



CHESAPEAKE
CHARITIES

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FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

CHESAPEAKE CHARITIES, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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Independent Auditor's Report

Board of Directors
Chesapeake Charities, Inc.

We have audited the accompanying financial statements of Chesapeake Charities, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 Chesapeake Charities, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Toal, Griffith + Ragula, LLC

April 22, 2016

CHESAPEAKE CHARITIES, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Current Assets:		
Cash:		
Cash - Unrestricted	\$ 110,052	\$ 284,349
Cash - Restricted for Community Foundation Fund	470,041	349,875
Total Cash	<u>580,093</u>	<u>634,224</u>
Prepaid Expenses	-	1,573
Investments	464,402	469,204
Total Current Assets	<u>1,044,495</u>	<u>1,105,001</u>
Other Assets:		
Certificates of Deposit	226,587	225,527
Website, Net of Accumulated Amortization	3,756	2,692
Total Other Assets	<u>230,343</u>	<u>228,219</u>
 Total Assets	 <u>\$ 1,274,838</u>	 <u>\$ 1,333,220</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ -	\$ 76,965
Accrued Expenses	6,138	7,259
Total Current Liabilities	<u>6,138</u>	<u>84,224</u>
 Total Liabilities	 6,138	 84,224
Net Assets:		
Unrestricted	107,670	204,390
Temporarily Restricted	1,161,030	1,044,606
 Total Net Assets	 <u>1,268,700</u>	 <u>1,248,996</u>
 Total Liabilities and Net Assets	 <u>\$ 1,274,838</u>	 <u>\$ 1,333,220</u>

See auditor's report and accompanying notes to financial statements.

CHESAPEAKE CHARITIES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT						
Contributions and Grants	\$ 17,088	\$ 1,263,151	\$ 1,280,239	\$ 120,033	\$ 1,000,048	\$ 1,120,081
Interest Income	1,575	89	1,664	1,634	5,267	6,901
Realized and Unrealized Gain (Loss)	(3,672)	(4,685)	(8,357)	4,230	-	4,230
Inkind Revenue	-	-	-	4,000	-	4,000
Program Service Fees	24,665	-	24,665	48,120	-	48,120
Program Service Fee Income Released	-	-	-	33,759	(33,759)	-
Fund Administrative Fee Income Released	39,213	(39,213)	-	40,604	(40,604)	-
Net Assets Released	1,102,918	(1,102,918)	-	1,206,139	(1,206,139)	-
Total Revenue, Gains, and Other Support	1,181,787	116,424	1,298,211	1,458,519	(275,187)	1,183,332
EXPENSES						
General and Administrative	56,214	-	56,214	57,515	-	57,515
Program	1,219,660	-	1,219,660	1,279,577	-	1,279,577
Fundraising	2,633	-	2,633	1,771	-	1,771
Total Expenses	1,278,507	-	1,278,507	1,338,863	-	1,338,863
Change in Net Assets	(96,720)	116,424	19,704	119,656	(275,187)	(155,531)
Net Assets, Beginning of Year	204,390	1,044,606	1,248,996	84,734	1,319,793	1,404,527
Net Assets, End of Year	\$ 107,670	\$ 1,161,030	\$ 1,268,700	\$ 204,390	\$ 1,044,606	\$ 1,248,996

See auditor's report and accompanying notes to financial statements.

CHESAPEAKE CHARITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	General and <u>Administrative</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Advertising	\$ 175	\$ 1,309	\$ -	\$ 1,484
Amortization	1,878	-	-	1,878
Contract Labor	362	3,189	-	3,551
Direct Service Payments	-	994,428	-	994,428
Dues and Subscriptions	1,025	-	-	1,025
Grants	-	95,602	-	95,602
Insurance	10,540	-	-	10,540
Legal and Professional Fees	6,700	-	-	6,700
Payroll and Accrued Salaries	12,061	106,136	2,412	120,609
Payroll Taxes and Licenses	1,103	9,710	221	11,034
Postage and Shipping	564	648	-	1,212
Printing	3,778	-	-	3,778
Rent	12,584	6,292	-	18,876
Software Expense	493	-	-	493
Supplies	2,037	-	-	2,037
Telephone and Fax	1,575	1,263	-	2,838
Training	-	474	-	474
Travel and Entertainment	446	163	-	609
Utilities	893	446	-	1,339
	<u>893</u>	<u>446</u>	<u>-</u>	<u>1,339</u>
Total Expenses	<u>\$ 56,214</u>	<u>\$ 1,219,660</u>	<u>\$ 2,633</u>	<u>\$ 1,278,507</u>

See auditor's report and accompanying notes to financial statements.

