647,336
StepStone Associates	-	-	-	-	5,843,842	5,843,842
ValStone Asset Management	-	-	-	-	1,157,142	1,157,142
June 30, 2025 Totals	<u>\$ 8,687,472</u>	<u>\$ 12,630,788</u>	<u>\$ 130,548,263</u>	<u>\$ 24,661,282</u>	<u>\$ 24,224,803</u>	<u>\$ 200,752,608</u>
Percentage of Total	4.3%	6.3%	65.0%	12.3%	12.1%	100.0%
June 30, 2024 Totals	\$ 17,029,981	\$ 3,197,255	\$ 104,921,954	\$ 24,003,255	\$ 29,150,289	\$ 178,302,734
Percentage of Total	9.6%	1.8%	58.8%	13.5%	16.3%	100.0%

(See Independent Auditors' Report)

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

Investment income for the years ended June 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Net Investment Income – Realized	\$ 12,105,092	\$ 12,792,478
Net Unrealized Appreciation on Investments	<u>7,623,167</u>	<u>5,376,962</u>
	19,728,259	18,169,440
Less: Investment Expenses	<u>(658,097)</u>	<u>(641,541)</u>
	<u><u>\$ 19,070,162</u></u>	<u><u>\$ 17,527,899</u></u>

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
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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Level 1:		
Cash Equivalents	\$ 8,687,472	\$ 17,029,981
Mutual Funds:		
Emerging Markets	16,685,780	13,614,894
Equity	15,433,291	11,631,553
Fixed Income	21,454,158	7,799,046
Foreign	25,118,645	17,327,209
Large Cap	30,917,155	32,132,057
Mid Cap	8,813,300	8,048,693
Real Estate	359,565	585,664
Small Cap	11,745,408	11,640,008
High Yield	-	273,750
Commodity	-	114,309
Other	20,961	1,754,771
	<u>130,548,263</u>	<u>104,921,954</u>
Total Mutual Funds		
	<u>130,548,263</u>	<u>104,921,954</u>
Equities:		
Consumer Discretionary	3,085,132	2,815,216
Consumer Staples	1,174,292	458,401
Energy	1,154,845	1,160,849
Financial	2,857,484	2,809,777
Health Care	3,954,887	3,772,758
Industrials	3,540,162	4,465,476
Information Technology	5,308,636	3,948,369

(See Independent Auditors' Report)

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

	<u>2025</u>	<u>2024</u>
Equities (Continued):		
Materials	908,520	805,240
Real Estate	202,560	102,375
Equity Cap	98,981	92,900
Telecommunications	2,113,126	3,055,533
Utilities	<u>262,657</u>	<u>516,361</u>
Total Equities	<u>24,661,282</u>	<u>24,003,255</u>
Total Level 1	<u>163,897,017</u>	<u>145,955,190</u>
Level 2:		
Bonds:		
Agency	148,671	46,853
Corporate	11,427,248	1,481,819
Treasury	1,019,027	1,351,487
Municipal	<u>35,842</u>	<u>317,096</u>
Total Level 2	<u>12,630,788</u>	<u>3,197,255</u>
Private Investment Funds	<u>24,224,803</u>	<u>29,150,289</u>
Total	<u><u>\$ 200,752,608</u></u>	<u><u>\$ 178,302,734</u></u>

(See Independent Auditors' Report)

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

As of June 30, 2025, 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 \$24,224,803. The table below summarizes such investments and certain attributes as of June 30, 2025:

	<u>Fair Value</u>	<u>Future Commitments</u>	<u>Redemption Provision</u>
Accolade Partners Growth I, LP	\$ 1,097,489	\$ 208,125	None *
Accolade Partners VI-C, LP	618,973	112,499	None *
Auldbrass Secondary Opportunity Fund III, LLC	1,366,554	460,547	None *
Base 10 Advancement Initiative I, LP	783,186	43,000	None *
Bedrock Capital III, LP	1,379,793	61,000	None *
Crestline Associates Fund III	414,150	152,182	None *
ElmTree Fund V	1,312,695	674,503	None *
Glouston Private Equity Opportunities IV, LP	26,673	218,000	None *
Golub Capital Partners International 10, LP	1,312,500	187,500	With consent **
Golub Capital Partners International 11, LP	1,050,000	150,000	With consent **
Intrinsic Edge Plus Offshore LTD	2,528,840	-	Monthly
Ironsides Co-Investment Fund III, LP	408,949	24,538	None *
Ironsides Co-Investment Fund VI, LP	1,574,368	126,285	None *
Ironsides Offshore Direct Investment Fund IV	252,433	101,336	None *
Ironsides Offshore Opportunities Fund, LP	386,803	442,752	None *
Ironsides Partnership Fund III, LP	2,585	96,686	None *
MillStreet Credit Offshore Fund	2,060,492	-	None *
Savano Capital Partners IV	647,336	1,400,000	None *
StepStone Early Stage I, LP	963,713	7,500	Quarterly
StepStone Opportunities V, LP	856,651	40,000	Quarterly
StepStone Secondaries Fund IV, LP	1,723,731	26,602	Quarterly
StepStone Secondaries Fund V, LP	2,299,747	90,000	Quarterly
ValStone Opportunity Fund VI	1,157,142	73,172	Quarterly
	<u>\$ 24,224,803</u>	<u>\$ 4,696,227</u>	

