

**COMMUNITY FOUNDATION OF
HARFORD COUNTY, INC.**

Financial Statements

June 30, 2021 and 2020

(With Independent Accountant's Review Report)

Leo J. Knighton

Certified Public Accountant

900A South Main Street
Suite 101
Bel Air, Maryland 21014
410-893-7652

Independent Accountant's Review Report

The Board of Directors
Community Foundation of Harford County, Inc.:

I have reviewed the accompanying financial statements of Community Foundation of Harford County, Inc. (CFHC), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and performing inquiries of the organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibilities for the Financial Statements

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

Accountant's Responsibility

My responsibility is to conduct the review in accordance with the Statements of Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements in order for them to be presented in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based upon my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be presented in accordance with accounting principles generally accepted in the United States of America.

L. J. Knighton

February 16, 2022

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Statements of Financial Position

June 30, 2021 and 2020

	2021			2020			
	Operating	Fund Activities	Fund Investment	Operating	Fund Activities	Fund Investment	Total
Assets:							
Cash	\$173,379	83,445	-	35,702	220,576	-	256,278
Assets held for investment (note 4)	99,479	551,707	1,999,380	79,172	169,024	1,425,409	1,873,605
Total financial assets (note 3)	272,858	635,152	1,999,380	114,874	389,600	1,425,409	1,929,883
Prepaid expenses	1,181	-	-	5,848	-	-	5,848
Office furnishings and equipment (note 2)	-	-	-	-	-	-	-
Total assets	\$274,039	635,152	1,999,380	120,722	389,600	1,425,409	1,935,731
Liabilities:							
Accounts payable and accrued liabilities	\$ 8,333	-	-	8,029	-	-	8,029
Distributions payable	-	-	-	-	20,000	-	20,000
Loan payable related to Paycheck Protection Program	-	-	-	24,300	-	-	24,300
Funds held as custodian trustee for agency funds (Note 8)	-	166,721	575,709	-	49,911	369,636	419,547
Total liabilities	8,333	166,721	575,709	32,329	69,911	369,636	471,876
Net assets (note 5):							
Without donor restriction	-	-	-	-	-	-	-
Designated by Board of Directors - Operating Endowment	99,479	-	-	79,172	-	-	79,172
Operating	166,227	-	-	9,221	-	-	9,221
Total without restrictions	265,706	-	-	88,393	-	-	88,393
With donor restrictions	-	468,431	1,423,671	-	319,689	1,055,773	1,375,462
Total net assets	265,706	468,431	1,423,671	88,393	319,689	1,055,773	1,463,855
Total liabilities and net assets	\$274,039	635,152	1,999,380	120,722	389,600	1,425,409	1,935,731

See accompanying notes to the financial statements

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Statements of Activities

Years ended June 30, 2021 and 2020

	2021		2020		Total
	Without donor restriction	With donor restriction Fund investment	Without donor restriction	With donor restriction Fund investment	
Changes in net assets:					
Public support and revenues:					
Contributions (note 6):					
Accumulator and investment funds (note 5)	\$ -	14,126	382,024	-	205,838
Government Foundations	50,000	-	50,000	-	10,000
Corporate and individuals	14,000	-	14,000	-	10,000
Contributed facilities and services (note 7)	160,030	-	160,030	3,431	99,661
Administrative fees	24,000	-	24,000	-	24,000
Other revenues:	6,194	-	6,194	-	1,612
Investment returns (note 4)	37,399	314,007	351,406	-	17,882
Paycheck Protection Program	-	24,300	24,300	-	-
Other	-	-	-	85	85
Net assets released from restrictions:					
- satisfaction of restrictions	74,591	(74,591)	-	(60,001)	-
- satisfaction of investment fund objectives	129,100	(129,100)	-	(72,719)	-
Total public support and revenues	495,314	148,742	1,011,954	(95,045)	403,322
Expenses:					
Program services	164,283	-	164,283	-	167,157
Management and general	136,330	-	136,330	-	161,881
Fund raising	17,388	-	17,388	-	22,000
Total expenses	318,001	-	318,001	-	351,038
Increases (decrease) in net assets	177,313	148,742	693,953	(95,045)	52,284
Net assets (note 5):					
Beginning of year	88,393	319,689	1,463,855	414,734	1,411,571
End of year:	\$265,706	468,431	2,157,808	319,689	1,463,855

See accompanying notes to the financial statements.