CHESAPEAKE CHARITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	General and <u>Administrative</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Advertising	\$ 25	\$ -	\$ -	\$ 25
Contract Labor	4,737	-	-	4,737
Direct Service Payments	-	1,123,076	-	1,123,076
Dues and Subscriptions	1,325	-	-	1,325
Grants	-	83,063	-	83,063
Insurance	10,495	-	-	10,495
Legal and Professional Fees	6,500	-	-	6,500
Payroll and Accrued Salaries	13,943	66,432	1,640	82,015
Payroll Taxes and Licenses	1,114	5,306	131	6,551
Postage and Shipping	512	-	-	512
Printing	948	-	-	948
Rent	8,096	-	-	8,096
Software Expense	348	-	-	348
Supplies	6,693	-	-	6,693
Telephone and Fax	1,861	-	-	1,861
Training	-	1,700	-	1,700
Travel and Entertainment	869	-	-	869
Utilities	49	-	-	49
	<u>57,515</u>	<u>1,279,577</u>	<u>1,771</u>	<u>1,338,863</u>
Total Expenses	\$ <u>57,515</u>	\$ <u>1,279,577</u>	\$ <u>1,771</u>	\$ <u>1,338,863</u>

See auditor's report and accompanying notes to financial statements.

CHESAPEAKE CHARITIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 19,704	\$ (155,531)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Amortization	1,878	-
Realized and Unrealized Loss	8,357	9,026
Change in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	(1,573)	1,573
Increase (Decrease) in Accounts Payable	(76,965)	7,911
Increase (Decrease) in Accrued Expenses	<u>(1,121)</u>	<u>3,759</u>
Net Cash Used by Operating Activities	(49,720)	(133,262)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Certificates of Deposit	-	(100,527)
Purchases of Investments	(13,453)	(454,316)
Purchases of Website Development Costs	(2,942)	(2,692)
Redemption of Certificates of Deposit	-	350,000
Sales of Investments	<u>11,984</u>	<u>97,866</u>
Net Cash Used by Investing Activities	(4,411)	(109,669)
CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>-</u>	<u>-</u>
NET DECREASE IN CASH	(54,131)	(242,931)
CASH, BEGINNING OF YEAR	<u>634,224</u>	<u>877,155</u>
CASH, END OF YEAR	<u>\$ 580,093</u>	<u>\$ 634,224</u>
Cash - Unrestricted	\$ 110,052	\$ 284,349
Cash - Restricted	<u>470,041</u>	<u>349,875</u>
Total Cash, End of Year	<u>\$ 580,093</u>	<u>\$ 634,224</u>
SUPPLEMENTAL CASH INFORMATION		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

See auditor's report and accompanying notes to financial statements.

CHESAPEAKE CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Chesapeake Charities, Inc. is an entity whose purpose is exclusively for such charitable and educational purposes as are within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), or the corresponding provisions of any subsequent federal tax laws. The purposes for which the Organization is formed are as follows:

- 1) To operate as a tax-exempt, not-for-profit publicly supported philanthropic institution for the benefit of the residents of the Chesapeake Bay region.
- 2) To maximize the acquisition and utilization of all public and private funding sources to accumulate funds in an endowment fund; and to manage said funds under community control for community health, education and welfare purposes.
- 3) To conduct only activities which are described as charitable or educational, as those terms are defined under Section 501(c)(3) of Internal Revenue Code 1986, as amended.

The Organization is supported primarily by grants and contributions.

Accreditation

On September 22, 2014, the Chesapeake Charities, Inc., received notice of reconfirmation of its accreditation with National Standards for U.S. Community Foundations™.

This achievement certifies that Chesapeake Charities, Inc. continues to meet the nation's highest philanthropic standards for operational quality, integrity and accountability. National Standards accreditation is a commitment to transparency, excellence, stewardship, and leadership. The National Standards seal distinguishes Chesapeake Charities, Inc. from other community foundations and philanthropic organizations that have not met these rigorous standards and provides confidence to donors, professional advisors, and others who seek a qualified, trustworthy philanthropic partner. The Organization received its initial accreditation from the Council on Foundations on February 20, 2008. The National Standards for U.S. Community Foundations Program requires community foundations to document their policies for donor services, investments, grant making, and administration.

