## COMMUNITY FOUNDATION OF CHARLES COUNTY

FINANCIAL STATEMENTS

DECEMBER 31, 2009



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#### INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Foundation of Charles County
Waldorf, MD

We have audited the accompanying statement of financial position of Community Foundation of Charles County (a nonprofit organization) as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Community Foundation of Charles County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Charles County as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Halt, Buzas & Powell, Itd.

August 30, 2010

# COMMUNITY FOUNDATION OF CHARLES COUNTY STATEMENT OF FINANCIAL POSITION

December 31, 2009

### **ASSETS**

Current	accete.
Current	assets.

Cash and cash equivalents Contributions and grants receivable Prepaid expenses	\$ 107,270 780 777
Total current assets	108,827
Investments	 812,534
Total assets	\$ 921,361
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable Accrued payroll liabilities	\$ 20,340 2,632
Total current liabilities	 22,972
Net assets:	
Unrestricted Temporarily restricted Permanently restricted  Total net assets	 23,203 66,455 808,731
Total liabilities and net assets	\$ 921,361



# COMMUNITY FOUNDATION OF CHARLES COUNTY STATEMENT OF ACTIVITIES

For the year ended December 31, 2009

Revenues:	<u>Un</u>	<u>restricted</u>		emporarily Restricted		rmanently estricted		Total
Contributions, grants and donations Special events Investment income Other income Net assets released from restrictions:	\$	64,697 16,751 53 150	\$	32,065 125,664 87	\$	- - 190,929 -	\$	96,762 142,415 191,069 150
Satisfaction of purpose restrictions		145,208	_	(133,796)	_	(11,412)	_	
Total revenues		226,859	_	24,020	_	179,517	_	430,396
Expenses:								
Program services		136,154	_				_	136,154
Support services:  Management and general Fundraising		20,889 73,273	_	- -		- -	_	20,889 73,273
Total support services		94,162	_				_	94,162
Total expenses		230,316	_				_	230,316
(Decrease) increase in net assets		(3,457)		24,020		179,517		200,080
Net assets, beginning of year		26,660	_	42,435		629,214	_	698,309
Net assets, end of year	\$	23,203	\$_	66,455	\$	808,731	<b>\$_</b>	898,389



# COMMUNITY FOUNDATION OF CHARLES COUNTY STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2009

		Program		Management		Edisina		Total amangas
Grant expense	\$	<b>services</b> 87,150	\$	and general	<u> </u>	Fundraising	\$	Total expenses 87,150
Salaries	Ф	29,626	Φ	9,875	Ф	9,875	Ф	49,376
				9,873				
Meals and entertainment		360		-		27,141		27,501
Supplies		272		-		17,505		17,777
Equipment rental and maintenance		-		-		7,967		7,967
Accounting fees		-		7,005		-		7,005
Occupancy		3,600		1,200		1,200		6,000
Professional fees		4,422		-		-		4,422
Payroll taxes		2,258		753		753		3,764
Contract services		=		-		3,433		3,433
Seminars, dues and memberships		2,671		-		230		2,901
Telephone		1,402		467		467		2,336
Printing and publications		65		-		2,034		2,099
IT expenses		1,139		379		380		1,898
Insurance		900		300		300		1,500
Consultants		1,494		-		-		1,494
Travel		489		163		498		1,150
Postage and shipping		-		262		687		949
Bank fees		12		147		636		795
Office expenses		144		287		117		548
Employee benefits	_	150		50		50		250
Total expenses	\$_	136,154	\$	20,888	\$	73,273	\$	230,315



## COMMUNITY FOUNDATION OF CHARLES COUNTY STATEMENT OF CASH FLOWS

### For the year Ended December 31, 2009

Cash flows from operating activities: Increase in net assets	\$
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Unrealized gain on investments Realized loss on investments	(186,839) 16,570
Decrease (increase) in assets: Accounts receivable Contributions and grants receivable Prepaid expenses	1,766 9,605 (89)
Increase (decrease) in liabilities: Accounts payable Accrued payroll liabilities	17,594 1,451
Total adjustments	(139,942)
Net cash provided by operating activities	60,138
Cash flows from investing activities: Purchases of investments Proceeds from sales of investments	(20,777) 1,110
Net cash used in investing activities	(19,667)
Net increase in cash and cash equivalents	40,471
Cash and cash equivalents, beginning of year	66,799
Cash and cash equivalents, end of year	\$107,270



December 31, 2009

### 1. Organization

The Community Foundation of Charles County (the Foundation) was incorporated in December 2005 and received its tax exempt status as a non-profit 501(c)(3) organization in August 2007. The Foundation is one of more than 700 community foundations in the United States.

The Foundation's mission is to improve the quality of life for the community of Charles County by aligning philanthropic interests with community needs through stewardship and collaboration. To achieve the mission, the Foundation works with families that fit every economic situation. These gift plans ensure that donors receive the most benefit from their charitable contributions and that philanthropic dollars are used to the fullest potential.

### 2. Summary of significant accounting policies

### Basis of accounting

The financial statements are prepared on the accrual basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

#### Basis of presentation

The Foundation has presented its financial statements in accordance with *U.S. Generally Accepted Accounting Principles*. Under those principles, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets represents the expendable resources that are available for operations at management's discretion.

*Temporarily Restricted Net Assets* represents resources restricted by donors as to purpose or by the passage of time.

Permanently Restricted Net Assets represent resources whose use by Foundation is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of Foundation. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.



