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, 2026 and 2025



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The Community Foundation Holding Company, Inc.,
and Pleasants Supporting Charitable Trust
June 30, 2026 and 2025

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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, 2026 and 2025, 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, 2026 and 2025 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

ELLIN & TUCKER
Certified Public Accountants

Baltimore, Maryland
October 23, 2026

ASSETS

	2026	2025
ASSETS		
Cash and Cash Equivalents	$ 2,776,416	$ 2,005,144
Promises to Give (Note 3)	1,017,347	866,381
Contributions Receivable (Note 4)	5,805,798	1,900,276
Prepaid Expenses	329,320	281,933
Investments, at Fair Value (Note 2)	218,591,012	200,752,608
Land Held for Sale (Note 5)	19,500,000	19,500,000
Present Value of Remainder Interests	5,587,667	5,249,651
Cash Surrender Value of Life Insurance	254,128	253,925
Property and Equipment, Net of Accumulated Depreciation of $582,356 and $595,503, Respectively	363,290	94,666
Other Asset	222,000	222,000
Right-of-Use Asset – Operating (Note 9)	911,011	-
Total Assets	$ 255,357,989	$ 231,126,584

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable	$ 454,342	$ 190,947
Other Liabilities	863,403	579,029
Liabilities Under Split-Interest Agreements	2,520,979	2,056,529
Funds Held for Others	11,233,743	11,049,346
Lease Liability – Operating (Note 9)	913,736	-
Total Liabilities	15,986,203	13,875,851
COMMITMENTS (Notes 2 and 9)		
NET ASSETS		
Without Donor Restrictions	204,179,292	185,002,879
With Donor Restrictions (Note 6)	35,192,494	32,247,854
Total Net Assets	239,371,786	217,250,733
Total Liabilities and Net Assets	$ 255,357,989	$ 231,126,584

(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, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and Bequests Raised	$ 9,551,157	$ 5,059,995	$ 14,611,152
Less: Amounts Received on Behalf of Others	(54,909)	(793,927)	(848,836)
Net Contributions and Bequests Raised	9,496,248	4,266,068	13,762,316
Revenue:			
Change in Present Value of Remainder Interests	652,529	-	652,529
Investment Income, Net (Note 2)	19,047,312	3,943,557	22,990,869
Administrative Fee Income (Expense), Net	558,331	(440,718)	117,613
Increase in Cash Surrender Value of Life Insurance	203	-	203
Revenue Before Investment Income Allocated to Funds Held for Others	20,258,375	3,502,839	23,761,214
Less: Investment Income Allocated to Funds Held for Others, Net	(751,913)	(339,516)	(1,091,429)
Net Revenue	19,506,462	3,163,323	22,669,785
Net Assets Released From Restrictions	4,043,913	(4,043,913)	-
Total Support and Revenue	33,046,623	3,385,478	36,432,101
GRANTS AND EXPENSES			
Grants, Scholarships, and Philanthropic Distributions	12,741,374	-	12,741,374
Other Supporting Program Expenses	1,052,050	-	1,052,050
Less: Amounts Distributed on Behalf of Others	(1,636,973)	-	(1,636,973)
Total Grants, Scholarships, and Philanthropic Distributions	12,156,451	-	12,156,451
Fundraising	885,034	-	885,034
Administrative	1,269,563	-	1,269,563
Total Grants and Expenses	14,311,048	-	14,311,048
Changes in Net Assets	18,735,575	3,385,478	22,121,053
RECLASSIFICATION OF NET ASSETS (Note 11)	440,838	(440,838)	-
NET ASSETS – JULY 1, 2025	185,002,879	32,247,854	217,250,733
NET ASSETS – JUNE 30, 2026	$ 204,179,292	$ 35,192,494	$ 239,371,786

(See Independent Auditors' Report and Accompanying Notes)

	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 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, 2026

