

**COLLEGE OF SOUTHERN MARYLAND  
FOUNDATION, INC.  
La Plata, Maryland**

**(A component unit of the College of Southern Maryland)**

**FINANCIAL STATEMENTS  
June 30, 2013 and 2012**

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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 statements of financial position of the College of Southern Maryland Foundation, Inc. as of June 30, 2013 and 2012, the related statements of activities and cash flows for the years 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.

**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, 2013 and 2012 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.

**Emphasis-of-Matter Regarding a Correction of an Error**

As discussed in Note 14 to the financial statements, certain errors resulting in an understatement of the beneficial interest in a charitable trust and contribution revenue as of and for the year ended June 30, 2012, were discovered by management of the entity during the current year. Accordingly, amounts reported for the beneficial interest in a charitable trust and contribution revenue have been restated in the 2012 financial statements now presented, and an adjustment has been made to beginning net assets as of July 1, 2011, to correct the error. Our opinion is not modified with respect to that matter.

**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  
November 4, 2013

## **FINANCIAL STATEMENTS**

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2013 and 2012**

	<b>2013</b>	<b>(RESTATED) 2012</b>
	<u>2013</u>	<u>(RESTATED) 2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,217,906	\$ 1,019,837
Investments	5,709,956	5,160,462
Beneficial interest in a charitable trust	1,719,889	1,637,016
Pledges receivable, net	<u>376,803</u>	<u>334,855</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,024,554</u>	<u>\$ 8,152,170</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 17,996	\$ 14,288
Total liabilities	<u>17,996</u>	<u>14,288</u>
<b>NET ASSETS</b>		
Unrestricted	1,443,570	1,412,529
Temporarily restricted	4,145,125	3,675,727
Permanently restricted	<u>3,417,863</u>	<u>3,049,626</u>
Total net assets	<u>9,006,558</u>	<u>8,137,882</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 9,024,554</u>	<u>\$ 8,152,170</u>

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2013 and 2012**

	2013				(RESTATED) 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>								
Contributions	\$ 136,716	\$ 330,778	\$ 280,175	\$ 747,669	\$ 121,093	\$ 240,365	\$ 127,132	\$ 488,590
Investment income	133,654	432,511	-	566,165	51,036	144,829	-	195,865
Donated services and facilities	182,391	-	-	182,391	175,216	-	-	175,216
In-kind contributions	7,459	26,153	-	33,612	2,068	1,965	-	4,033
Change in value of beneficial interest in a charitable trust	-	82,874	-	82,874	-	78,881	-	78,881
Adjustment for uncollectible pledges	-	-	(1,938)	(1,938)	-	-	(1,723)	(1,723)
Net assets reclassified by donor	-	(90,000)	90,000	-	-	-	-	-
Net assets released from restrictions: satisfaction of program restrictions	<u>312,918</u>	<u>(312,918)</u>	<u>-</u>	<u>-</u>	<u>203,035</u>	<u>(203,035)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>773,138</u>	<u>469,398</u>	<u>368,237</u>	<u>1,610,773</u>	<u>552,448</u>	<u>263,005</u>	<u>125,409</u>	<u>940,862</u>
<b>EXPENSES</b>								
Program services	473,659	-	-	473,659	317,859	-	-	317,859
General and administrative	99,606	-	-	99,606	107,006	-	-	107,006
Fund raising and direct	<u>168,832</u>	<u>-</u>	<u>-</u>	<u>168,832</u>	<u>192,623</u>	<u>-</u>	<u>-</u>	<u>192,623</u>
Total expenses	<u>742,097</u>	<u>-</u>	<u>-</u>	<u>742,097</u>	<u>617,488</u>	<u>-</u>	<u>-</u>	<u>617,488</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	31,041	469,398	368,237	868,676	(65,040)	263,005	125,409	323,374
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,412,529</u>	<u>3,675,727</u>	<u>3,049,626</u>	<u>8,137,882</u>	<u>1,477,569</u>	<u>3,412,722</u>	<u>2,924,217</u>	<u>7,814,508</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,443,570</u>	<u>\$ 4,145,125</u>	<u>\$ 3,417,863</u>	<u>\$ 9,006,558</u>	<u>\$ 1,412,529</u>	<u>\$ 3,675,727</u>	<u>\$ 3,049,626</u>	<u>\$ 8,137,882</u>

The accompanying notes are an integral part of the financial statements.

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 868,676	\$ 323,374
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Change in fair value of investments	(388,512)	(2,170)
Realized gain on sale of investments	(4,531)	(37,022)
Bad debt expense	1,938	11,407
Pledges receivable discount to present value	(7,915)	(11,236)
Change in value of beneficial interest in charitable trust	(82,874)	(78,881)
Permanently restricted contributions	(280,175)	(125,409)
Effect of changes in operating assets and liabilities:		
Pledges receivable	(35,971)	130,797
Accounts payable and accrued expenses	3,708	(51,668)
	<u>74,344</u>	<u>159,192</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(523,314)	(532,784)
Proceeds of sales of investments	366,864	71,880
	<u>(156,450)</u>	<u>(460,904)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Permanently restricted contributions	280,175	125,409
Net cash provided by financing activities	<u>280,175</u>	<u>125,409</u>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	198,069	(176,303)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,019,837</u>	<u>1,196,140</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,217,906</u>	<u>\$ 1,019,837</u>

The accompanying notes are an integral part of the financial statements.