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Statements of Functional Expenses

Years ended June 30, 2021 and 2020

	2021			2020			
	Program Services	Management and General	Fund Raising	Program Services	Management and General	Fund Raising	Total
Employee related costs:							
Compensation	\$ 26,987	57,052	13,494	25,256	69,675	12,629	107,560
Payroll taxes	2,164	4,596	1,082	1,989	5,489	995	8,473
Employee benefits	957	2,022	478	1,135	3,131	567	4,833
Total employment costs	30,108	63,670	15,054	28,380	78,295	14,191	120,866
Awards and grants	129,100	-	-	133,159	-	-	133,159
Professional fees	4,710	31,621	-	4,710	30,475	-	35,185
Facilities	-	24,000	-	-	24,000	-	24,000
Contract services and computer software	-	2,334	2,334	-	7,809	7,809	15,618
Telephone	-	3,157	-	-	1,757	-	1,757
Printing	-	2,185	-	-	460	-	460
Dues	-	1,627	-	-	2,287	-	2,287
Insurance	-	1,128	-	-	1,379	-	1,379
Supplies	365	365	-	908	1,908	-	1,816
Website development	-	642	-	-	3,915	-	3,915
Postage and shipping	-	496	-	-	369	-	369
Conferences and meetings	-	425	-	-	851	-	851
Advertising	-	360	-	-	4,764	-	4,764
Travel	-	-	-	-	865	-	865
Other	-	4,320	-	-	3,747	-	3,747
Total expenses	\$164,283	136,330	17,388	167,157	161,891	22,000	351,038

See accompanying notes to the financial statements.

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Statement of Cash Flows

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increases in net assets	\$ 693,953	52,284
Adjustments to reconcile increases in net assets to net cash used in operating activities:		
Contributions of accumulator and investment funds	(382,024)	(205,838)
Contributed investments	(373,500)	(53,001)
Investment income, including reinvested interest and dividends, net of investment expenses	(351,406)	(52,126)
Increase in net assets arising from forgiveness of Paycheck Protection Program	(24,300)	-
Decreases in prepaid expenses	4,667	6,236
Increases (decreases) in:		
Accounts payable and accrued liabilities	304	7,179
Distributions payable	<u>(20,000)</u>	<u>(3,500)</u>
Net cash used in operating activities	<u>(452,306)</u>	<u>(248,766)</u>
Cash flows from investing activities:		
Receipts from sales of investments	2,582,130	4,361,612
Purchases of investments	<u>(2,500,680)</u>	<u>(4,283,635)</u>
Net cash provided by investing activities	<u>81,450</u>	<u>77,977</u>
Cash flows from financing activities:		
Additions to accumulator and investment funds	382,024	205,838
Proceeds related to Paycheck Protection Program	-	24,300
Disbursements from agency funds	<u>(10,622)</u>	<u>(15,302)</u>
Net cash provided by financing activities	<u>371,402</u>	<u>214,836</u>
Net increases in cash	546	44,047
Cash:		
Beginning of the year	<u>256,278</u>	<u>212,231</u>
End of the year	<u>\$ 256,824</u>	<u>256,278</u>

See accompanying notes to the financial statements.

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

June 30, 2021 and 2020

(1) Nature of organization

The Community Foundation of Harford County, Inc. (CFHC) was formed in 2006 as a not-for-profit organized exclusively for educational, scientific and charitable purposes. The CFHC is committed to promoting and increasing philanthropy by building and managing permanent endowments and gifts to meet the present and emerging needs of Harford County, Maryland and its nonprofit community. The CFHC is dependent upon the financial support from contributions from individuals, businesses and other sources.

The CFHC is exempt from Federal and State income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code.

(2) Summary of significant accounting policies

Basis of accounting - The financial statements of CFHC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

As required by the *Financial Statements of Not-for-Profit Organizations* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), the organization is to present information regarding its net financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Such classifications are determined upon grantor or donor imposed restrictions.