	Grants, Scholarships, and Philanthropic Distributions					
	Scholarships	Grants	Total	Fundraising	General and Administrative	Total
Grants, Scholarships, and Philanthropic Distributions	$ 3,020,262	$ 9,721,112	$ 12,741,374	$ -	$ -	$ 12,741,374
Less: Amounts Distributed on Behalf of Others	-	(1,636,973)	(1,636,973)	-	-	(1,636,973)
Salaries	309,686	309,686	619,372	616,634	612,255	1,848,261
Payroll Taxes	22,471	22,471	44,942	38,709	46,774	130,425
Advertising	2,962	2,962	5,924	6,528	17,778	30,230
Annual Report	3,994	3,994	7,988	7,988	6,213	22,189
Bad Debt Recoveries	-	-	-	(7,946)	-	(7,946)
Contracted Services	10,798	10,798	21,596	9,417	1,716	32,729
Depreciation	6,873	6,873	13,746	3,818	20,618	38,182
Employee Health Insurance	20,755	20,755	41,510	39,198	54,238	134,946
Events	22,455	15,867	38,322	32,729	23,582	94,633
Facility Lease	17,842	17,842	35,684	34,145	31,523	101,352
General Insurance	5,565	5,565	11,130	3,136	15,114	29,380
Graphics, Printing, and Brochures	276	276	552	17,082	-	17,634
Legal and Accounting	3,106	6,212	9,318	-	71,333	80,651
Meetings	491	491	982	1,430	3,217	5,629
Memberships, Dues, and Subscriptions	939	939	1,878	9,398	23,646	34,922
Newsletter	971	971	1,942	1,941	15,530	19,413
Office	43,638	43,638	87,276	18,733	120,195	226,204
Other	27,847	27,847	55,694	5,270	8,381	69,345
Photography and Website	5,076	5,076	10,152	2,031	8,122	20,305
Postage	692	692	1,384	10,706	2,240	14,330
Real Estate Taxes	-	-	-	-	134,669	134,669
Repairs and Maintenance	7,186	7,186	14,372	7,404	21,777	43,553
Retirement Contributions	6,688	6,688	13,376	21,528	23,041	57,945
Strategic Initiatives	4,094	4,094	8,188	-	950	9,138
Telephone	407	407	814	724	724	2,262
Travel	1,085	1,085	2,170	3,008	307	5,485
Utilities	1,789	1,789	3,578	1,391	5,492	10,461
Volunteer and Donor Recognition	80	80	160	32	128	320
Total Expenses	$ 3,548,028	$ 8,608,423	$ 12,156,451	$ 885,034	$ 1,269,563	$ 14,311,048

(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					
	Scholarships	Grants	Total	Fundraising	General and Administrative	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	$ 3,170,017	$ 6,819,334	$ 9,989,351	$ 709,678	$ 1,119,310	$ 11,818,339

(See Independent Auditors' Report and Accompanying Notes)

	2026	2025
OPERATING ACTIVITIES		
Change in Net Assets	$ 22,121,053	$ 17,339,150
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	38,182	26,144
Noncash Lease Expense	2,725	4,020
Change in Cash Surrender Value of Life Insurance	(203)	(2,251)
Net Unrealized Appreciation of Investments	(9,196,618)	(7,623,167)
Realized Gain on Sale of Investments	(5,691,000)	(5,413,612)
Contributions to Permanent Endowments	(76,834)	(54,676)
Net Changes in:		
Promises to Give	(150,966)	(735,799)
Contributions Receivable	(3,905,522)	6,559,198
Prepaid Expenses	(47,387)	(38,957)
Present Value of Remainder Interests	(338,016)	(742,137)
Accounts Payable	263,395	(1,282,836)
Other Liabilities	284,374	263,915
Liabilities Under Split-Interest Agreements	464,450	24,327
Funds Held for Others	184,397	1,642,259
Net Cash Provided by Operating Activities	3,952,030	9,965,578
INVESTING ACTIVITIES		
Purchases of Property and Equipment	(306,806)	(8,190)
Proceeds From Sale of Investments	36,133,025	37,678,366
Purchases of Investments	(39,083,811)	(47,091,461)
Net Cash Used in Investing Activities	(3,257,592)	(9,421,285)
FINANCING ACTIVITIES		
Contributions to Permanent Endowments	76,834	54,676
Net Change in Cash and Cash Equivalents	771,272	598,969
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	2,005,144	1,406,175
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 2,776,416	$ 2,005,144

(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% for the years ended June 30, 2026 and 2025.

