

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
(A component unit of the College of Southern Maryland)

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
College of Southern Maryland Foundation, Inc.
La Plata, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of College of Southern Maryland Foundation, Inc. which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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 from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
College of Southern Maryland Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College of Southern Maryland Foundation, Inc. as of June 30, 2017 and 2016 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of changes in net assets and investments are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Baltimore, Maryland

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 1,581,921	\$ 1,613,660
Investments	7,764,896	6,557,415
Beneficial interests in charitable trusts	2,353,214	1,906,969
Pledges receivable, net	<u>516,428</u>	<u>495,804</u>
TOTAL ASSETS	<u>\$ 12,216,459</u>	<u>\$ 10,573,848</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expense	\$ 40,709	\$ 162,181
Charitable gift annuities payables	<u>-</u>	<u>-</u>
Total liabilities	<u>40,709</u>	<u>162,181</u>
NET ASSETS		
Unrestricted	1,253,062	1,371,453
Temporarily restricted	5,902,129	4,937,385
Permanently restricted	<u>5,020,558</u>	<u>4,102,830</u>
Total net assets	<u>12,175,750</u>	<u>10,411,667</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,216,459</u>	<u>\$ 10,573,848</u>

See accompanying Notes to Financial Statements.

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>				<u>2016</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE								
Contributions	\$ 130,801	\$ 687,271	\$ 917,645	\$ 1,735,718	\$ 329,014	\$ 483,549	\$ 440,406	\$ 1,252,969
Investment income	22,362	685,051	-	707,412	(5,047)	164,001	-	158,954
Donated services and facilities	292,515	-	-	292,515	296,478	-	-	296,478
In-kind contributions	16,537	31,385	-	47,921	46,947	18,480	-	65,427
Change in value of beneficial interests	-	164,632	(9,656)	154,976	-	(30,993)	-	(30,993)
Adjustment for uncollectible pledges	-	-	-	-	-	-	(250)	(250)
Net assets reclassified by donor	-	(9,740)	9,740	-	-	-	-	-
Net assets released from restrictions:- satisfaction of program restrictions	593,855	(593,855)	-	-	645,591	(645,591)	-	-
Total support and revenue	<u>1,056,070</u>	<u>964,744</u>	<u>917,729</u>	<u>2,938,543</u>	<u>1,312,983</u>	<u>(10,554)</u>	<u>440,156</u>	<u>1,742,585</u>
EXPENSES								
Program services	714,740	-	-	714,740	885,739	-	-	885,739
General and administrative	183,796	-	-	183,796	193,157	-	-	193,157
Fund raising and direct	275,924	-	-	275,924	267,583	-	-	267,583
Total expenses	<u>1,174,461</u>	<u>-</u>	<u>-</u>	<u>1,174,461</u>	<u>1,346,479</u>	<u>-</u>	<u>-</u>	<u>1,346,479</u>
INCREASE (DECREASE) IN NET ASSETS	(118,391)	964,744	917,729	1,764,083	(33,496)	(10,554)	440,156	396,106
NET ASSETS, BEGINNING OF YEAR	<u>1,371,453</u>	<u>4,937,385</u>	<u>4,102,829</u>	<u>10,411,668</u>	<u>1,404,949</u>	<u>4,947,939</u>	<u>3,662,673</u>	<u>10,015,561</u>
NET ASSETS, END OF YEAR	<u>\$ 1,253,062</u>	<u>\$ 5,902,129</u>	<u>\$ 5,020,558</u>	<u>\$ 12,175,750</u>	<u>\$ 1,371,453</u>	<u>\$ 4,937,385</u>	<u>\$ 4,102,829</u>	<u>\$ 10,411,667</u>

See accompanying Notes to Financial Statements.

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,764,083	\$ 396,106
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Change in fair value of investments	(421,106)	1,046,110
Realized (gain) loss on sale of investments	(18,415)	(978,361)
Bad debt expense		25
Change in value of beneficial interest in charitable trusts	(154,976)	30,993
Permanently restricted contributions	(917,645)	(440,406)
Effect of changes in operating assets and liabilities:		
Pledges receivable	114,138	(266,219)
Accounts payable and accrued expenses	<u>(121,472)</u>	<u>145,219</u>
Net cash provided by operating activities	<u>244,606</u>	<u>(66,533)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,748,198)	(6,959,354)
Proceeds of sales of investments	<u>1,554,207</u>	<u>6,849,452</u>
Net cash used in investing activities	<u>(1,193,991)</u>	<u>(109,902)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Permanently restricted contributions	<u>917,645</u>	<u>440,406</u>
Net cash used in financing activities	<u>917,645</u>	<u>440,406</u>
INCREASE IN CASH AND CASH EQUIVALENTS	(31,739)	263,971
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,613,660</u>	<u>1,349,689</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,581,921</u>	<u>\$ 1,613,660</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Donated services and facilities	340,436	481,905
Donated land transferred to the College		120,000

See accompanying Notes to Financial Statements.

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

NOTE 1 ORGANIZATION

College of Southern Maryland Foundation, Inc. (the Foundation) operates exclusively for charitable and educational purposes, including but not limited to receiving contributions, investing and reinvesting any gifts or other donations, and awarding scholarships and grants for the benefit of the College of Southern Maryland (the College), its students or faculty.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingencies at the date of the statement of financial position and revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and short-term investments with maturities at dates of purchase of three months or less are classified as cash equivalents. Cash equivalents include U.S. Treasury securities and other short-term, highly liquid investments and are carried at cost plus accrued interest, which approximates fair value.

Investments

Investments are stated at fair value. Both realized and unrealized gains and losses in fair value are reflected in the Statement of Activities.

Beneficial Interest in Charitable Trust

The Foundation recognizes a beneficial interest in an irrevocable charitable remainder trust at estimated fair value, and classifies this interest in accordance with donor imposed restrictions in the Statement of Activities.

Pledges Receivable

Unconditional pledges to give represent promises from donors to contribute monies for the Foundation's programs and activities. Such pledges are recognized as support when the pledge is made. Unconditional pledges to give where payment is due in the next year are recognized at their net realizable amounts. Unconditional pledges to give where payment is due in subsequent years are recognized at the present value of their net realizable amounts, using a discount rate.