**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**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.

**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.

**Allowance for Uncollectible Pledges**

A provision for uncollectible pledges has been established by management for the years ended June 30, 2013 and 2012. Any pledges deemed to be uncollectible are written off at the time of such determination.

**Investments**

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

**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.

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions (Continued)**

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.

**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.

**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.

**Beneficial Interest in Charitable Trust**

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

**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. 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.

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Scholarships**

Scholarships are expensed when approved by the Board of Directors.

**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.

**Reclassifications**

Certain 2012 amounts have been reclassified in conformity with the 2013 presentation. These reclassifications had no effect on net assets and the changes therein.

**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, 2013 and 2012. Returns for the fiscal years 2010, 2011, and 2012 remain subject to examination by federal and state tax jurisdictions.

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, 2013 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**NOTE 4 – PROGRAM EXPENSES**

The Expenses of the Foundation include support for the following programs:

	<u>2013</u>	<u>2012</u>
Celebration of Arts	\$ 7,137	\$ -
Children's Learning	1,750	220
ISTEM	41,630	22,050
Kids College	20,940	-
Nursing/Healthcare	2,000	750
Awards for banquet	8,622	6,947
Other	34,146	18,089
Adjunct Faculty	15,000	-
Trades & Technology	15,000	-
Wart Virts	6,000	6,000
Wellness	22,635	-
Scholarship & Grants	<u>298,799</u>	<u>263,803</u>
<b>Total</b>	<u>\$ 473,659</u>	<u>\$ 317,859</u>

**NOTE 5 – INVESTMENTS**

At June 30, 2013 and 2012, the Foundation's investments were in mutual funds summarized as follows:

	<u>2013</u>	<u>2012</u>
Bond funds	\$ 2,095,374	\$ 2,111,746
Equity funds	<u>3,614,582</u>	<u>3,048,716</u>
<b>Total</b>	<u>\$ 5,709,956</u>	<u>\$ 5,160,462</u>

Investment income from these investments for the years ended June 30, 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 173,122	\$ 156,673
Realized gain on sale of investments	<u>4,531</u>	<u>37,022</u>
	177,653	193,695
Unrealized gain on investments	<u>388,512</u>	<u>2,170</u>
<b>Total</b>	<u>\$ 566,165</u>	<u>\$ 195,865</u>

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**NOTE 6 – 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 Plan 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.

For the year ended June 30, 2013, there were no transfers in or out of Levels 1, 2 or 3.

***Mutual Funds***

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.

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**NOTE 6 – FAIR VALUE (CONTINUED)**

***Beneficial interest in charitable trust***

The Foundation’s interest in a charitable trust 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 of 5% for the year ended June 30, 2013 and 2012. Based on the inputs the beneficial interest in charitable trust is considered level 3.

As of June 30, 2013 and 2012, 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>Total Fair Value</u>
<b>2013</b>				
<b>Mutual Funds</b>				
Equity funds	\$ 3,614,582	\$ -	\$ -	\$ 3,614,582
Bond funds	<u>2,095,374</u>	<u>-</u>	<u>-</u>	<u>2,095,374</u>
	<u>5,709,956</u>	<u>-</u>	<u>-</u>	<u>5,709,956</u>
<b>Beneficial interest in charitable trust</b>	<u>-</u>	<u>-</u>	<u>1,719,889</u>	<u>1,719,889</u>
<b>Total</b>	<u>\$ 5,709,956</u>	<u>\$ -</u>	<u>\$ 1,719,889</u>	<u>\$ 7,429,845</u>
<b>2012</b>				
<b>Mutual Funds</b>				
Equity funds	\$ 3,048,716	\$ -	\$ -	\$ 3,048,716
Bond funds	<u>2,111,746</u>	<u>-</u>	<u>-</u>	<u>2,111,746</u>
	<u>5,160,462</u>	<u>-</u>	<u>-</u>	<u>5,160,462</u>
<b>Beneficial interest in charitable trust</b>	<u>-</u>	<u>-</u>	<u>1,637,016</u>	<u>1,637,016</u>
<b>Total</b>	<u>\$ 5,160,462</u>	<u>\$ -</u>	<u>\$ 1,637,016</u>	<u>\$ 6,797,478</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>2013</u>	<u>2012</u>
Balance, July 1	\$ 1,637,016	\$ 1,558,135
Change in value of benefit interest in charitable trust	<u>82,873</u>	<u>78,881</u>
<b>Balance, June 30</b>	<u>\$ 1,719,889</u>	<u>\$ 1,637,016</u>

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**NOTE 7 – PLEDGES RECEIVABLE**

Pledges receivable is composed of pledges for the following purposes:

	<u>2013</u>	<u>2012</u>
Children's Learning Center	\$ 5,000	\$ 15,000
Scholarships	217,950	93,242
Ward Virts Piano Project	6,000	6,000
ISTEM	20,000	62,000
Trades and Technologies	11,140	33,140
Nursing and Healthcare	20,000	45,000
Educational Excellence	19,500	21,250
Kids College	40,000	50,000
Temporarily Restricted Other	41,172	
Unrestricted	<u>31,500</u>	<u>41,600</u>
	412,262	367,232
Discount to net present value	(30,659)	(22,744)
Allowance for uncollectible pledges	<u>(4,800)</u>	<u>(9,633)</u>
<b>Total</b>	<u>\$ 376,803</u>	<u>\$ 334,855</u>

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

2014	\$ 156,915
2015	79,968
2016	54,968
2017	42,968
2018	22,543
Thereafter	<u>54,900</u>
	412,262
Discount to net present value	(30,659)
Allowance for uncollectible pledges	<u>(4,800)</u>
<b>Total</b>	<u>\$ 376,803</u>

Discount to net present value was computed at June 30, 2013 and 2012 using a rate of 5%.