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.

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.

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 23, 2026, the date the consolidated financial statements were available to be issued.

NOTE 2 – INVESTMENTS

The Foundation utilizes professional investment services to manage all assets held for investment purposes. At June 30, 2026, the distribution of invested assets was as follows:

	Cash Equivalents	Bonds	Mutual Funds	Equities	Investment Funds	Total
Charles Schwab	$ 158,584	$ 10,687,609	$ -	$ -	$ -	$ 10,846,193
Family Heritage Trust	280,588	-	8,362,100	-	-	8,642,688
First United	1,072	-	39,437	-	-	40,509
Maryland Financial Planners	-	-	8,851,521	-	-	8,851,521
Merrill Lynch	738,462	1,632,038	4,705,642	7,493,914	-	14,570,056
Morgan Stanley	4,695,286	-	1,618,736	296,572	-	6,610,594
Morgan Stanley PWM	76,832	76,408	1,573,927	2,375,124	-	4,102,291
Other PVRT	31,812	52,720	-	475,311	-	559,843
PNC Bank, N.A.	14,881	-	266,495	8,264	-	289,640
RBC Wealth Management	109,259	-	535,615	243,922	-	888,796
Sandy Spring Bank	717,512	-	-	-	-	717,512
Truist	273,905	-	2,857,871	29,328	-	3,161,104
Wells Fargo	36,720	-	2,359,301	-	-	2,396,021
Wilmington Trust	2,886,348	-	111,931,905	17,115,653	-	131,933,906
Accolade Partners	-	-	-	-	1,620,551	1,620,551
Auldbrass	-	-	-	-	1,439,959	1,439,959
Base10 Partners	-	-	-	-	773,519	773,519
Bedrock Capital	-	-	-	-	1,954,037	1,954,037
Constitution Capital Partners	-	-	-	-	2,249,442	2,249,442
Crestline Management LP	-	-	-	-	452,442	452,442
Elliott International	-	-	-	-	1,963,569	1,963,569
ElmTree	-	-	-	-	2,179,423	2,179,423
Glouston Capital Partners	-	-	-	-	3,650	3,650
Golub Capital	-	-	-	-	2,329,777	2,329,777
MillStreet	-	-	-	-	2,251,142	2,251,142
Savano	-	-	-	-	943,556	943,556
StepStone Associates	-	-	-	-	6,096,527	6,096,527
ValStone Asset Management	-	-	-	-	722,744	722,744
June 30, 2026 Totals	$ 10,021,261	$ 12,448,775	$ 143,102,550	$ 28,038,088	$ 24,980,338	$ 218,591,012
Percentage of Total	4.6%	5.7%	65.5%	12.8%	11.4%	100.0%
June 30, 2025 Totals	$ 8,687,472	$ 12,630,788	$ 130,548,263	$ 24,661,282	$ 24,224,803	$ 200,752,608
Percentage of Total	4.3%	6.3%	65.0%	12.3%	12.1%	100.0%

Investment income for the years ended June 30, 2026 and 2025 consisted of the following:

	2026	2025
Net Investment Income – Realized	$ 14,807,110	$ 12,105,092
Net Unrealized Appreciation on Investments	9,196,618	7,623,167
	24,003,728	19,728,259
Less: Investment Expenses	(1,012,859)	(658,097)
	$ 22,990,869	$ 19,070,162

(See Independent Auditors' Report)

The Fair Value Measurements and Disclosures Section of the Codification establishes a hierarchical 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.

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 asset 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.