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Pledges

A provision for uncollectible pledges has been established by management for the years ended June 30, 2017 and 2016. Any pledges deemed to be uncollectible are written off at the time of such determination.

Classification of Net Assets

Net assets, which result from contributions or other inflows of assets from donors, are reported as unrestricted or restricted based on the stipulations of the donor. Unrestricted net assets are the portion of net assets that are neither temporarily nor permanently restricted by donor stipulations on their use and include resources that have been designated for special use by the Board of Directors. All unrestricted funds are for use of the Foundation's supporting activities. Unrestricted net assets generally result from unrestricted contributions, less expenses incurred in receiving unrestricted contributions, raising contributions, and performing administrative functions. Temporarily restricted net assets generally result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that can be removed by the passage of time or action of the Foundation pursuant to those stipulations. Permanently restricted net assets are the portion of net assets whose use is limited by donor-imposed stipulations that cannot be removed by the passage of time or action of the Foundation. Income from these assets can be unrestricted or restricted based on donor stipulation.

Contributions

Contributions are recognized as received, except in the case of pledged contributions, which are recognized in the year of the donor's pledge, subject to a discount factor.

Contributions that are expendable, but restricted as to their use or the timing of their use are initially recorded as temporarily restricted support. When a donor's restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Donated gifts, facilities, professional services, and materials and supplies are recorded at their estimated fair value as of the date of the donation.

In-kind Contributions

Non-cash contributions are recorded at their fair value on the date of receipt. Certain non-cash items received are donated to the College for educational support.

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time and services to the Foundation. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement of valuation. The College has allowed the Foundation to utilize office space on its campus. The utilities, water, and the space provided at no cost to the Foundation are not deemed significant. There are no amounts for utilities, water and the space reflected in the financial statements.

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Scholarships

Scholarships are expensed when approved by the Board of Directors.

NOTE 3 INCOME TAXES

The Foundation is exempt from income taxes, except for taxes on unrelated business income, under Section 501(c) (3) of the Internal Revenue Code and related state statutes. The Foundation did not have any unrelated business income for the years ended June 30, 2017 and 2016.

Accounting principles generally accepted in the United States of America require management of an organization to evaluate tax positions taken by the organization and recognize an income tax liability if the organization has taken a position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated the tax positions taken by the Foundation and concluded that as of June 30, 2017 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

NOTE 4 INVESTMENTS

At June 30, 2017 and 2016, the Foundation's investments were in mutual funds summarized as follows:

	Cost	Fair Value	Unrealized Gain / (Loss)
<u>2017</u>			
Equity funds	\$ 5,049,212	\$ 5,505,910	\$ 456,698
Bond funds	2,237,435	2,258,986	21,551
Total	\$ 7,286,647	\$ 7,764,896	\$ 478,249
 <u>2016</u>			
Equity funds	\$ 4,656,619	\$ 4,637,743	\$ (18,876)
Bond funds	1,840,838	1,919,671	78,833
Total	\$ 6,497,457	\$ 6,557,414	\$ 59,957

NOTE 4 INVESTMENTS (CONTINUED)

Investment income from these investments for the years ended June 30, 2017 and 2016 was as follows:

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 267,892	\$ 226,703
Realized gain (loss) on sale of investments	<u>18,415</u>	<u>(56,009)</u>
	286,306	170,695
Unrealized gain (loss) on investments	<u>421,106</u>	<u>(11,741)</u>
Total	<u><u>\$ 707,412</u></u>	<u><u>\$ 158,954</u></u>

NOTE 5 FAIR VALUE

Accounting principles generally accepted in the United States of America define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a fair value reporting hierarchy and define three broad levels of inputs (the assumptions that market participants would use in pricing the asset or liability) as noted below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liabilities.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Valuation is based on unobservable inputs for the asset or liability. Level 3 assets may include financial instruments whose value is determined using pricing models with internally developed assumptions, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

NOTE 5 FAIR VALUE (CONTINUED)

For the year ended June 30, 2017, there were no transfers in or out of Levels 1, 2 or 3.

Mutual Funds

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

The Foundation's investments in mutual funds are valued using quoted prices in active markets for identical assets at the measurement date. Based on the inputs identified these investments are considered Level 1.

Beneficial interest in charitable trusts

The Foundation's interest in charitable trusts is valued using the present value of the estimated future cash receipts from the trust's assets. The Foundation used a risk free rate of return which was risk-adjusted to determine the discount rate ranging from 5% to 2.14% for the years ended June 30, 2017 and 2016. Based on the inputs the beneficial interest in charitable trust is considered Level 3.

As of June 30, 2017 and 2016, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
2017				
Mutual Funds				
Equity funds	\$ 5,505,910	-	\$ -	\$ 5,505,910
Bond funds	<u>2,258,986</u>	<u>-</u>	<u>-</u>	<u>2,258,986</u>
Total mutual funds	7,764,896	-	-	7,764,896
Beneficial interest in charita	<u>-</u>	<u>-</u>	<u>2,353,214</u>	<u>1,937,962</u>
 Total	 <u>\$ 7,764,896</u>	 <u>\$ -</u>	 <u>\$ 2,353,214</u>	 <u>\$ 9,702,858</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
2016				
Mutual Funds				
Equity funds	\$ 4,637,743	-	\$ -	\$ 4,637,743
Bond funds	<u>1,919,671</u>	<u>-</u>	<u>-</u>	<u>1,919,671</u>
Total mutual funds	6,557,414	-	-	6,557,414
Beneficial interest in charita	<u>-</u>	<u>-</u>	<u>1,906,969</u>	<u>1,937,962</u>
 Total	 <u>\$ 6,557,414</u>	 <u>\$ -</u>	 <u>\$ 1,906,969</u>	 <u>\$ 8,495,376</u>

The following is a reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the year ended June 30:

	<u>2017</u>	<u>2016</u>
Balance July 1	\$ 1,906,969	\$ 1,937,962
Contributions	291,269	-
Change in value of beneficial interest in charitable trusts	<u>154,976</u>	<u>(30,993)</u>
Total	<u>\$ 2,353,214</u>	<u>\$ 1,906,969</u>

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

NOTE 7 PLEDGE RECEIVABLE

Pledges receivable is composed of pledges for the following purposes:

	<u>2017</u>	<u>2016</u>
Contributions Receivable:		
Insurance Funding	\$ 38,792	\$ 39,585
Kids College	-	\$ 20,000
Trades and Transportation	19,000	20,000
Wellness	3,000	4,000
Undesignated Gifts	45,937	61,437
Ward Verts	2,000	2,000
Scholarships	<u>650,621</u>	<u>591,346</u>
	759,350	738,368
Discount to net present value	(243,198)	-242,564
Allowance for uncollectible pledges	<u>-</u>	<u>-</u>
Net contributions receivable	<u>\$ 516,428</u>	<u>\$ 495,804</u>
Net beneficial interest in charitable remainder trusts	<u>2,353,214</u>	<u>3,242,214</u>
Total pledges receivable	<u>\$ 2,869,642</u>	<u>\$ 3,738,018</u>

The Foundation expects to collect pledges receivable in the following years ended June 30:

2018	\$	123,318
2019		101,538
2020		50,840
2021		4,000
2022		4,000
Thereafter		<u>466,654</u>
		750,350
Discount to present value		<u>(243,198)</u>
Total		<u>\$ 744,142</u>

Discount to net present value was computed using a risk free rate of return for U.S. Treasuries matching the timing of the scheduled pledge payment, ranging from .6% to 3.5%.

NOTE 7 BENEFICIAL INTEREST IN A CHARITABLE TRUST

The beneficial interest in charitable trusts represents the present value of future distributions the Foundation expects to receive from its beneficial interest in two trusts. The present value of future distributions is an estimate calculated at the time the Foundation becomes aware of its beneficial interest in an applicable trust and is based on the trust value at that time plus certain discount factors and actuarial assumptions. The discount rate used for June 30, 2017 and 2016 range from 5% to 2.14%. Changes in the value of the beneficial interest in the trust (investment gains and losses and discount amortization) are reflected in the statement of activities.

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

One trust, consisting of a \$3,311,765 diversified portfolio of cash, mutual funds, stocks, bonds, and other investments is managed by a local bank will expire on July 31, 2026. In September 2016, another donor funded a life annuity trust in the amount of \$525,000 is invested in a diversified portfolio of mutual funds. The value of this annuity has been computed over the actuarial life expectancy of the beneficiary discounted at the risk free return of the treasury yield closest to this term. The following is the discounted net present value of the Foundation's beneficial interest in the charitable trust:

	<u>2017</u>	<u>2016</u>
Balance July 1	\$ 1,906,969	\$ 1,937,962
Contributions	291,269	-
Change in value of beneficial interest in charitable trusts	<u>154,976</u>	<u>(30,993)</u>
Total	<u>\$ 2,353,214</u>	<u>\$ 1,906,969</u>

NOTE 8 DONATED SERVICES AND FACILITIES

During the years ended June 30, 2017 and 2016, the value of donated goods and services recognized in the accompanying Statements of Activities as both support and expenses was \$292,515 and \$296,478, respectively, and included the following:

NOTE 9 PROGRAM EXPENSES

	<u>2017</u>	<u>2016</u>
Athletics	\$ 56,357	\$ 33,452
Celebration of the Arts	6,035	6,950
Children's Learning	7,716	75,000
Educational Excellence	-	150
Entrepreneurial & Innovation Institi	-	10,000
Employee Awards	-	-
Continuing Education Scholarships	76,696	14,702
ISTEM	61,475	61,475
Nonprofit Institute	2,200	-
Nursing Healthcare	11,171	1,200
Other	3,128	73,021
Scholarships	462,311	464,289
Southern Maryland Studies Center	-	1,000
Trades & Technology	18,901	-
Study Abroad Programs	-	15,000
Ward Virts	<u>8,750</u>	<u>9,500</u>
Total	<u>\$ 714,740</u>	<u>\$ 885,739</u>

NOTE 10 ENDOWMENTS

The Foundation's endowments consist of approximately 50 individual funds (the Funds) established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

reported based on the existence or absence of donor-imposed restrictions. The endowment consists of donor restricted endowment funds and board-designated endowments.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments 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 Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a) The duration and preservation of the fund;
- b) The purposes of the Foundation and the donor-restricted endowment fund;
- c) General economic conditions;
- d) The possible effect of inflation and deflation The expected total return from income and the appreciation of investments;
- e) Other resources of the Foundation;
- f) The investment policies of the Foundation.

The Foundation had the following changes in the endowment net assets (including pledges receivable of \$224,691 and \$241,987) during the years ended June 30, 2017 and 2016:

	<u>2017</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment net assets, beginning of year	\$ 25,000	\$ 1,406,657	\$ 4,102,829	\$ 5,534,486
Contributions	-	-	917,645	917,645
Appropriation of endowment assets for expenditure	-	(149,204)	-	(149,204)
Endowment net assets after contributions and expenditures	25,000	1,257,454	5,020,474	6,302,928
Investment return:				
Investment income	-	558,947	-	558,947
Endowment net assets after investment	25,000	1,816,401	5,020,474	6,861,875
Other changes:				
Redirection by donor of prior gift	-	(78,965)	9,740	(69,225)
Change in value of beneficial interest in trust	-	-	(9,656)	(9,656)
Endowment net assets, end of year	<u>\$ 25,000</u>	<u>\$ 1,737,436</u>	<u>\$ 5,020,558</u>	<u>\$ 6,782,994</u>

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

NOTE 10 ENDOWMENTS (CONTINUED)

	<u>2016</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment net assets, beginning of year	\$ 25,000	\$ 1,364,576	\$ 3,662,673	\$ 5,052,249
Contributions	-	-	440,406	440,406
Appropriation of endowment assets for expenditure	-	(97,852)	-	(97,852)
Endowment net assets after contributions and expenditures	25,000	1,266,724	4,103,079	5,394,803
Investment return:				
Investment income	-	139,933	-	139,933
Endowment net assets after investment	25,000	1,406,657	4,103,079	5,534,736
Other changes:				
Redirection by donor of prior gift	-	-	-	-
Adjustment for uncollectible pledge	-	-	(250)	(250)
Endowment net assets, end of year	<u>\$ 25,000</u>	<u>\$ 1,406,657</u>	<u>\$ 4,102,829</u>	<u>\$ 5,534,486</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature should be reported in unrestricted net assets. There were no deficiencies at June 30, 2017 and 2016.