Managed Funds

The Community Foundation (Fund) includes the current property together with any property, which may later be added to the fund. Cash gifts may be added to the fund at any time by anyone. The Board of Directors of Chesapeake Charities, Inc. shall have complete discretion to accept or refuse any non-cash gift and shall have complete authority and discretion as to the investment and reinvestment of the assets of the Fund as part of Chesapeake Charities, Inc.'s investment portfolio.

CHESAPEAKE CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFIGANT ACCOUNTING POLICIES (CONTINUED)

Chesapeake Charities, Inc. shall hold, manage, invest, and reinvest the assets of the Fund which may be co-mingled with the assets of other component funds provided, however, that the separate identity of the Fund shall be maintained and distributions from the Fund shall be clearly identified to the recipients. A separate account shall be established to report the Fund's earnings and distributions. Chesapeake Charities, Inc. shall report annually to the Internal Revenue Service regarding the Fund as a component fund within the Organization.

In the event of the dissolution of the Beneficiary, Chesapeake Charities, Inc. shall thereafter continue to hold the assets of the Fund in its general unrestricted endowment fund and shall distribute the net income and principal therefrom to such organizations as the Board of Directors of Chesapeake Charities, Inc. may select with primary consideration being given to such organizations as, in its discretion, it shall consider appropriate.

It is intended that the Fund continue as long as the need for it exists and as long as assets continue to be held in the Fund for its charitable purposes. If, for any reason, the fund is terminated or Chesapeake Charities, Inc. dissolves, or ceases to hold or administer the Fund or otherwise to function under this agreement, then the net assets of the Fund shall be distributed to such charitable organizations as the Board of Directors of Chesapeake Charities, Inc. most nearly reflect the purposes and objectives of the Beneficiary.

The Fund's assets shall be the property of Chesapeake Charities, Inc. to be held by it in its corporate capacity and shall not be deemed a trust fund held by it in a trustee capacity. It is intended that the Fund shall be a component fund within the Organization and that nothing in the donor agreement shall affect the status of Chesapeake Charities, Inc. as an organization described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code. The donor agreement shall be interpreted in a manner consistent with the foregoing intention so as to conform to any applicable requirements of the Internal Revenue Code and its regulations.

It is understood and agreed that all assets held in the Fund shall be subject to the Articles of Incorporation and Bylaws of Chesapeake Charities, Inc. including the variance power contained therein permitting the governing board of Chesapeake Charities, Inc. to modify or remove any restriction or condition regarding the distribution of funds, if, in its sole judgment, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable purposes and needs served by the community foundation.

The Fund shall share a fair portion of the total administrative costs of Chesapeake Charities, Inc. Such administrative costs shall be charged annually against income from the Fund and shall at all times be reasonable and in accordance with Chesapeake Charities, Inc. current fee schedule. If the donor prefers not to diminish the Fund by the payment therefrom of the administrative costs, they may instead be paid directly by the donor.

CHESAPEAKE CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFIGANT ACCOUNTING POLICIES (CONTINUED)

The fee structure is based upon a percentage of balances held and distributions made from the Fund.

Basis of Accounting

The financial statements of Chesapeake Charities, Inc. have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation

The Organization classifies resources for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. Unconditional promises to give are recorded as receivables and revenues and the Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows.

- Permanently Restricted - the portion of the net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Temporarily Restricted - the portion of the net assets resulting from contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Unrestricted - the portion of the net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Use of 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 and liabilities as of the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recognition of Donor Restrictions

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

CHESAPEAKE CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFIGANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For reporting purposes, Chesapeake Charities, Inc. considers all checking accounts and money market funds to be cash and cash equivalents.

Cash and Investments

Cash and investments are presented in the aggregate at the lower of cost or fair market value.

Investments

Investments are reported at market value. Donated securities are reported at fair market value as of the date of receipt. All realized and unrealized gains and losses arising from fluctuations in market values, sale or other disposition of assets are accounted for in the class of net assets that owned the assets.

The Organization receives contributions primarily from donors in the Mid-Atlantic Region.

Fair Value Measurements

Chesapeake Charities, Inc. has determined the fair value of certain assets and liabilities through application of generally accepted accounting principles.

Financial assets and liabilities valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. For certain long-term debt, the fair value was based on present value techniques using inputs derived principally or corroborated from market data. Financial assets and liabilities using level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied. All assets have been valued using a market approach. The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

Promises to Give

Promises to give are recorded as revenue in the period in which the promise becomes unconditional. All promises to give are expected to be collected within one year. An allowance for doubtful pledges has been recorded based on management's estimate of the collectibility of the pledges based on historical collection experience.