(See Independent Auditors' Report)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2026 and 2025:

	2026	2025
Level 1:		
Cash Equivalents	$ 10,021,261	$ 8,687,472
Mutual Funds:		
Equity	13,650,989	15,433,291
Fixed Income	21,191,541	21,454,158
Foreign	35,428,383	41,804,425
Large Cap	45,451,727	30,917,155
Mid Cap	15,761,189	8,813,300
Real Estate	417,967	359,565
Small Cap	9,121,381	11,745,408
Intermediate	1,279,621	-
Balanced	432,236	-
Commodity	128,816	-
Other	238,700	20,961
Total Mutual Funds	143,102,550	130,548,263
Equities:		
Consumer Discretionary	2,464,244	3,085,132
Consumer Staples	806,059	1,174,292
Energy	938,680	1,154,845
Financial	5,121,986	2,857,484
Health Care	4,807,850	3,954,887
Industrials	4,854,060	3,540,162
Information Technology	5,212,933	5,308,636
Materials	648,142	908,520
Real Estate	167,548	202,560
Equity Cap	278	98,981
Telecommunications	2,146,365	2,113,126
Utilities	869,943	262,657
Total Equities	28,038,088	24,661,282
Total Level 1	181,161,899	163,897,017
Level 2:		
Bonds:		
Agency	-	148,671
Corporate	11,461,270	11,427,248
Treasury	934,785	1,019,027
Municipal	52,720	35,842
Total Level 2	12,448,775	12,630,788
Private Investment Funds	24,980,338	24,224,803
Total	$ 218,591,012	$ 200,752,608

(See Independent Auditors' Report)

As of June 30, 2026, 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 $24,980,338. The table below summarizes such investments and certain attributes as of June 30, 2026:

	Fair Value	Future Commitments	Redemption Provision
Accolade Partners Growth I, LP	$ 1,184,797	$ 185,625	None *
Accolade Partners VI-C, LP	435,754	112,499	None *
Auldbrass Secondary Opportunity Fund III, LLC	1,439,959	318,665	None *
Base 10 Advancement Initiative I, LP	773,519	43,000	None *
Bedrock Capital III, LP	1,954,037	61,000	None *
Crestline Associates Fund III	452,442	152,182	None *
Elliott International	1,963,569	3,001,456	With consent ***
ElmTree Fund V	2,179,423	87,083	None *
Glouston Private Equity Opportunities IV, LP	3,650	218,000	None *
Golub Capital Partners International 10, LP	1,294,231	187,500	With consent **
Golub Capital Partners International 11, LP	1,035,546	150,000	With consent **
Ironsides Co-Investment Fund III, LP	423,661	24,538	None *
Ironsides Co-Investment Fund VI, LP	1,423,644	163,006	None *
Ironsides Offshore Direct Investment Fund IV	129,333	62,688	None *
Ironsides Offshore Opportunities Fund, LP	270,643	360,498	None *
Ironsides Partnership Fund III, LP	2,161	96,686	None *
MillStreet Credit Offshore Fund	2,251,142	-	None *
Savano Capital Partners IV	943,556	1,300,000	None *
StepStone Early Stage I, LP	870,459	7,500	Quarterly
StepStone Opportunities V, LP	920,743	16,000	Quarterly
StepStone Secondaries Fund IV, LP	1,565,780	26,602	Quarterly
StepStone Secondaries Fund V, LP	2,739,545	-	Quarterly
ValStone Opportunity Fund VI	722,744	73,172	Quarterly
	$ 24,980,338	$ 6,647,700	

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

** Requires general partner consent.

*** On specified intervals after the earlier of 7/1/28 or next regularly scheduled withdrawal date six months after all capital is called.

(See Independent Auditors' Report)

NOTE 3 – PROMISES TO GIVE

Promises to give at June 30, 2026 and 2025 were as follows:

	2026	2025
Promises to Give Expected to Be Collected in:		
Less Than One Year	$ 846,170	$ 427,386
One to Five Years	267,500	538,573
	1,113,670	965,959
Less: Allowance for Uncollectible Promises to Give	(53,545)	(45,599)
Less: Discount on Promises to Give	(42,778)	(53,979)
Net Promises to Give	$ 1,017,347	$ 866,381

NOTE 4 – CONTRIBUTIONS RECEIVABLE

As of June 30, 2026, the Foundation was the beneficiary of estates with an estimated value of $5,805,798. The Foundation expects to receive this amount during the year ending June 30, 2027.