Return Objectives and Risk Parameters

The Foundation implemented investment and spending policies for endowment assets that attempted to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist of those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors in November 2016, the Board of Directors specifies that endowment assets are invested in a manner that is intended to produce results that exceed the return of two weighted indices comprised of either 65% Wilshire 500 total market index and 35% Barclay Capital Aggregate Bond Index, or 65% S&P Global Market Index and 35% Barclays Capital Global Aggregate Index, while assuming a moderate level of investment risk.

Under the updated investment policy, the Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 4.5% above the trailing 3-year

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

NOTE 10 ENDOWMENTS (CONTINUED)

CPI. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-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 policy of annually appropriating for distribution a target of 5% of the previous twenty quarters' average market value of its endowment funds. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current investment policy to allow its endowments to earn an average return that is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 11 NET ASSET RESTRICTIONS

Net assets were restricted at June 30 for the following purposes:

	<u>2017</u>	<u>2016</u>
Unrestricted:		
Undesignated	\$ 1,228,062	\$ 1,346,453
Board designated for scholarships	<u>25,000</u>	<u>25,000</u>
Total unrestricted	<u>1,253,062</u>	<u>1,371,453</u>
 Temporarily Restricted Net Assets:		
Academic programs	375,732	380,154
Childcare center	458,384	531,411
Endowed scholarships	1,737,436	1,412,723
Institutional support	18,347	17,333
Public service	74,494	43,273
Scholarships	867,310	631,529
Student services	17,213	13,993
Beneficial interests in charitable trusts	<u>2,353,214</u>	<u>1,906,969</u>
Total temporarily restricted	<u>5,902,130</u>	<u>4,937,385</u>
 Permanently Restricted Net Assets:		
Endowed scholarships	4,583,443	3,947,829
Beneficial interests in charitable trusts	282,115	-
Program support	<u>155,000</u>	<u>155,000</u>
Total permanently restricted	<u>5,020,558</u>	<u>4,102,829</u>
 Total	 <u>\$ 12,175,750</u>	 <u>\$ 10,411,667</u>

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

NOTE 11 NET ASSET RESTRICTIONS (CONTINUED)

Temporarily restricted net assets released from restrictions were as follows:

	<u>2017</u>	<u>2016</u>
Scholarships	\$ 462,311	\$ 507,015
Program support	131,544	138,576
Fund raising	-	-
	<u>\$ 593,855</u>	<u>\$ 645,591</u>

NOTE 12 EXPENSES BY NATURAL CLASSIFICATIONS

The financial statements show expenses by functional expense classification for the College. The following table reflects expenses for the years ended June 30, 2017 and 2016 by natural classification:

	<u>2017</u>	<u>2016</u>
Salaries, wages, and benefits	\$ 265,817	\$ 248,864
Supplies and materials	21,746	22,888
Contactual services	131,544	187,138
Conferences and meeting	139,330	44,909
Insurance, licenses, and fees	1,093	1,093
Scholarships & Grants	447,079	507,015
Other	167,852	334,572
	<u>\$ 1,174,461</u>	<u>\$ 1,346,479</u>

NOTE 13 RELATED PARTIES

The College donated consulting services, personnel services, facilities and support for fundraising and donor cultivation activities, including travel, printing, office and advertising costs to the Foundation valued at \$292,515 and \$296,478 in 2017 and 2016, respectively. These donations are reflected in the financial statements as both support revenue and expense.

The Foundation paid the College \$ and \$594,762 in 2017 and 2016, respectively, for scholarships and other contributions. As of June 30, 2017 and June 20, 2016, there was no payable balances to the College.

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.

NOTE 14 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through September 14, 2017, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to September 4, 2017 that provided additional evidence about conditions that existed at June 30, 2017 have been recognized in the financial statements for the year ended June 30, 2017. Events or transactions that provided evidence about conditions that did not exist at June 30, 2017 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2017.

In July 2017, the Foundation received notification that the State of Maryland approved a \$500,000 grant from the State of Maryland's Maryland E-Innovation Initiative Fund (MEIF), administered by the Maryland Department of Commerce. This program offers a state match to private funds raised in support of endowed chairs at higher education institutions within the state. The Foundation has committed to designate current unrestricted funds to meet this match in the event no additional outside funds are raised. The proceeds will supplement College and other resources designated to support its new Velocity Center located near Indian Head, Maryland.

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
SCHEDULE OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017