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**NOTE 8- BENEFICIAL INTEREST IN A CHARITABLE TRUST**

The beneficial interest in a charitable trust represents the present value of future distributions the Foundation expects to receive from its beneficial interest in this trust. 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, 2013 and 2012 was 5%. Changes in the value of the beneficial interest in the trust (principally discount amortization) are reflected in the statement of activities.

During 2013, the Foundation became aware of its beneficial interests in a charitable trust which was established in 2006 to hold title to approximately 70 acres of land located near Waldorf, Maryland. Under the terms of the trust, the beneficiaries of the trust are to receive at least an annual distribution from the trust of all investment earnings on the trust assets, not to exceed 7%, for a period of twenty years following funding. The 20 year period will expire on 7/31/2026. In 2006, the trustee sold the land for a \$4,000,000 note bearing interest at 7% maturing in July 2011. In 2009, the trustee agreed to reduce the note to \$3,350,000 to reflected impairments in the underlying value of the land due to adverse economic conditions. In 2011, the trustee extended the notes maturity to June 2016. In June 2013, the trust received a note payment of \$2,000,000, which was deposited with the local bank's trust department for investment. The following is the discounted net present value of the Foundation's beneficial interest in a charitable trust:

	<u>2013</u>	<u>2012</u>
Value of charitable trust	\$ 3,350,000	\$ 3,350,000
Discount to net present value	<u>(1,630,111)</u>	<u>(1,712,984)</u>
<b>Total</b>	<u>\$ 1,719,889</u>	<u>\$ 1,637,016</u>

**NOTE 9 – DONATED SERVICES AND FACILITIES**

During the years ended June 30, 2013 and 2012, the value of donated goods and services recognized in the accompanying Statements of Activities as both support and expenses was \$182,391 and \$175,216, respectively, and included the following:

	<u>2013</u>	<u>2012</u>
Salaries and benefits	\$ 165,958	\$ 158,954
Conferences, meetings, and travel	4,402	9,014
Professional services and public relations	8,572	4,000
Printing	1,607	1,424
Office supplies	<u>1,852</u>	<u>1,824</u>
<b>Total</b>	<u>\$ 182,391</u>	<u>\$ 175,216</u>



**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**NOTE 10 – ENDOWMENTS**

The Foundation's endowments consist of 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 reported based on the existence or absence of donor-imposed restrictions.

**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. 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.

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**NOTE 10 – ENDOWMENTS (CONTINUED)**

The Foundation had the following changes in the endowment net assets (including pledges receivable of \$766,957 and \$204,569 as of June 30, 2013 and 2012, respectively) during the years ended June 30, 2013 and 2012:

	<b>2013</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Endowment net assets, beginning of year	\$ -	\$ 418,676	\$ 3,049,626	\$ 3,468,302
Contributions	-	-	280,175	280,175
Appropriation of endowment assets for expenditure	-	(21,663)	-	(21,663)
Endowment net assets after contributions and expenditures	-	397,013	3,329,801	3,726,814
Investment return:				
Investment income	-	356,421	-	356,421
Endowment net assets after investment income	-	753,434	3,329,801	4,083,235
Other changes:				
Redirection by donor of prior gift	-	63,972	90,000	153,972
Adjustment for uncollectible pledge	-	-	(1,938)	(1,938)
<b>Endowment net assets, end of year</b>	<b>\$ -</b>	<b>\$ 817,406</b>	<b>\$ 3,417,863</b>	<b>\$ 4,235,269</b>

  

	<b>2012</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Endowment net assets, beginning of year	\$ -	\$ 339,516	\$ 2,924,217	\$ 3,263,733
Contributions	-	-	127,132	127,132
Appropriation of endowment assets for expenditure	-	(40,751)	-	(40,751)
Endowment net assets after contributions and expenditures	-	298,765	3,051,349	3,350,114
Investment return:				
Investment income	-	119,874	-	119,874
Endowment net assets after investment income	-	418,639	3,051,349	3,469,988
Other changes:				
Transfer of investment income	-	37	-	37
Adjustment for uncollectible pledge	-	-	(1,723)	(1,723)
<b>Endowment net assets, end of year</b>	<b>\$ -</b>	<b>\$ 418,676</b>	<b>\$ 3,049,626</b>	<b>\$ 3,468,302</b>

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**NOTE 10 – ENDOWMENTS (CONTINUED)**

**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 that are reported in unrestricted net assets were \$3,337 and \$7,865 as of June 30, 2013 and 2012.

**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 April 2010, the Board of Directors specifies that endowment assets are invested in a manner that is intended to produce results that exceed the return of a target policy comprised of 32% S&P 500 index funds, 8% Russell 2000 funds, 10% MSCI EAFE funds, 35% Barclay Aggregate index fund, 10% Treasury bills, and 5% 90-day Treasury bills, 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 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 twelve quarters' average market value of its endowment funds, not to exceed 7% of the current average market value of the endowment. 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.