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, 2026 and 2025 were restricted for the following purposes:

	2026	2025
Grants, Scholarships, and Philanthropic Purposes:		
Subject to Expenditure for Specified Purpose	$ 19,783,179	$ 17,829,929
Subject to Foundation's Spending Policy and Appropriation	3,729,319	2,812,263
Amounts Invested in Perpetuity	11,679,996	11,605,662
	$ 35,192,494	$ 32,247,854

(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, 2026 and 2025:

	2026	2025
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts Required to Be Maintained in Perpetuity by Donor	$ 11,679,996	$ 11,605,662
Accumulated Investment Gains	3,729,319	2,812,263
	$ 15,409,315	$ 14,417,925

(See Independent Auditors' Report)

Changes in Endowment Funds for the Years Ended June 30, 2026 and 2025:

Endowment Funds, July 1, 2024	$ 13,642,444
Investment Return:	
Investment Income – Realized	648,541
Net Unrealized Appreciation	619,880
Total Investment Return	1,268,421
Contributions	54,676
Net Assets Reclassified	(5,000)
Appropriation of Endowment Assets for Expenditure	(542,616)
Endowment Funds, June 30, 2025	14,417,925
Investment Return:	
Investment Income – Realized	824,927
Net Unrealized Appreciation	670,632
Total Investment Return	1,495,559
Contributions	76,834
Appropriation of Endowment Assets for Expenditure	(581,003)
Endowment Funds, June 30, 2026	$ 15,409,315

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, 2026, there were underwater endowment funds totaling approximately $16,000 with an original gift balance of approximately $19,000. As of **June 30, 2025**, there were underwater endowment funds totaling approximately $112,000 with an original gift balance of approximately $118,000.

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.

(See Independent Auditors' Report)

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, 2026 and 2025, contributions were $57,945 and $44,229, respectively.

NOTE 9 – OPERATING LEASE OBLIGATION

The Foundation leases office space under an operating lease agreement through January 31, 2036. The ROU asset and operating lease liability is being amortized over the life of the lease. The weighted average remaining lease term was 9.6 years as of June 30, 2026. The weighted average discount rate was 4.26% as of June 30, 2026. Operating lease expense was $101,352 and $90,922 for the years ended June 30, 2026 and 2025, respectively. Property acquired under an operating lease was approximately $943,000 for the year ended June 30, 2026.

Future minimum annual lease payments under this agreement are as follows:

Year Ending June 30,	2027	$ 109,644
	2028	111,311
	2029	112,978
	2030	114,307
	2031	115,681
	Thereafter	556,006
		1,119,927
Less: Amount Representing Interest		(206,191)
Present Value of Minimum Lease Payments		$ 913,736

(See Independent Auditors' Report)

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 donate 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, 2026 and 2025 were as follows:

	2026	2025
Administrative Fees, Gross	$ 2,424,160	$ 2,156,778

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:

	2026	2025
Cash and Cash Equivalents	$ 2,776,416	$ 2,005,144
Promises to Give	1,017,347	866,381
Investments, at Fair Value	218,591,012	200,752,608
Contributions Receivable	5,805,798	1,900,276
Total Financial Assets	228,190,573	205,524,409
Financial Assets to Be Collected in More Than One Year:		
Promises to Give	(224,722)	(484,594)
Private Investment Funds	(24,980,338)	(24,224,803)
Contractual or Donor-Imposed Restrictions:		
Endowment Funds	(15,409,315)	(14,417,925)
Donor Contributions Restricted to Specific Purpose	(19,783,179)	(17,829,929)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 167,793,019	$ 148,567,158

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)