	<u>Net Assets</u> <u>July 1, 2016</u>	<u>Investment</u> <u>Income</u>	<u>Contributions</u>	<u>Scholarship</u> <u>Awards</u>	<u>Other</u> <u>Additions</u>	<u>Net Assets</u> <u>June 30, 2017</u>
UNRESTRICTED NET ASSETS						
Undesignated						
Undesignated gifts and bequests	1,211,242	18,970	95,951	(53,238)	(145,815)	1,127,110
Special Events	117,971	1,699	51,209		(89,223)	81,656
Student Services	215		650			865
Technology Acct - State Matching Funds	6,993	711				7,704
Theatritext @ St. Mary's	88				(88)	-
Jaycees Educational Assistance Program	3,487	331		(557)		3,261
Library Memorial	6,457	649	360			7,466
Total undesignated	1,346,453	22,362	148,170	(53,795)	(235,126)	1,228,062
Board designated						
R. Fisher Endowment Fund	25,000	-				25,000
Total unrestricted net assets	1,371,453	22,362	148,170	(53,795)	(235,126)	1,253,062
TEMPORARILY RESTRICTED NET ASSETS						
Undesignated - Hassanein Charitable Trust	1,906,968	-	-		164,302	2,071,270
ADF Bingo - Kids College	18,035		87	(9,942)	(7)	8,173
Adjunct Faculty Endowment	1,683	3,564		(1,000)		4,247
Adjunct Faculty Merit	1,994		376	(1,500)		870
Adjunct Faculty Need	269		133			402
Albert L. Edler, Jr. Memorial	1,271	2,778		(1,800)		2,249
Alumni Scholarship	2,860	218	1,145	(1,000)		3,223
APA & SAL Scholarship	875		1,000	(500)		1,375
Arc Southern MD Media Scholarship	500				1	501
Arc Southern MD Nurse Scholarship	1				(1)	-
AVSI Scholarship Fund	3,000			(3,000)		-
B Wheatley Memorial Endowment	1,406	919			(1,407)	2,325
Bailey Memorial Nurse Endowment	757	2,647				3,404
Bay Business Group Annual Scholarship	2,000			(2,000)		-
Beers Scholarship Fund	84,807	33,533		(22,000)		96,340
Besche Family Scholarship			30,000	(10,000)		20,000
Bill Montgomery Memorial Scholarship	390	2				392
Bill Wood Memorial Scholarship	27,789	2,810	120			30,719

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
SCHEDULE OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2016
(CONTINUED)

	<u>Net Assets</u> <u>July 1, 2016</u>	<u>Investment</u> <u>Income</u>	<u>Contributions</u>	<u>Scholarship</u> <u>Awards</u>	<u>Other</u> <u>Additions</u>	<u>Net Assets</u> <u>June 30, 2017</u>
TEMPORARILY RESTRICTED NET ASSETS (continued)						
BN Guerrieri Memorial Scholarship	(650)		650	(650)	650	-
Boone & Edelen Scholarship	4,010			(500)		3,510
Brad & Linda Gottfried Scholarship	9,255	102	1,390	(800)	(8,000)	1,947
Bradley Gottfried Endowment	3,929	2,077				6,006
BT Sanders Memorial Scholarship	1,000			(1,000)		-
Building Futures Scholarship		446	93,849		(9,025)	85,270
C&M McAllister Endowment Fund	11,947	4,598				16,545
Calvert County Chamber Endowment	(170)	2,516		(1,800)		546
Calvert County 350th Anniversary Endowment	4,081	1,738				5,819
Calvert County Chamber Scholarship	1,170	69		(1,200)		39
Calvert Resources Scholarship	500			(500)		-
Captain B Robertson Endowment	2,222	2,362		(750)		3,834
Castles and Foundations Fund	15,828	6,648		(5,000)		17,476
Celebration of the Arts	41,575	3,700	6,894		(6,688)	45,480
Chandler Keys	37				(37)	-
Chaney Endowment	18,902	19,176		(5,500)		32,578
Charles County Chamber Commerce	500		2,000	(1,000)		1,500
Charles County Women's Club	1,242			(500)	8	750
Charles Nurse/Health Scholarship	9,900		5,000	(5,000)		9,900
Christopher Chinault Scholarship	19,370	6,964		(4,000)		22,334
Civista Medical Center	5,286	1,555				6,841
CK Walsh Memorial Scholarship		225	13,481			13,706
CLC Scholarship Fund	548		210			758
Coldwell Banker J Lilly-CTIT	1,720	268	1,777			3,765
Community Bank of the Chesapeake Annual	25,150	-	1,717	(5,000)		21,867
Community Bank of the Chesapeake Endowment		1,726				1,726
Connie Kite Memorial Scholarship	5,615	95	200	(2,000)		3,910
Constellation Energy (formerly NET Annual Scholarship)		15,282			40,377	55,659
CR Posten Memorial Fund	2,330	135		(1,000)		1,465
CSF Scholarship Fund	2,617		2,423	(1,000)		4,040
CSM Children's Center	466,094	46,283	4,022		(7,716)	508,683
Darrow Memorial Scholarship	4,100			(1,500)		2,600
Desiree Angel Osvatics	288		380			668
D Fredette Memorial Scholarship			20,150			20,150

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
SCHEDULE OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017
(CONTINUED)

	FOR THE YEAR ENDED JUNE 30, 2017				Other Additions	Net Assets June 30, 2017
	Net Assets July 1, 2016	Investment Income	Contributions	Scholarship Awards		
TEMPORARILY RESTRICTED NET ASSETS (continued)						
DM Kranskowski Memorial	1,000			(500)		500
Dr. Elvear B Johnson Scholarship	500		1,500	(1,500)		500
Dr. Nallan Ramakrishna Scholarship	7,941	12,328		(3,000)		17,269
E Lilly Memorial Nursing	2,015		1,177	(1,000)		2,192
Ed Matthews, Jr Endowment Fund	9,168	3,013		(2,000)		10,181
Educational Excellence Fund	50,280	4,795			(300)	54,775
Elaine Ryan Legacy Fund	35,446	3,581				39,027
Endowed Scholarship Fund	31,829	13,999				45,828
Entrepreneur & Innovation Institute	35,695	26,657			(1,047)	61,305
ESFCU Scholarship/Faculty	976		3,000	(1,475)		2,501
Fanny Louise Sullivan Sine Henderson Scholarsh	2,512	124	350	(1,000)		1,986
FB Trueman Scholarship Calvert County	30,957	1,739	25,985	(40,763)		17,917
GambriII Scholarship Fund	2,845					2,845
Gary D. Smith Memorial Scholarship	10				(10)	-
Gary Merrill	1,260	332				1,592
General Scholarship Fund	192,536	1,858	43,092	(12,779)	1,362	226,069
Grainger Family Endowment	1,369	2,038				3,407
Grimm & Parker Endowment	1,093	1,637				2,730
GRPA Scholarship						-
H Willoughby Foundation Scholarship	3,910	80	47,250	(45,000)		6,240
Harland R. & Lulu R. Cravat Memorial Scholarsh	53,582	5,451				59,033
Health Sciences Scholarship		1,400	25,000	(5,000)		21,400
Helen and Henry Lawlor Scholarship	16,279	3,977		(3,000)		17,256
Helen J. Todd Scholarship	49,250		15,000	(4,000)		60,250
Hempstead Family Scholarship			8,782			8,782
Holt Memorial Nursing Scholarship	2,964		23	(1,000)		1,987
Home Towne RE Scholarship	500			(500)		-
HV Scotland, Jr/III Memorial Endowment	397	1,531				1,928
ISSSWDC	1,000		2,500	(2,500)		1,000
ISTEM	147,808	15,815	67,790		(58,026)	173,387
Ives Freedom Scholarship Fund	2,573			(1,000)		1,573
J&M Harms Endowed Scholarship		33,610				33,610
J Patak Memorial Endowment	1,019	1,243			(523)	1,739
J Patak Memorial Annual Scholarship		38			523	561
J Zanelotti, Sr Memorial Scholarship	5,402		2,013	(1,000)		6,415
J. Ivey Cline Memorial Scholarship	5,309	2,003		(1,125)		6,187