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**NOTE 11 – NET ASSET RESTRICTIONS**

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

	<u>2013</u>	<u>2012</u>
<b>Unrestricted:</b>		
Undesignated	\$ 1,418,570	\$ 1,387,529
Board designated for scholarships	25,000	25,000
Total unrestricted	<u>1,443,570</u>	<u>1,412,529</u>
<b>Temporarily Restricted Net Assets:</b>		
Academic programs	491,250	592,820
Childcare center	463,993	430,268
Endowed scholarships	844,061	418,028
Institutional support	12,916	11,208
Public service	82,052	67,238
Scholarships	517,721	457,831
Student support	13,243	61,318
Beneficial interests in charitable trusts	1,719,889	1,637,016
Total temporarily restricted	<u>4,145,125</u>	<u>3,675,727</u>
<b>Permanently Restricted Net Assets:</b>		
Endowed scholarships	3,302,863	2,949,626
Program support	115,000	100,000
Total permanently restricted	<u>3,417,863</u>	<u>3,049,626</u>
<b>Total</b>	<u>\$ 9,006,558</u>	<u>\$ 8,137,882</u>

Temporarily restricted net assets released from restrictions were as follows:

	<u>2013</u>	<u>2012</u>
Scholarships	\$ 178,825	\$ 164,608
Program Support	134,093	38,427
<b>Total</b>	<u>\$ 312,918</u>	<u>\$ 203,035</u>

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**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, 2013 and 2012 by natural classification:

	<u>2013</u>	<u>2012</u>
Salary, wages, and benefits	\$ 169,578	\$ 158,955
Supplies and materials	18,866	18,190
Contracted services	113,196	84,119
Conferences and meetings	11,112	15,049
Insurance, interest, licenses and fees	12,142	5,249
Scholarships	298,799	263,803
Other	<u>118,404</u>	<u>72,123</u>
<b>Total</b>	<u>\$ 742,097</u>	<u>\$ 617,489</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 \$182,391 and \$175,216 in 2013 and 2012, respectively. These donations are reflected in the financial statements as both support revenue and expense.

The Foundation paid the College \$298,798 and \$337,352 in 2013 and 2012, respectively, for scholarships and other contributions. The Foundation received in-kind contributions on behalf of the College of equipment and supplies totaling \$26,153 and \$0 for the years ended June 30, 2013 and 2012, respectively. These contributions are reflected as contributions to the College. Total in-kind contributions received for the years ended June 30, 2013 and 2012 totaled \$33,612 and \$4,033, respectively.

**NOTE 14 - PRIOR YEAR RESTATEMENT**

The beginning restricted net assets as of July 1, 2011 have been restated due to a correction in the accounting of Beneficial Interests in Charitable Trusts described in Note 8. At the time of the establishment of the trust, the trustee informed the College of Southern Maryland concerning the existence of this beneficial interest, however due to oversight, the Foundation failed to recognize the value of this beneficial interest. The beneficial interest in a charitable trust was previously not reported in net assets and as temporarily restricted contribution revenue for periods prior to July 1, 2011.

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**NOTE 14 - PRIOR YEAR RESTATEMENT (CONTINUED)**

A summary of the restatements to net assets to the beginning of the year were as follows:

	<b>Year ended June 30, 2012</b>
	<b>2012</b>
Net assets, beginning of year as previously reported	\$ 6,256,373
Recognition of revenue related to contributions received in prior years	<u>1,558,135</u>
Net assets, beginning of year as restated	<u>7,814,508</u>
Increase in net assets as previously reported	244,493
Change in value of net interest in beneficial assets	<u>78,881</u>
Increase in net assets as restated	<u>323,374</u>
<b>Net assets, end of year as restated</b>	<b><u><u>\$ 8,137,882</u></u></b>

**NOTE 15 – SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through November 4, 2013, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2013, but prior to November 4, 2013 that provided additional evidence about conditions that existed at June 30, 2013 have been recognized in the financial statements for the year ended June 30, 2013. Events or transactions that provided evidence about conditions that did not exist at June 30, 2013 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, 2013.

**SUPPLEMENTAL INFORMATION**

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**Year Ended June 30, 2013**