Net assets without donor restrictions include net assets that are not subject to externally imposed restrictions. Net assets with donor restrictions are subject to externally imposed restrictions that may or will be either satisfied by actions of the organization or the passage of time or are subject to externally imposed restrictions which are permanent in nature.

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(2) Summary of significant accounting policies (continued)

Use of estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make periodic estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the amounts estimated and reported upon.

Fair value of financial instruments - The estimated fair values of CFHC's financial instruments (other than investments) consisting of cash, accounts receivable and accounts and distributions payable are considered by management to approximate their respective carrying values for financial reporting purposes due to either their short-term nature or that such amounts are periodically adjusted to fair value.

Investments - Investments are presented at estimated fair values based upon quoted market prices provided by third party trustees and investment managers. Interest and dividend income is recorded when such income is determinable. Realized and unrealized gains and losses are included as investment returns in the Statements of Activities.

Office furnishings and equipment - Office furnishings and equipment with an estimated useful life in excess of one year are capitalized and recorded at cost, if purchased, or estimated fair value, if contributed, less accumulated depreciation and amortization. Depreciation and amortization of capitalized property and equipment is provided on a straight-line basis over the estimated useful lives of the assets.

The costs of maintenance and repairs is charged to expense as incurred.

Agency funds - Certain funds obtained in which CFHC acts on behalf of another organization and CFHC does not possess variance powers are considered agency funds. The net assets of the agency funds are recognized as a liability of CFHC. The net assets, contributions and other activities of the agency funds not recognized as the net assets or activities of CFHC.

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(2) Summary of significant accounting policies (continued)

Public support and revenues - Public support and revenues are reflected as without donor restrictions and with donor restrictions depending on the existence and nature of any donor imposed restrictions. Upon the expiration or satisfaction of a restriction, net assets with donor restrictions are reclassified in the Statements of Activities as net assets with donor restrictions released from restrictions and are transferred to net assets without donor restrictions.

Public support and revenues which are restricted are to be reported as an increase in net assets without donor restrictions if the expiration or satisfaction of the restriction occurs in the same financial reporting period in which the public support and revenues are recognized. All other donor restricted funds are to be reported as an increase in net assets with donor restrictions.

Unexpended grant revenues, which are refundable if not ultimately expended, are classified as either deferred revenue or refundable advances pursuant to the applicable terms of the grants.

Contributed facilities, equipment and services - Certain facilities have been periodically contributed to CFHC or obtained at a significant discount. The estimated fair value of such contributions are estimated by management and reported as public support and revenues and as an expense.

Certain office equipment has been contributed and certain services and volunteers have contributed time to the organization's program and supporting services for which there is no objective method to measure their fair value or may not qualify for accounting recognition pursuant to generally accepted accounting principles. No amounts have been reflected in the financial statements for these contributed services.

Expense allocation - The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, costs have been classified among the programs and supporting services benefitted based upon the estimated actual time or resources devoted to each functional category.

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(3) Liquidity and Availability of Financial Assets

The following reflect's CFHC's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use due to donor imposed restrictions within one year of the Statement of Financial Position date:

	<u>2021</u>	<u>2020</u>
Financial assets as of June 30:	\$2,907,390	1,929,883
Less:		
Funds not available for general use due to		
- committed funds	1,727,757	1,219,473
- funds held as custodian trustee for agency funds	742,430	419,547
- amounts designated by Board of Directors for periods beyond one year	99,479	79,172
- other donor restrictions	<u>164,345</u>	<u>175,989</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 173,379</u>	<u>35,702</u>

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(4) Assets held for investment