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
SCHEDULE OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	<u>Net Assets</u> <u>July 1, 2016</u>	<u>Investment</u> <u>Income</u>	<u>Contributions</u>	<u>Scholarship</u> <u>Awards</u>	<u>Other</u> <u>Additions</u>	<u>Net Assets</u> <u>June 30, 2017</u>
TEMPORARILY RESTRICTED NET ASSETS (continued)						
DM Kranskowski Memorial	1,000			(500)		500
Dr. Elvear B Johnson Scholarship	500		1,500	(1,500)		500
Dr. Nallan Ramakrishna Scholarship	7,941	12,328		(3,000)		17,269
E Lilly Memorial Nursing	2,015		1,177	(1,000)		2,192
Ed Matthews, Jr Endowment Fund	9,168	3,013		(2,000)		10,181
Educational Excellence Fund	50,280	4,795			(300)	54,775
Elaine Ryan Legacy Fund	35,446	3,581				39,027
Endowed Scholarship Fund	31,829	13,999				45,828
Entrepreneur & Innovation Institute	35,695	26,657			(1,047)	61,305
ESFCU Scholarship/Faculty	976		3,000	(1,475)		2,501
Fanny Louise Sullivan Sine Henderson Scholarsh	2,512	124	350	(1,000)		1,986
FB Trueman Scholarship Calvert County	30,957	1,739	25,985	(40,763)		17,917
Gambrill Scholarship Fund	2,845					2,845
Gary D. Smith Memorial Scholarship	10				(10)	-
Gary Merrill	1,260	332				1,592
General Scholarship Fund	192,536	1,858	43,092	(12,779)	1,362	226,069
Grainger Family Endowment	1,369	2,038				3,407
Grimm & Parker Endowment	1,093	1,637				2,730
GRPA Scholarship						-
H Willoughby Foundation Scholarship	3,910	80	47,250	(45,000)		6,240
Harland R. & Lulu R. Cravat Memorial Scholarsh	53,582	5,451				59,033
Health Sciences Scholarship		1,400	25,000	(5,000)		21,400
Helen and Henry Lawlor Scholarship	16,279	3,977		(3,000)		17,256
Helen J. Todd Scholarship	49,250		15,000	(4,000)		60,250
Hempstead Family Scholarship			8,782			8,782
Holt Memorial Nursing Scholarship	2,964		23	(1,000)		1,987
Home Towne RE Scholarship	500			(500)		-
HV Scotland, Jr/III Memorial Endowment	397	1,531				1,928
ISSSWDC	1,000		2,500	(2,500)		1,000
ISTEM	147,808	15,815	67,790		(58,026)	173,387
Ives Freedom Scholarship Fund	2,573			(1,000)		1,573
J&M Harms Endowed Scholarship		33,610				33,610
J Patak Memorial Endowment	1,019	1,243			(523)	1,739
J Patak Memorial Annual Scholarship		38			523	561
J Zanelotti, Sr Memorial Scholarship	5,402		2,013	(1,000)		6,415
J. Ivey Cline Memorial Scholarship	5,309	2,003		(1,125)		6,187

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
SCHEDULE OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017
(CONTINUED)

	<u>Net Assets</u> <u>July 1, 2016</u>	<u>Investment</u> <u>Income</u>	<u>Contributions</u>	<u>Scholarship</u> <u>Awards</u>	<u>Other</u> <u>Additions</u>	<u>Net Assets</u> <u>June 30, 2017</u>
TEMPORARILY RESTRICTED NET ASSETS (continued)						
J. Morton Memorial Scholarship	3,465					3,465
J. Rice & M. Fauth Memorial	27,716	8,386				36,102
J. Schultz-Collins Scholarship	42	4			(46)	-
Jack L Sprague Scholarship	500		500	(500)		500
James C. Mitchell Nursing Scholarship	32,791	5,313		(4,000)		34,104
Jane H. Sypher Scholarship	7,702		3,705	(1,300)		10,107
JF Raley, Jr. STEM Scholarship	6,640	701				7,341
JL & WCS Charity Endowment	1,499	1,654				3,153
Joanne Zwick Memorial Scholarship	2,126	1,211		(950)		2,387
Kavetsky Family Endowment	1,862	885		(700)		2,047
Krankowski Memorial Endowment	37	276				313
L. K. Farrall II Endowment Fund	15,813	6,352		(3,600)		18,565
LaPlata Rotary Energy/Trades Scholarship	28,647		570	(375)	(2,645)	26,197
Leonardtown SA Kickoff Scholarship	1,007	102				1,109
Leonardtown SGA Endowment Fund	9,043	2,342		(500)		10,885
Lilly Memorial Endowment Scholarship	564	1,586				2,150
Louis P. Jenkins, Sr. Endowment Fund	15,636	7,725		(2,200)		21,161
Lucy Detig Endowed Scholarship	4,301	3,472		(750)		7,023
Marguerite Cox Family Memorial	11,342	5,896		(3,075)		14,163
Marrick Properties	55,490	16,189		(1,842)		69,837
Mary Croft Ward Scholarship	1,666	481				2,147
Matthew W. Hancock Memorial Scholarship	515	52				567
McDonough Charity School	11,514	33,501		(13,000)	77,602	109,617
McDonough Foundation Annual Scholarship	89,117	856		(1,075)	(77,602)	11,296
McNelis Family Scholarship	969	46	6	(1,000)		21
McWilliams Family Trust	7,342	3,348		(2,500)		8,190
MD Motor Truck Association Scholarship	2,500		5,119	(2,500)		5,119
Mercantile Southern Maryland Bank	852	87				939
Middleton Nurse Scholarship	15,000		125	(3,000)	(157)	11,968
Milton Somers Scholarship						-
Montgomery Endowment Scholarship	421	1,595				2,016
M Shasho Memorial Endowment		763	10,250			11,013
Neale C Slater Memorial Scholarship	10,091	7,050		(1,100)		16,041
NET Annual Scholarship	75,379	2,561			(40,376)	37,564
NRL Federal Credit Union Scholarship	2,000			(2,000)		-
Nu Zeta Omega Scholarship	2,096		1,200	(900)		2,396
Nursing & Healthcare	54,832	4,926	1,275		(11,019)	50,014