	Net Assets June 30, 2012	Investment Income	Contributions	Scholarship Awards	Other Additions (Deductions)	Adjustment for Uncollectible Pledges	Net Assets June 30, 2013
<b>UNRESTRICTED NET ASSETS</b>							
Undesignated							
Undesignated gifts and bequests	\$ 1,317,711	\$ 130,674	\$ 96,208	\$ (117,094)	\$ (103,741)	\$ -	\$ 1,323,759
Golf & Tennis Classic	59,620	1,899	37,967	-	(23,074)	-	76,412
Technology Acct - State Matching Funds	5,192	552	-	-	-	-	5,744
Theatritext @ St. Mary's	66	7	-	-	-	-	73
Jaycees Educational Assistance Program	202	18	10,000	(2,879)	-	-	7,341
Library Memorial	4,738	504	-	-	-	-	5,242
Total undesignated	1,387,529	133,654	144,175	(119,973)	(126,815)	-	1,418,570
Board designated							
R. Fisher Endowment Fund	25,000	-	-	-	-	-	25,000
Total unrestricted net assets	1,412,529	133,654	144,175	(119,973)	(126,815)	-	1,443,570
<b>TEMPORARILY RESTRICTED NET ASSETS</b>							
Undesignated - Hassanein Charitable Trust	1,637,015	-	-	-	82,874	-	1,719,889
Alumni Scholarship	1,467	146	-	(493)	-	-	1,120
Christopher Chinault Scholarship	7,541	6,033	-	(1,800)	-	-	11,774
Tony Hungerford Memorial Endowment Fund	6,750	6,857	-	-	-	-	13,607
J. Ivey Cline Memorial Scholarship	2,176	1,770	-	(700)	-	-	3,246
Harland R. & Lulu P. Cravat Memorial Scholarship	47,081	4,928	-	(1,925)	-	-	50,084
We Salute Our Troops - Desert Storm Scholarship	(639)	257	-	-	-	-	(382)
Matthew W. Hancock Memorial Scholarship	383	41	-	-	-	-	424
James C. Mitchell Nursing Scholarship	25,633	4,778	-	(2,100)	-	-	28,311
Civista Medical Center	1,365	1,208	-	-	-	-	2,573
Fanny Louise Sullivan Sine Henderson Scholarship	3,581	89	-	(804)	-	-	2,866
Mary Croft Ward Scholarship	448	373	-	-	-	-	821
Bill Wood Memorial Scholarship	20,856	2,175	120	-	-	-	23,151
Helen and Henry Lawlor Scholarship	11,376	3,665	-	(1,308)	-	-	13,733
Joanne Zwick Memorial Scholarship	654	1,117	-	(440)	-	-	1,331
McDonough Charity School	33,601	28,258	-	(7,500)	-	-	54,359



**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**Year Ended June 30, 2013**  
(Continued)

	Net Assets June 30, 2012	Investment Income	Contributions	Scholarship Awards	Other Additions (Deductions)	Adjustment for Uncollectible Pledges	Net Assets June 30, 2013
<b>TEMPORARILY RESTRICTED NET ASSETS (Continued)</b>							
Castles and Foundations Fund	\$ 5,782	\$ 5,921	\$ -	\$ (2,024)	\$ -	\$ -	\$ 9,679
Walter Grove II Endowment Fund	7,883	8,717	-	-	-	-	16,600
L. K. Farrall II Endowment Fund	7,115	5,771	-	(2,000)	-	-	10,886
Wm. B. and Vivian M. King Endowment Fund	140,425	137,775	-	-	-	-	278,200
Russell G. Croft	16,125	13,486	-	(3,733)	-	-	25,878
Ed Matthews, Jr. Endowment Fund	2,649	2,504	-	(404)	-	-	4,749
William Lyon Endowment Fund	2,264	2,295	-	-	-	-	4,559
Albert L. Edler, Jr. Memorial	(2,293)	1,988	-	(325)	-	-	(630)
McWilliams Family Trust	2,632	2,879	-	(1,100)	-	-	4,411
Dr. Nallan Ramakrishna Scholarship	2,163	2,261	-	(800)	-	-	3,624
Calvert Chamber Fund	(3,523)	1,933	-	(900)	-	-	(2,491)
Thomas F. Goldsmith Fund	6,922	7,023	-	(2,731)	-	-	11,214
Marguerite Cox Family Memorial	4,327	3,753	-	(920)	-	-	7,160
Robert Ware Straus SMSC	24,783	2,634	-	-	-	-	27,417
Nursing Equipment Fund	112	13	-	-	-	-	125
P.E. Wellness Center	2,774	296	32,808	-	(22,635)	-	13,243
Technology @ Prince Frederick	1,535	163	-	-	-	-	1,698
Technology @ Leonardtown	8,464	888	528	-	-	-	9,880
Technology @ La Plata	1,210	128	-	-	-	-	1,338
CSM Children's Center	430,268	32,332	1,393	-	-	-	463,993
Southern Maryland Studies Center Fund	21,223	2,108	5,501	-	(2,000)	-	26,832
Marrick Properties	14,976	12,629	-	-	-	-	27,605
Gary Merrill	421	257	-	-	-	-	678
Leonardtown SA Kickoff Scholarship	761	81	-	-	-	-	842
J. Rice & M. Fauth Memorial	7,962	6,644	-	-	-	-	14,606

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**Year Ended June 30, 2013**  
(Continued)