Investments consist of the following as of June 20, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Investments:		
Mutual Funds:		
Brown Advisory:		
Brown Advisory Gdman Large Cap	\$ 212,254	-
Vanguard Dividend Growth Inv	208,801	79,700
Brown Advisory Sustainable Growth	206,104	174,630
Brown Advisory Adv Global Ldrs	169,853	-
Brown Advisory Sm Cp Fundamental Val	160,369	93,481
Brown Advisory Emg Mkts	147,834	122,655
Artisan International Value Advisor	137,645	68,472
Invesco S&P 500 Equal Weight	130,683	-
Laazard Cl List Infrastr Inst	100,456	-
Brown Advisory Small Cap Growth	95,303	98,420
Brown Adv Strat EUR Eq Ins	85,972	68,327
Ishares Msci All Country Asia Ex	47,156	-
Dfa US Core Equity 1 Port	-	284,719
Dfa Emerging Mkts Sml Cap	-	29,883
	<u>1,702,430</u>	<u>1,020,287</u>
Total Equity Funds		
Fixed Income Funds:		
Brown Advisory:		
Brown Adv Total Return Ins	532,165	478,962
Vanguard GNMA Fund Adm	179,005	-
Metropolitan West Unconstrained Bd	145,596	-
Artisan High Income Fund	-	45,998
	<u>856,766</u>	<u>524,960</u>
Total Fixed Income Funds		
Total investments	2,559,196	1,545,247
Cash and sweep accounts held for investment	<u>91,370</u>	<u>128,358</u>
Total assets held for investment	<u>\$2,650,566</u>	<u>1,673,605</u>

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(4) Assets held for investment (continued):

The following schedule summarizes investment returns for the year ended June 30, 2021 and 2020 from all sources and its classification in the statement of activities:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 24,364	32,255
Realized gains and (losses), net	53,593	197,302
Unrealized gains and (losses), net	405,431	(157,039)
Investment expenses	<u>(4,437)</u>	<u>(6,589)</u>
Total return on investments	478,951	65,929
Investment returns related to Agency funds	<u>127,545</u>	<u>13,803</u>
Net return on investments	<u>\$ 351,406</u>	<u>52,126</u>

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with these investments, it is possible that changes in the fair values of investments could occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

As required by the *Fair Value Measurements* Topic of the FASB Accounting Standards Codification, a fair value hierarchy that prioritizes inputs to valuation techniques is to be used to measure fair value of financial instruments. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of significant unobservable inputs. In general, fair value measurements using Level 1 inputs generally provide the most reliable evidence of fair value and Level 3 inputs provide the lowest priority. Level 3 inputs are used when Level 1 or Level 2 inputs were not available. The CFHC's investments using fair value measurements are considered to be measured using Level 1 inputs.

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(5) Restricted net assets

As of June 30, 2021 and 2020, donor restricted net assets were available for the following activities:

	2021		2020	
	Donor net assets held for <u>investment</u>	Other donor net asset <u>activity</u>	Donor net assets held for <u>investment</u>	Other donor net asset <u>activity</u>
Operational Endowment for CFHC	\$ 144,644	-	142,644	-
Women's Giving Circle	114,507	-	114,407	-
Undesignated for charitable purposes	113,978	-	-	-
Children in Harford County, Maryland	111,100	-	103,000	-
Scholarships to benefit advanced instrumental music students	102,468	-	102,368	-
Undesignated for charitable purposes	100,049	-	-	-
Support for the Albert P. Close Foundation*	100,000	-	100,000	-
Ward Family Camp Scholarship for the Y Central*	100,000	-	-	-
Andrew Klein Peace and Judgement Grant Endowment*	98,648	-	-	-
Temple Adas Shalom, The Harford Jewish Center Endowment Fund*	86,000	-	84,500	-
Harford County Cares Respite care for adult care givers	85,810 (a)	-	85,550	-
Academic Legacy Scholarship Fund	69,929	-	69,708	-
The Promise Fund	52,300	-	52,300	-
Habitat Susquehanna Endowment Fund*	50,000	-	-	-
Harford County Hope for Homeless Alliance Fund	45,224	-	45,224	-
Support for academic arts and sciences	35,941	-	10,536	-
Stack and Store Fund	33,300	-	26,300	-
Greater Bel Air Community Foundation Endowment Fund*	31,201	-	20,000	-
Undesignated for charitable purposes	30,116	-	30,116	-
Support to benefit students pursuing a career in Environmental Science	29,217	-	28,717	-
	29,000	-	28,000	-

(a) Substantial distributions in excess of corpus has been remitted

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(5) Restricted net assets (continued):