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

**Requires general partner consent

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Promises to Give Expected to Be Collected in:		
Less Than One Year	\$ 427,386	\$ 101,378
One to Five Years	<u>538,573</u>	<u>41,732</u>
	965,959	143,110
Less: Allowance for Uncollectable Promises to Give	(45,599)	(6,873)
Less: Discount on Promises to Give	<u>(53,979)</u>	<u>(5,655)</u>
Net Promises to Give	<u><u>\$ 866,381</u></u>	<u><u>\$ 130,582</u></u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

As of June 30, 2025, the Foundation was the beneficiary of estates with an estimated value of \$1,900,276. The Foundation expects to receive this amount during the year ending June 30, 2026.

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, 2025 and 2024 were restricted for the following purposes:

	<u>2025</u>	<u>2024</u>
Grants, Scholarships, and Philanthropic Purposes:		
Subject to Expenditure for Specified Purpose	\$ 17,829,929	\$ 14,746,685
Subject to Foundation's Spending Policy and Appropriation	2,812,263	2,091,458
Amounts Invested in Perpetuity	<u>11,605,662</u>	<u>11,550,986</u>
	<u><u>\$ 32,247,854</u></u>	<u><u>\$ 28,389,129</u></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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts Required		
to Be Maintained in Perpetuity by Donor	\$ 11,605,662	\$ 11,550,986
Accumulated Investment Gains	<u>2,812,263</u>	<u>2,091,458</u>
	<u>\$ 14,417,925</u>	<u>\$ 13,642,444</u>

(See Independent Auditors' Report)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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, 2025 and 2024:

Endowment Funds, July 1, 2023	<u>\$ 11,489,177</u>
Investment Return:	
Investment Income – Realized	477,751
Net Unrealized Appreciation	<u>749,968</u>
Total Investment Return	<u>1,227,719</u>
Contributions	<u>1,051,182</u>
Net Assets Reclassified	<u>144,607</u>
Appropriation of Endowment Assets for Expenditure	<u>(270,241)</u>
Endowment Funds, June 30, 2024	<u>13,642,444</u>
Investment Return:	
Investment Income – Realized	648,541
Net Unrealized Appreciation	<u>619,880</u>
Total Investment Return	<u>1,268,421</u>
Contributions	<u>54,676</u>
Net Assets Reclassified	<u>(5,000)</u>
Appropriation of Endowment Assets for Expenditure	<u>(542,616)</u>
Endowment Funds, June 30, 2025	<u><u>\$ 14,417,925</u></u>

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, 2025, there were underwater endowment funds totaling approximately \$112,000 with an original gift balance of approximately \$118,000. As of June 30, 2024, there were underwater endowment funds totaling approximately \$411,000 with an original gift balance of approximately \$423,000.

(See Independent Auditors' Report)

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 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, 2025 and 2024, contributions were \$44,229 and \$44,654, respectively.

NOTE 9 OPERATING LEASE OBLIGATION

The Foundation leases office space under an operating lease agreement, which expired on April 30, 2025. Effective May 1, 2025, the Foundation is paying rent on a month-to-month basis while a new lease is being negotiated. Operating lease expense was \$90,922 and \$83,455 for the years ended June 30, 2025 and 2024, respectively.

(See Independent Auditors' Report)

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

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, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Administrative Fees, Gross	\$ 2,156,778	\$ 1,920,128

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>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 2,005,144	\$ 1,406,175
Promises to Give	866,381	130,582
Investments, at Fair Value	200,752,608	178,302,734
Contributions Receivable	<u>1,900,276</u>	<u>8,459,474</u>
Total Financial Assets	205,524,409	188,298,965
Financial Assets to Be Collected in More Than One Year:		
Promises to Give	(484,594)	(36,077)
Private Investment Funds	(24,224,803)	(29,150,289)

(See Independent Auditors' Report)

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

	<u>2025</u>	<u>2024</u>
Contractual or Donor-Imposed Restrictions:		
Endowment Funds	(14,417,925)	(13,642,444)
Donor Contributions Restricted to Specific Purpose	<u>(17,829,929)</u>	<u>(14,746,685)</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u>\$ 148,567,158</u>	 <u>\$ 130,723,470</u>

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.

(See Independent Auditors' Report)