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
SCHEDULE OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017
(CONTINUED)

	Net Assets July 1, 2016	Investment Income	Contributions	Scholarship Awards	Other Additions	Net Assets June 30, 2017
TEMPORARILY RESTRICTED NET ASSETS (continued)						
TJ Murray Memorial Scholarship	1,500					1,500
TLLOPP Fraternity Scholarship	1,000					1,000
Tony Hungerford Memorial Endowment Fund	23,324	8,360		(4,000)		27,684
Toribio Career Starters	999					999
Trades & Technologies	86,026	5,280	18,928		(25,398)	84,837
Travel Studies Endowment	179	1,557				1,736
Travel Studies Scholarship	4,241			(1,362)		2,879
Tri County 40/8 Nurse Scholarship	2,519		800	(800)		2,519
Veterans Education Endowment Fund	67,271	10,879			13	78,163
W. Martinez Jr. Memorial Scholarship	2,276		1,500	(1,500)		2,276
Walter Grove II Endowment Fund	26,800	11,030		(7,500)		30,330
Ward Virts Piano Project	10,502	130	8,529		(8,750)	10,411
WCCCA Scholarship	1,400					1,400
We Salute Our Troops - Desert Storm Scholarship	202	332				534
William D Bauer Memorial Endowment	12,826	1,281		(1,000)		13,107
William Lyon Endowment Fund	9,759	2,895		(1,987)		10,667
Wm. B. and Vivian M. King Endowment Fund	438,702	161,375		(39,450)		560,627
Women in Transition	20	2,220		(20)	(274)	1,946
Woodey Theatre Scholarship	1,761			(500)		1,261
Wyvill Teacher Ed Endowment Scholarship	2,060	2,125		(1,500)		2,685
Ziencik-Hess Memorial Scholarship	1,249		1,218	(1,000)		1,467
Zonta RAVE Walk Scholarship	730		1,025	(1,500)		255
Total temporarily restricted net assets	4,937,385	687,271	687,271	(390,284)	(11,492)	5,902,129
PERMANENTLY RESTRICTED NET ASSETS						
Adjunct Faculty Endowment	33,213		500			33,713
Albert L. Edler, Jr Memorial	26,450					26,450
B Wheatley Memorial Endowment			13,610		1,740	15,350
Bailey Memorial Nurse Endowment	39,615		228			39,843
Beers Scholarship Fund	249,997		285			250,282
Bradley Gottfried Endowment	55,990		2,897		8,000	66,887
C&M McAllister Endowment Fund	33,215		50			33,265
Calvert County Chamber Endowment	24,556		1,030			25,586
Calvert County 350th Anniversary Endowment	13,000					13,000
Captain B Robertson Endowment	16,170		5,000			21,170
Castles and Foundations Fund	50,393					50,393
Chaney Endowment	155,000		40,000			195,000

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
SCHEDULE OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017

	(CONTINUED)				Other Additions	Net Assets June 30, 2017
	Net Assets July 1, 2016	Investment Income	Contributions	Scholarship Awards		
PERMANENTLY RESTRICTED NET ASSETS (continued)						
Christopher Chinault Scholarship	50,000					50,000
Civista Medical Center	10,000					10,000
Constellation Energy	100,000					100,000
Community Bank of the Chesapeake Endowment	73,461					73,461
Dr. Nallan Ramakrishna Scholarship	114,100					114,100
Ed Matthews, Jr Endowment Fund	20,908					20,908
Endowed Scholarship Fund	105,362		798			106,160
Entrepreneur & Innovation Institute	225,000		3,997			228,997
Gary Merrill	2,000					2,000
Grainger Family Endowment	24,948					24,948
Grimm & Parker Endowment	15,000					15,000
Helen and Henry Lawlor Scholarship	23,500					23,500
HV Scotland, Jr/III Memorial Endowment	15,000		2,717			17,717
J&M Harms Endowed Scholarship		-	800,957		(9,656)	791,301
J Patak Memorial Endowment	14,958		285			15,243
J Rice & M Fauth Memorial	54,708					54,708
J. Ivey Cline Scholarship	14,708					14,708
James C. Mitchell Nursing Scholarship	20,000					20,000
JL & WCS Charity Endowment	15,000					15,000
Joanne Zwick Memorial Scholarship	10,000					10,000
Kavetsky Family Endowment	7,000					7,000
Krankowski Memorial Endowment	2,685		200			2,885
L. K. Farrall II Endowment Fund	47,448					47,448
Leonardtown SGA Endowment Fund	14,000					14,000
Lilly Memorial Endowment Scholarship	15,025					15,025
Louis P Jenkins, Sr Endowment Fund	61,000					61,000
Lucy Detig Endowed Scholarship	30,000					30,000
M Shasho Memorial Endowment			14,688			14,688
Marguerite Cox Family Memorial	50,553		2,745			53,298
Marrick Properties	103,870					103,870
Mary Croft Ward Scholarship	3,063					3,063
McDonough Charity School	242,147		1,575			243,722
McWilliams Family Trust	25,957		500			26,457
Montgomery Endowment Scholarship	15,100		378			15,478
Neale C Slater Memorial Scholarship	92,302		7,709			100,011
Nyce Scholarship Endowment	15,632		1,125			16,757
Our Earth Endowment	11,400		3,000			14,400