	2021		2020	
	Donor net assets held for <u>investment</u>	Other donor net asset <u>activity</u>	Donor net assets held for <u>investment</u>	Other donor net asset <u>activity</u>
Support for the We Can Cancerve movement	\$ 25,615	-	14,305	42,351
- satisfied to date	-	-	-	(26,201)
Support for Children and senior adults in Harford County, Maryland	25,000	-	25,000	-
Boys and Girls Club of Harford County, Maryland*	24,701	-	24,701	-
Support for Homecoming Project, Inc.*	23,700	-	22,100	-
Working to end hunger in Harford County, Maryland	23,044	-	21,985	-
Help Your Neighbor Fund	22,888	-	14,880	-
Support for not-for-profit homeless organizations	22,600	-	22,500	-
Scholarships to benefit Harford County, Maryland students in honoring the life of Colin J Haller	21,705	-	21,415	-
Support for Harford County students	20,766	-	18,629	-
Support for Edgewood, Maryland Community	18,398	-	18,398	-
Scholarships for children pursuing higher education in agri-business and veterinary science	16,371	-	16,371	-
Women's Assistance Fund	16,327	-	-	-
Support for organizations providing services to Harford County residents	16,001	-	16,001	-
Support for capital needs for Harford Family House*	15,237	-	11,012	-
Support for Children's vascular surgery	15,185	-	14,135	-
Support for charitable and educational activities in Harford County	15,000	-	15,000	-
Memorial fund to honor the legacy of Gabriel Little	14,624	-	14,624	-
Support for general charitable purposes	12,686	-	12,186	-
Support for animal related charities	12,000	-	12,000	-
Support for animal rescue charities	12,000	-	12,000	-
Animal welfare	11,769	-	11,669	-

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(5) Restricted net assets (continued):

	2021		2020	
	Donor net assets held for <u>investment</u>	Other donor net asset <u>activity</u>	Donor net assets held for <u>investment</u>	Other donor net asset <u>activity</u>
Support for Harford Family House*	\$ 11,195	-	11,095	-
Support for the general welfare of children in Harford County, Maryland	11,000	-	11,000	-
Nursing scholarships within Harford County, Maryland residents	10,916	-	10,916	-
Scholarships to benefit students pursuing a post secondary degree in STEM	10,857	-	10,857	-
Support for the Y of Central Maryland center in Abingdon, Maryland*	10,500	-	10,500	-
Support for work of Chabad of Harford County*	10,388	-	10,388	-
Support various charitable needs in Harford County - satisfied to date*	10,000	-	10,000	311,550
	-	-	-	(300,000)
Support for Lower Susquehanna Greenway Endowment*	10,000	-	10,000	-
Harford County Community Fund	6,855	-	5,755	-
Humane Society and at-risk Children	5,553	-	5,553	-
Scholarship Fund for Education	4,870	-	-	-
Harford County Preserves	3,105	-	2,310	-
Harford County Nutures	820	-	527	-
Harford County Cares	455	-	427	-
Other - net	17	-	-	-
Total investment related contributions	\$2,055,580	-	1,481,609	27,700

* agency funds

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(5) Restricted net assets (continued):