	Net Assets June 30, 2012	Investment Income	Contributions	Scholarship Awards	Other Additions (Deductions)	Adjustment for Uncollectible Pledges	Net Assets June 30, 2013
<b>TEMPORARILY RESTRICTED NET ASSETS (Continued)</b>							
Ward Virts Piano Project	\$ 13,276	\$ 250	\$ 17,419	\$ -	\$ (6,000)	\$ -	\$ 24,945
ADF Bingo - Kids College	58,544	-	21,631	(8,609)	(20,940)	-	50,626
Calvert County 350th Anniversary Endowment	1,935	1,588	-	(610)	-	-	2,913
Shani J. Whipple Scholarship	5,977	1,215	660	-	-	-	7,852
J. Schultz-Collins Scholarship	31	3	-	-	-	-	34
Jack L. Sprague Scholarship	200	-	500	(500)	-	-	200
Calvert County Chamber Scholarship	8,248	773	3,000	(3,000)	-	-	9,021
St. Mary's County Scholarship Endowment Fund	18,659	7,239	-	(1,750)	-	-	24,148
Veterans Education Endowment Fund	43,002	8,334	-	(500)	-	-	50,836
Mercantile Southern Maryland Bank	75,700	6,203	-	(30,000)	-	-	51,903
St. Mary's Health Department Scholarship	61	6	-	-	-	-	67
Robert W. Sibole Scholarship	55	6	-	-	-	-	61
William D. Bauer Memorial Endowment	4,920	1,241	-	(4,983)	10,000	-	11,178
R. Fisher Endowment Fund	8,090	3,516	-	-	-	-	11,606
General Scholarship Fund	22,482	2,017	22,618	(2,664)	-	-	44,453
CLC Scholarship Fund	456	-	44	-	-	-	500
Leonardtown SGA Endowment Fund	3,107	1,818	-	-	-	-	4,925
Elaine Ryan Legacy Fund	45,471	4,775	-	(326)	-	-	49,920
Wyvill Teacher Ed Endowment Scholarship	(705)	1,717	-	(500)	-	-	512
C&M McAllister Endowment Fund	3,700	3,680	-	(936)	-	-	6,444
Beers Scholarship Fund	18,209	28,313	(819)	(3,000)	-	-	42,703
Louis P. Jenkins, Sr. Endowment Fund	4,605	6,880	-	(2,250)	-	-	9,235
Nu Zeta Omega Scholarship	1,246	-	1,200	(550)	-	-	1,896
Milton Somers Scholarship	4,500	-	1,500	(2,000)	-	-	4,000
Celebration of the Arts	32,740	2,702	1,970	-	(7,137)	-	30,275

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**Year Ended June 30, 2013**  
(Continued)

	Net Assets June 30, 2012	Investment Income	Contributions	Scholarship Awards	Other Additions (Deductions)	Adjustment for Uncollectible Pledges	Net Assets June 30, 2013
<b>TEMPORARILY RESTRICTED NET ASSETS (Continued)</b>							
Helen J. Todd Scholarship	\$ 10,500	\$ -	\$ 10,000	\$ (1,000)	\$ -	\$ -	\$ 19,500
Neale C. Slater Memorial Scholarship	239	4,324	-	(1,000)	-	-	3,563
Prince Frederick Student Association Scholarship	16,791	1,751	-	(1,000)	-	-	17,542
Tri County 40/8 Nurse Scholarship	1,719	-	800	(800)	-	-	1,719
Renee Munday Math Endowment	585	1,226	-	-	-	-	1,811
Charles County Technology Scholarship	750	-	-	(1,500)	-	-	(750)
Boone & Edelen Scholarship	715	-	170	(300)	-	-	585
ISTEM	201,151	1,932	34,425	-	(41,630)	-	195,878
Trades & Technologies	179,170	2,005	6,493	(11,380)	(117,000)	-	59,288
Nursing & Healthcare	148,859	1,802	97,322	(10,000)	(1,750)	-	236,233
Educational Excellence Fund	58,385	1,676	1,445	-	-	-	61,506
Endowed Scholarship Fund	8,132	6,072	-	-	-	-	14,204
Chandler Keys	61	6	-	-	-	-	67
Bradley Gottfried Endowment	769	972	-	-	-	-	1,741
Kavetsky Family Endowment	539	792	-	(260)	-	-	1,071
JF Faley, Jr. STEM Scholarship	4,929	524	-	-	-	-	5,453
BN Guerrieri Memorial Scholarship	650	-	-	(650)	-	-	-
ISSSWDC	-	-	-	-	-	-	-
Schweir & LaFleur Scholarship	1,073	-	4,927	(3,000)	-	-	3,000
Gary D. Smith Memorial Scholarship	2,460	-	200	(1,250)	-	-	1,410
Sidney Waugh Memorial Scholarship	3,450	-	1,883	(2,000)	-	-	3,333
J Morton Memorial Scholarship	1,815	-	-	(750)	-	-	1,065
W. Martinez Jr. Memorial Scholarship	1,176	-	1,500	(900)	-	-	1,776
SMWL Scholarship Fund	-	-	3,000	(3,000)	-	-	-
Jane H., Sypher Scholarship	2,133	-	2,110	(1,500)	-	-	2,743

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**Year Ended June 30, 2013**  
(Continued)

	Net Assets June 30, 2012	Investment Income	Contributions	Scholarship Awards	Other Additions (Deductions)	Adjustment for Uncollectible Pledges	Net Assets June 30, 2013
<b>TEMPORARILY RESTRICTED NET ASSETS (Continued)</b>							
Charles County Women's Club	\$ 242	\$ -	\$ 250	\$ (250)	\$ -	\$ -	\$ 242
Ziencik-Hess Memorial Scholarship	1,337	-	642	(600)	-	-	1,379
NRL Federal Credit Union Scholarship	-	-	500	(500)	-	-	-
NET Annual Scholarship Fund	53,972	10,921	8,000	-	-	-	72,893
Home Towne RE Scholarship	3,250	-	2,500	(1,750)	-	-	4,000
County Inns and Suites	-	-	1,500	(1,500)	-	-	-
Woodey Theatre Scholarship	925	-	36	(250)	-	-	711
Ruth Mathes Scholarship	2,500	-	5,000	(5,000)	-	-	2,500
TCMDAC/Delta Sigma Theta	500	-	500	(500)	-	-	500
APA & SAL Scholarship	500	-	500	(500)	-	-	500
Adjunct Faculty Merit	2,571	-	8,375	(1,000)	(7,500)	-	2,446
Adjunct Faculty Need	2,571	-	8,375	(1,000)	(7,500)	-	2,446
Old Line Bank Business Scholarship	47,246	-	1,362	(9,000)	-	-	39,608
Darrow Memorial Scholarship	4,000	-	3,100	(1,500)	-	-	5,600
Connie Kite Memorial Scholarship	1,025	74	1,500	(1,000)	-	-	1,599
DL Smith Memorial Art Scholarship	5,155	-	980	(500)	-	-	5,635
E Lilly Memorial Nursing	875	-	525	(1,000)	-	-	400
Coldwell Banker J Lilly-CTIT	875	-	525	(500)	-	-	900
Brad and Linda Gottfried Scholarship	-	-	2,000	(1,000)	-	-	1,000
McNelis Family Scholarship	1,000	-	-	(1,000)	-	-	-
Charles County Chamber Commerce	1,000	-	1,000	(500)	-	-	1,500
Zonta RAVE Walk Scholarship	12,500	-	5,000	(11,250)	-	-	6,250
WCCCA Scholarship	1,500	-	1,500	(1,600)	-	-	1,400
Chaney Endowment	254	1,090	5,600	-	-	-	6,944
TJ Murray Memorial Scholarship	1,000	-	1,000	(500)	-	-	1,500
S Behmke Legacy Fund	2,620	-	72	(500)	-	-	2,192