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
SCHEDULE OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017
(CONTINUED)

	<u>Net Assets</u> <u>July 1, 2016</u>	<u>Investment</u> <u>Income</u>	<u>Contributions</u>	<u>Scholarship</u> <u>Awards</u>	<u>Other</u> <u>Additions</u>	<u>Net Assets</u> <u>June 30, 2017</u>
PERMANENTLY RESTRICTED NET ASSETS (continued)						
P Cangelosi Memorial Scholarship	19,468		5,138			24,606
Renee Mundy Math Endowment	10,949					10,949
Russel G. Croft	112,352		200			112,552
SGA-SHS Endowment	10,012		5,013			15,025
Shani J Whipple Scholarship	5,547					5,547
SMECO Engineers Endowment	97,465					97,465
St. Mary's County Scholarship Endowment Fund	50,100					50,100
Thomas F. Goldsmith Fund	60,000					60,000
Tony Hugerford Memorial Endowment Fund	59,630					59,630
Travel Studies Endowment	15,000		276			15,276
Veterans Education Endowment Fund	38,913		1,000			39,913
Walter Grove II Endowment Fund	82,269		1,675			83,944
We Salute Our Troops - Desert Storm Scholarshi	3,063					3,063
William Lyon Endowment Fund	19,336					19,336
Wm. B. and Vivian M. King Endowment Fund	1,156,150					1,156,150
Wyvill Teacher Ed Endowment Scholarship	19,141		69			19,210
Total permanently restricted net assets	<u>4,102,829</u>	<u>-</u>	<u>917,645</u>	<u>-</u>	<u>84</u>	<u>5,020,558</u>
TOTAL NET ASSETS	<u>10,411,667</u>	<u>709,632</u>	<u>1,735,817</u>	<u>(444,079)</u>	<u>(229,265)</u>	<u>12,175,750</u>

COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.
SCHEDULE OF INVESTMENTS
June 30, 2017

	<u>Units</u>	<u>Cost</u>	<u>Market</u>	<u>% Yield/C</u>
Uninvested Cash and Cash Equivalents				
FDIC INSURED DEPOSIT ACCOUNT IDA 09		155,940	155,940	0.06%
Fixed income funds				
DODGE & COX FUNDS INCOME FUND	20,924	282,795	287,699	2.93%
PIMCO LOW DURATION FD INSTL	55,021	542,870	541,954	1.96%
PIMCO TOTAL RET FD INSTL	26,853	278,614	274,702	2.88%
PIMCO FOREIGN BD FD INSTL (HEDGED)	16,613	174,913	174,770	1.20%
PIMCO FDS LONG DURATION TTL RETRN INST C	8,355	92,839	92,072	4.04%
T ROWE PRICE INSTL INTL BOND FUND	21,989	179,169	190,643	2.03%
VANGUARD INFLATION PROTECT SEC ADMIRAL	17,505	440,694	448,996	2.36%
VANGUARD LONG TERM INVT GRADE ADMIRAL	8,799	<u>89,602</u>	<u>92,209</u>	<u>4.24%</u>
		<u>2,081,495</u>	<u>2,103,046</u>	<u>2.43%</u>
Equity funds				
AMERICAN FUNDS AICAP F3	7,622	211,491	223,324	0.64%
AMERICAN FUNDS EUROPAIC GROWTH F3	3,855	184,904	200,366	1.73%
AMERICAN FUNDS WA MUTUAL INV STRS F3	12,621	514,252	534,353	2.00%
DFA INTL REAL ESTATE SEC PTF	48,591	246,006	242,953	8.00%
DFA US MICRO CAP FD	6,491	125,420	137,340	0.71%
DFA INTL SML PTF	4,973	87,599	99,353	1.65%
DFA US SMALL CAP VALUE PORT.	3,349	112,670	122,544	0.67%
DFA US LARGE CAP VALUE PORT.	12,867	429,509	473,503	1.91%
DODGE & COX FUNDS INTL STK FD	4,800	188,814	209,435	2.14%
PIMCO FUNDS COMMODITY/REAL RET STRAT INSTL	52,146	357,882	339,992	4.14%
T ROWE PRICE INSTL LARGE CAP GROWTH	4,522	135,425	158,172	0.23%
VANGUARD ENERGY FUND ADMIRAL	2,413	211,761	218,784	2.25%
VANGUARD RET INDEX ADMIRAL	5,070	557,760	597,754	3.53%
VANGUARD INTERNATIONAL GROWTH ADMIRAL	2,666	184,926	223,000	1.38%
VANGUARD SMALL CAP VALUE INDEX ADMIRAL	5,047	226,044	266,700	2.26%
VANGUARD SMALL CAP GROWTH INDEX ADMIRAL	2,269	99,928	116,373	1.18%
VANGUARD INTERNATIONAL VALUE FUND	5,350	176,199	194,150	2.20%
VANGUARD GROWTH INDEX ADMIRAL	3,453	194,514	225,735	1.49%
VANGUARD VALUE INDEX FUND ADMIRAL	13,062	422,863	491,781	2.85%
T ROWE PRICE INTL VALUE EQUITY FUND	15,734	204,703	228,464	3.07%
T ROWE PRICE NEW ERA I	1,445	44,050	47,511	1.54%
VANGUARD MATERIALS INDEX ADMIRAL	855	44,476	53,015	2.07%
VANGUARD WORLD EX US SMALL CAP ETF	937	<u>88,014</u>	<u>101,308</u>	<u>3.02%</u>
		<u>5,049,212</u>	<u>5,505,910</u>	<u>2.53%</u>