	<u>2021</u>		<u>2020</u>	
	<u>Donor</u> <u>net assets</u> <u>held for</u> <u>investment</u>	<u>Other</u> <u>donor</u> <u>net asset</u> <u>activity</u>	<u>Donor</u> <u>net assets</u> <u>held for</u> <u>investment</u>	<u>Other</u> <u>donor</u> <u>net asset</u> <u>activity</u>
Total investment related contributions	\$2,055,580	-	1,481,609	27,700
Accumulated investment appreciation (depreciation) net of investment and administrative expenses	886,325	24,845	447,588	24,845
Accumulated distributions	(372,239)	(6,012)	(211,005)	(6,012)
Accumulator funds	-	21,270	-	5,214
Support for opportunities that foster preservation of Deer Creek and its natural resources	-	84,350	-	84,350
- satisfied to date	-	(53,762)	-	(53,762)
Scholarships to benefit students in various academic areas	-	51,000	-	51,000
- satisfied to date	-	(11,000)	-	(11,000)
Support for not-for-profit organizations to provide critical emergency supports for basic needs of local families	-	28,981	-	28,981
- satisfied to date	-	(9,184)	-	(9,184)
Support the needs of the homeless and betterment thereof	-	32,712	-	32,712
- satisfied to date	-	(1,878)	-	(1,878)
Harford County Grant Academy	-	13,500	-	13,500
- satisfied to date	-	(10,477)	-	(10,477)
Estimated value of funds	2,569,666	164,345	1,718,192	175,989
Distributions payable	-	-	(20,000)	-
Net investment appreciation (depreciation) classified as donor restricted assets other than endowment	(514,086)	514,086	(216,583)	216,583
Unrestricted net assets included in investment funds	-	-	-	-
- Operation Endowment for CFHC	(56,200)	(43,279)	(56,200)	(22,972)
Total funds held	1,999,380	635,152	1,425,409	369,600
Funds held as custodian trustee for agency funds	(575,709)	(166,721)	(369,636)	(49,911)
Total	<u>\$1,423,671</u>	<u>468,431</u>	<u>1,055,773</u>	<u>319,689</u>

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(5) Restricted net assets (continued):

Consistent with the CFHC management's interpretation of the applicable law(s) that underlie the classification of donor-restricted endowment funds, net assets with restrictions held for endowment are to be held for perpetuity with the intention that only the related income derived from the investment of these net assets may provide the support for the program activities as identified by the donor. Effective during 2009, the State of Maryland adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that serves as a guideline to states to use in enacting legislation. CFHC classifies as net assets with restrictions held for endowment (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the discretion of the applicable donor gifts at time the accumulation is added to the fund. The remaining portion of the donor restricted endowment funds, including accumulator funds, that is not classified in net assets with donor restrictions held for endowment is classified as net assets with other donor restrictions until those amounts are explicitly appropriated by the CFHC Board of Directors for expenditure in a manner consistent with the standard of prudence as described by the UPMIFA.

Accumulator funds are donor contributions which are contributed over a period of specified time which, ultimately, are expected to amount to the minimum required amount for classification as a net assets held for endowment or investment. In the event that the total contributed funds do not attain the minimum level for endowment or investment in the specified time, the CFHC may disburse such funds for other charitable purposes.

The investment goal is to provide income and capital growth to be used and future financial obligations of CFHC while limiting the risk of funds in order to preserve the endowed principal. The investment objective is pursued as a long-term goal designed to maximize returns after expenses while limiting exposure to investment risk.

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(5) Restricted net assets (continued):

Changes in endowment net assets (including agency funds) for the year ended June 30, 2020 and 2021 consist of the following:

	<u>Accumulator Funds</u>	<u>Endowment Funds</u>	<u>Total</u>
Estimated value of funds, June 30, 2019	\$ <u>8,002</u>	<u>1,279,789</u>	<u>1,287,791</u>
Year ended June 30, 2020:			
Contributions	2,757	77,431	80,188
Transfers and other adjustments	(4,504)	-	(4,504)
Distributions - grants	-	(29,374)	(29,374)
Other reductions	<u>(1,000)</u>	<u>(27,314)</u>	<u>(28,314)</u>
Net additions	<u>(2,747)</u>	<u>20,743</u>	<u>17,996</u>
Investment income (loss):			
Interest and dividends and realized and unrealized gains and (losses) and expenses	3	41,106	41,109
CFHC Administrative fees	<u>(44)</u>	<u>(14,495)</u>	<u>(14,539)</u>
Net investment gains	<u>(41)</u>	<u>26,611</u>	<u>26,570</u>
Estimated value of funds, June 30, 2020	<u>5,214</u>	<u>1,327,143</u>	<u>1,332,357</u>
Year ended June 30, 2021:			
Contributions	14,126	374,819	388,945
Distributions - grants	<u>-</u>	<u>(45,073)</u>	<u>(45,073)</u>
Net additions	<u>14,126</u>	<u>329,746</u>	<u>343,872</u>
Investment income (loss):			
Interest and dividends and realized and unrealized gains and (losses) and expenses	2,122	364,841	366,963
CFHC Administrative fees	<u>(192)</u>	<u>(22,175)</u>	<u>(22,367)</u>
Net investment gains	<u>1,930</u>	<u>342,666</u>	<u>344,596</u>
Estimated value of funds, June 30, 2021	<u>\$ 21,270</u>	<u>1,999,555</u>	<u>2,020,825</u>

* includes changes in accrued distributions

Fees charged by CFHC to the all funds for the administration of the funds during 2021 and 2020 amounted to \$28,252 and \$17,432, respectively. These charges are included in the net assets released from restrictions in the Statements of Activities.