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**Year Ended June 30, 2013**  
(Continued)

	Net Assets June 30, 2012	Investment Income	Contributions	Scholarship Awards	Other Additions (Deductions)	Adjustment for Uncollectible Pledges	Net Assets June 30, 2013
<b>TEMPORARILY RESTRICTED NET ASSETS (Continued)</b>							
Ives Freedom Scholarship Fund	\$ 1,500	\$ -	\$ -	\$ (500)	\$ -	\$ -	\$ 1,000
SoMD Bluecrabs Strikeout	-	-	1,500	(500)	-	-	1,000
Lucy Detig Endowed Scholarship	-	(493)	1,000	(500)	-	-	7
SMECO Engineers Endowment	-	(164)	-	-	-	-	(164)
CR Posten Memorial Fund	-	61	1,000	-	-	-	1,061
JL & WCS Charity Endowment	-	(82)	-	-	-	-	(82)
CSF Scholarship Fund	-	3	871	-	-	-	874
Arc Southern MD Media Scholarship	-	-	500	-	-	-	500
P Facchina, Jr Scholarship	-	-	1,500	-	-	-	1,500
J Zanelotti, Sr Memorial Scholarship	-	-	1,900	-	-	-	1,900
Arc Southern MD Nurse Scholarship	-	-	500	-	-	-	500
Captain B Robertson Endowment	-	(246)	-	-	-	-	(246)
SGA-SHS Endowment	-	(164)	8,970	-	-	-	8,806
Our Earth Scholarship	-	(16)	1,000	-	-	-	984
SBA Scholarship Fund	-	-	1,000	-	-	-	1,000
GRPA Scholarship	-	-	1,500	-	-	-	1,500
Bowes HVAC Scholarship	-	-	1,000	-	-	-	1,000
ESFCU Scholarship/Faculty	-	-	-	(150)	-	-	(150)
Total temporarily restricted net assets	<u>3,675,727</u>	<u>432,511</u>	<u>356,931</u>	<u>(178,825)</u>	<u>(141,219)</u>	<u>-</u>	<u>4,145,125</u>

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**Year Ended June 30, 2013**  
(Continued)

	Net Assets June 30, 2012	Investment Income	Contributions	Scholarship Awards	Other Additions (Deductions)	Adjustment for Uncollectible Pledges	Net Assets June 30, 2013
<b>PERMANENTLY RESTRICTED NET ASSETS</b>							
Christopher Chinault Scholarship	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
James C. Mitchell Nursing Scholarship	20,000	-	-	-	-	-	20,000
Civista Medical Center	10,000	-	-	-	-	-	10,000
J. Ivey Cline Scholarship	14,708	-	-	-	-	-	14,708
Mary Croft Ward Scholarship	3,063	-	-	-	-	-	3,063
Joanne Zwick Memorial Scholarship	10,000	-	-	-	-	-	10,000
Helen and Henry Lawlor Scholarship	23,500	-	-	-	-	-	23,500
We Salute Our Troops - Desert Storm Scholarship	3,063	-	-	-	-	-	3,063
Toney Hungerford Memorial Endowment Fund	58,530	-	600	-	-	-	59,130
Wm. B. and Vivian M. King Endowment Fund	1,156,150	-	-	-	-	-	1,156,150
McDonough Charity School	234,547	-	-	-	-	-	234,547
Castles and Foundation Fund	50,393	-	-	-	-	-	50,393
Walter Grove II Endowment Fund	75,099	-	3,225	-	-	-	78,324
L.K. Farrall III Endowment Fund	47,448	-	-	-	-	-	47,448
Russell G. Croft	111,552	-	200	-	-	-	111,752
Ed Matthews, Jr. Endowment Fund	20,908	-	-	-	-	-	20,908
William Lyon Endowment Fund	19,336	-	-	-	-	-	19,336
Albert L. Edler, Jr. Memorial	21,000	-	2,000	-	-	-	23,000
McWilliams Family Trust	31,974	-	-	-	-	-	31,974
Calvert Chamber Fund	21,999	-	-	-	-	-	21,999
Dr. Nallan Ramakrishna Scholarship	19,100	-	30,000	-	-	-	49,100
Thomas F. Goldsmith Fund	60,000	-	-	-	-	-	60,000
Marguerite Cox Family Memorial	33,991	-	50	-	-	-	34,041
Marrick Properties	103,870	-	-	-	-	-	103,870
Gary Merrill	2,000	-	-	-	-	-	2,000