December 31, 2009

#### Use of estimates

The preparation of financial statements in conformity with *U.S. Generally Accepted Accounting Principles* requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

### Cash and cash equivalents

The Foundation classifies all highly liquid investments with an original maturity of three months or less as cash equivalents. Temporary cash positions in the investment portfoloio are considered investments and are not included in cash and cash equivalents in the accompanying statement of financial position. At December 31, 2009, cash and cash equivalents included checking account deposits and money market funds

### Component Funds

A Component Fund is a designation established by donors or the Foundation for specific or unrestricted purposes and held as an asset of the Foundation.

Component funds of the Foundation are as follows:

- Unrestricted/Discretionary funds address the ever changing needs in the broader community.
- Field-of-interest funds address the needs in an important area of the community life, such as the arts, aging, youth, etc..
- Advised funds address the needs recommended by the donor. The foundation's board reserves the right of variance power with addvised funds.
- Designated funds address the needs of a specific organization or purpose.
- Organization/Agency funds address the needs of a specific non-profit or may be set up to solely support the named non-profit.
- Scholarship funds address educational or vocational scholarships for area youth.

Each of the six kinds of funds previously listed may be created as endowed or nonendowed funds.



December 31, 2009

### Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. There were no unconditional promises to give expected to be collected in future years.

#### Fair value measurements

The Financial Accounting Standards Board (FASB) sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. The standard applies to all assets and liabilities that are being measured and reported on a fair value basis. The standard requires disclosure that establishes a framework for measuring fair value in *U.S. Generally Accepted Accounting Principles* and expands disclosure about fair value measurements. This standard enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The standard requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 Quoted market prices in active markets for identical securities or liabilities
- Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3 Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, the Foundation performs a detailed analysis of the assets and liabilities that are subject to the standard set forth by the FASB. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no level 3 inputs for any assets held by the Foundation at December 31, 2009.



December 31, 2009

#### Income taxes

The Foundation is exempt from Federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to its exempt purpose. Foundation is taxed on net income from unrelated business activities. For the year ended December 31, 2009, Foundation did not generate any net income from unrelated business activities.

#### Contributions

Unconditional promises to give are recorded as contributions at their net realizable value in the year in which the promise is made. All contributions are available for unrestricted purposes unless specifically restricted by the donor. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

The Foundation reports contributions as restricted support (temporarily restricted or permanently restricted, depending on the nature of the restriction) if they are received with donor stipulations that limit the use of the assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

### Grants and contracts

The Foundation records grant revenue over the period of the award and the provisions of the grant determine the timing of the revenue recognition.

#### Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.



December 31, 2009

### Concentrations of credit risk

Foundation maintains bank accounts that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At December 31, 2009, there were no deposits in excess of FDIC limits.

### In-kind contributions

Donated materials, use of facilities and services are recorded at fair value when unconditional commitment is received from the donor. In-kind contributions are recorded as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of task that assists the Foundation. No contribution of services has been reflected in the financial statements for the fiscal year ending December 31, 2009.

#### 3. Endowment Funds

### Interpretation of Relevant Law

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consisitent with the standard prudence prescribed by the UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the organization and the donor-restricted endowment fund
- 3) General endowment conditions



December 31, 2009

- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investements
- 6) Other resources of the Foundation
- 7) The investment polices of the Foundation

### Foundation's Policy for Appropriation of Endowment Assets for Expenditures

The Foundation's Board of Directors has adopted a "Total Return" approach to determine the annual amount available for grantmaking from the Foundation's endowed component funds. Under this philosophy, the Foundation appropriates a maximum of five percent, assuming the component fund has been in existence for three years, of its assets each year while maintaining and increasing the real value of its assets and covering reasonable administrative expenses.

The Foundation's investment objectives for the endowment funds is to achieve maximium returns without exposure to undue risk. The investment strategy of the Endowment funds is to emphasize total return: the aggregate returns from capital appreciation, dividend and interest income. The objective shall be achieved by using a balanced approach consisting of cash equivalents, fixed income instruments, and equity securities that meet the investment guidelines.

#### 4. Investments

Investments are stated at fair market value. Fair market value has been determined under level 1 inputs, which are from quoted prices in active markets for the securities owned.

Investments are comprised of the following as of December 31:

		2009		2009
		Cost		Market
Money market funds	\$	35,398	\$	35,398
Equities		393,204		394,947
Corporate bonds		209,936		238,670
Foreign assets	_	138,549	_	143,519
Total investments	\$	777,087	\$_	812,534

2000



2000

December 31, 2009

Investment income is comprised of the following for the year ended December 31:

	 2009
Dividends	\$ 8,397
Interest	12,403
Realized loss	(16,570)
Unrealized gain	 186,839
Total investment income	\$ 191,069

### 5. Temporarily restricted net assets

At December 31, 2009, temporarily restricted net assets were available for the following programs:

	2009
DC Area Outback Charity Fund	\$ 20,139
Bonefish Charity/Community Grant Fund	8,636
Chaney Foundation Bull Roast Fund	36,930
CSM Arts Scholarship	500
Zonta Fund	250
Total temporarily restricted net assets	\$ <u>66,455</u>

### 6. Permanently restricted net assets

At December 31, 2009, net assets were permanently restricted for the following purposes:

	 2009
The Babe and Dick Chaney Memorial Fund Southern Maryland Women's League fund	\$ 782,215 26,516
Total permanently restricted net assets	\$ 808,731



December 31, 2009

### 7. Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose. Purpose restrictions accomplished during the year ended December 31, 2009 are as follows:

		2009
The Babe and Dick Chaney Memorial Fund	\$	10,980
BLING		1,150
Bonefish Charity/Community Grant Fund		42
Chaney Foundation Bull Roast Fund		45,010
D.C. Area Outback Steakhouse Charity Fund		58,097
Southern Maryland Women's League Fund		433
Chaney Foundation for Southern Maryland Fund		20,000
Zonta Fund	_	9,496
Total net assets released from restrictions	\$	145,208