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(6) Concentrations

Concentrations of financial contributions during the years ended June 30, 2021 and 2020 consisted of:

	<u>2021</u>	<u>2020</u>
Foundations, groups, corporations and individuals:		
A	\$113,978	-
B	100,000	-
C	50,000	-
D	45,261	32,600
E	20,000	-
F	7,000	42,646
G	260	85,550
H	-	80,000
Government	50,000	10,000
Contributed facilities and services	24,000	24,000
Other	<u>219,555</u>	<u>74,703</u>
Total	<u>\$630,054</u>	<u>349,499</u>

(7) Contributed facilities and services

For the years ended June 30, 2021 and 2020, estimated contributed facilities and services consisted of:

Facilities	<u>\$ 24,000</u>	<u>24,000</u>
Total contributed facilities	<u>\$ 24,000</u>	<u>24,000</u>

(8) Agency accounts

Changes in the Agency funds for the years ended June 30, 2021 and 2020 which have not been included in the Statement of Activities consisted of the following:

Agency funds as of July 1,	\$419,547	385,159
Contributions and similar additions	206,073	35,016
Investment income, net of fees	127,545	13,803
Disbursements and other changes	<u>(10,735)</u>	<u>(14,431)</u>
Agency funds as of June 30,	<u>\$742,430</u>	<u>419,547</u>

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(9) Corona-virus and Loan pursuant to Paycheck Protection Program

During 2020, the corona-virus (Covid-19) crisis has affected CFHC as well as all persons and organizations throughout the world at large. Management is continuing to be attentive to the developing crisis, complying to imposed governmental restrictions as well as implementing its own policies and procedures in order to safely provide its current program services during this period.

The duration of this crisis remains uncertain as well as the ultimate impact it may have on the lives of the organization's employees and community. During 2021 and 2020, the CFHC has had to modify certain of its in-office activities but currently anticipates that the organization will be able to carry-out its mission for the foreseeable future especially as restrictions are beginning to be relaxed.

During 2020, CFHC also applied for and received \$24,300 (Loan) pursuant to the Federal government's current Paycheck Protection Program (PPP) initiative to support small organizations during this unique time. The Loan is subject to certain terms including budgetary requirements, up to a two year term and one per cent interest charge until the Loan either becomes repaid or is forgiven. The Loan is subject to potential forgiveness upon the determination that applicable conditions and restrictions have been achieved. CFHC policy is to reflect as other revenue the amounts considered by management to be allowable pursuant to the PPP upon the forgiveness of the Loan. As of June 30, 2021, no amounts were outstanding on the Loan and, for the year ended June 30, 2021, \$24,300 was recognized as other revenue. As of June 30, 2020, the amounts outstanding on the Loan payable amounted to be \$24,300 and, as for the year ended June 30, 2020, no amounts have been recognized as other revenues.

COMMUNITY FOUNDATION OF HARFORD COUNTY, INC.

Notes to the Financial Statements

(10) Income tax

The management of CFHC has evaluated the organization's tax position relative to FASB ASC 740, *Income Taxes* (which include FASB Interpretation No. 48 (FIN 48) - *Accounting for Uncertainties in Income Tax*) and concluded that the organization has maintained its tax exempt status and has taken no uncertain tax positions. Accordingly, no provision for income tax has been included in the financial statements. With few exceptions, CFHC is not subject to income tax examination for years prior to 2018.

(11) Evaluation of subsequent events

The management of the CFHC has evaluated subsequent events through February 16, 2022, the date which the financial statements were available to be issued.