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**Year Ended June 30, 2013**  
(Continued)

	Net Assets June 30, 2012	Investment Income	Contributions	Scholarship Awards	Other Additions (Deductions)	Adjustment for Uncollectible Pledges	Net Assets June 30, 2013
<b>PERMANENTLY RESTRICTED NET ASSETS (Continued)</b>							
J. Rice & M. Fauth Memorial	\$ 54,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,708
Calvert County 350th Anniversary Endowment	13,000	-	271	-	-	-	13,271
St. Mary's County Scholarship Endowment Fund	50,100	-	-	-	-	-	50,100
Veterans Education Endowment Fund	35,413	-	1,500	-	-	-	36,913
William D. Bauer Memorial Endowment	10,000	-	-	-	(10,000)	-	-
Leonardtown SGA Endowment Fund	14,000	-	-	-	-	-	14,000
Wyvill Teacher Ed Endowment Scholarship	17,007	-	628	-	-	-	17,635
C&M McAllister Endowment Fund	31,515	-	700	-	-	-	32,215
Beers Scholarship Fund	249,997	-	-	-	-	-	249,997
Louise P. Jenkins, Sr. Endowment Fund	61,000	-	-	-	-	-	61,000
Neale C Slater Memorial Scholarship	40,766	-	36,435	-	-	-	77,201
Renee Munday Math Endowment	10,949	-	-	-	-	-	10,949
Endowed Scholarship Fund	126,251	-	1,235	-	-	(1,938)	125,548
Bradley Gottfried Endowment	10,237	-	138	-	-	-	10,375
Kavetsky Family Endowment	7,000	-	-	-	-	-	7,000
Shani J Whipple Scholarship	5,452	-	-	-	-	-	5,452
NET Annual Scholarship	100,000	-	-	-	-	-	100,000
Chaney Endowment	10,000	-	4,762	-	100,000	-	114,762
Lucy Detig Endowed Scholarship	-	-	30,000	-	-	-	30,000
SMECO Engineers Endowment	-	-	89,943	-	-	-	89,943
JL & WCS Charity Endowment	-	-	14,762	-	-	-	14,762
Captain B Robertson Endowment	-	-	15,110	-	-	-	15,110
SGA-SHS Endowment	-	-	10,000	-	-	-	10,000
Adjunct Faculty Endowment	-	-	15,000	-	-	-	15,000
Grainger Family Endowment	-	-	23,616	-	-	-	23,616
Total permanently restricted net assets	<u>3,049,626</u>	<u>-</u>	<u>280,175</u>	<u>-</u>	<u>90,000</u>	<u>(1,938)</u>	<u>3,417,863</u>
<b>Total net assets</b>	<u>\$ 8,137,882</u>	<u>\$ 566,165</u>	<u>\$ 781,281</u>	<u>\$ (298,799)</u>	<u>\$ (178,033)</u>	<u>\$ (1,938)</u>	<u>\$ 9,006,558</u>

NOTE: The market value amounts above include pledges receivable at year end.

**COLLEGE OF SOUTHERN MARYLAND FOUNDATION, INC.**  
**SCHEDULE OF INVESTMENTS**  
**June 30, 2013**

	Units	Cost Basis	Market Value	% Yield		Estimated Annual Income
				Cost	Market	
<b>INVESTMENTS</b>						
Bond funds						
JP Morgan High Yield Fund	26,678	\$ 213,034	\$ 214,221	6.51%	6.48%	\$ 13,872
Ridgeworth Total Return	137,762	1,483,131	1,439,668	2.23%	2.30%	33,063
Vanguard Inflation Protected Securities	5,255	138,352	137,793	2.85%	2.86%	3,941
Eaton Vance Floating Rate Notes	16,143	151,753	152,226	4.26%	4.24%	6,457
Nuveen Preferred Securities	8,740	146,740	151,466	6.25%	6.06%	9,177
		<u>2,133,010</u>	<u>2,095,374</u>	3.12%	3.17%	<u>66,511</u>
Equity funds						
MFS Value Fund	19,885	437,131	584,831	2.27%	1.70%	9,943
Schwab S&P 500 Index Fund	37,546	697,148	947,658	2.64%	1.94%	18,397
Harbor Capital Appreciation	11,062	377,814	514,701	0.50%	0.37%	1,880
Conestoga Small Cap	18,650	369,593	542,701	0.10%	0.07%	373
American Beacon International	16,572	258,886	295,142	2.75%	2.41%	7,126
Artisan International Fund	11,586	232,210	301,926	1.35%	1.04%	3,128
Harding Loevner Emerging Markets	3,277	150,948	149,197	0.00%	0.00%	-
Cohen & Steers Realty Shares	2,243	131,340	151,653	2.34%	2.03%	3,073
PIMCO Commodity Real Return	22,925	164,598	126,773	2.51%	3.25%	4,126
		<u>2,819,667</u>	<u>3,614,582</u>	1.70%	1.33%	<u>48,047</u>
<b>Total investments</b>		<u>\$ 4,952,678</u>	<u>\$ 5,709,956</u>	2.31%	2.01%	<u>\$ 114,558</u>