CHESAPEAKE CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFIGANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

During 2014, the Organization began development of a new website. The website was placed in service in 2015. Accordingly, costs related to the website have been capitalized but amortization expense did not begin until 2015. Amortization expense for 2015 and 2014 was \$1,878 and \$0, respectively.

Donated Services, Materials and Facilities

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Donations of materials are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Chesapeake Charities, Inc. reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Chesapeake Charities, Inc. reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Direct Services

As part of its grant making function, the Organization makes direct service payments to organizations or individuals who provide direct support to the component funds in order to fulfill their charitable missions.

Allocation of Expenses

Expenses are allocated between program services, management and general support, and fundraising in accordance with generally accepted accounting principles, and have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CHESAPEAKE CHARITIES, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFIGANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been classified as an organization that is not a private foundation under Section 509(a)(1). There was no net unrelated business taxable income; therefore, no provision for income tax is reflected in the financial statements.

The Organization's informational return filings are subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Subsequent Events

The Organization evaluated subsequent events through the date that the financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to April 22, 2016 that would have a material impact on the financial statements.

NOTE 2 - CONCENTRATIONS

The Organization maintains cash and cash equivalents at several financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At December 31, 2015, the Organization's uninsured cash balances totaled approximately \$327,990. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

NOTE 3 - CERTIFICATES OF DEPOSIT

The Organization has the following certificates of deposits as of December 31, 2015:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
The Huntington National Bank	January 2016	0.4988%	\$ 125,000
Queenstown Bank of Maryland	April 2019	1.0500%	<u>101,587</u>
Total			\$ <u>226,587</u>

The Organization has the following certificates of deposits as of December 31, 2014:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
The Huntington National Bank	January 2016	0.4988%	\$ 125,000
Queenstown Bank of Maryland	April 2019	1.0500%	<u>100,527</u>
Total			\$ <u>225,527</u>

CHESAPEAKE CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 - INVESTMENTS

The following table presents the Organization's fair value hierarchy for the above assets and liabilities measured at fair value on a recurring basis as of December 31, 2015:

	Quoted Market Prices in Active Markets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Unobservable Inputs <u>(Level 3)</u>	<u>Total</u>
Mutual Funds:				
Domestic Index Funds	\$ 71,820	\$ ---	\$ ---	\$ 71,820
Latin American Index Funds	1,038	---	---	1,038
Asian Index Funds	<u>10,878</u>	---	---	<u>10,878</u>
Total Mutual Funds	83,736	---	---	83,736
Common Stock:				
Construction	12,435	---	---	12,435
Energy	13,055	---	---	13,055
Financials	26,306	---	---	26,306
Health Care	23,944	---	---	23,944
Information Technology	13,552	---	---	13,552
Materials	7,941	---	---	7,941
Telecom	<u>7,930</u>	---	---	<u>7,930</u>
Total Common Stock	105,163	---	---	105,163
Cash	30,177	---	---	30,177
Fixed Income:				
Corporate Bonds	35,176	---	---	35,176
US Treasuries	<u>210,150</u>	---	---	<u>210,150</u>
Total Fixed Income	<u>245,326</u>	---	---	<u>245,326</u>
Total Investments	\$ <u>464,402</u>	\$ ---	\$ ---	\$ <u>464,402</u>

CHESAPEAKE CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 - INVESTMENTS (CONTINUED)

The following table presents the Organization's fair value hierarchy for the above assets and liabilities measured at fair value on a recurring basis as of December 31, 2014:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Mutual Funds:				
Domestic Index Funds	\$ 73,696	\$ ---	\$ ---	\$ 73,696
Latin American Index Funds	2,107	---	---	2,107
Asian Index Funds	<u>12,126</u>	<u>---</u>	<u>---</u>	<u>12,126</u>
Total Mutual Funds	87,929	---	---	87,929
Common Stock:				
Construction	12,369	---	---	12,369
Energy	17,244	---	---	17,244
Financials	26,105	---	---	26,105
Health Care	23,540	---	---	23,540
Information Technology	16,508	---	---	16,508
Materials	6,142	---	---	6,142
Telecom	<u>7,269</u>	<u>---</u>	<u>---</u>	<u>7,269</u>
Total Common Stock	109,177	---	---	109,177
Cash	23,501	---	---	23,501
Fixed Income:				
Corporate Bonds	36,711	---	---	36,711
US Treasuries	<u>211,886</u>	<u>---</u>	<u>---</u>	<u>211,886</u>
Total Fixed Income	<u>248,597</u>	<u>---</u>	<u>---</u>	<u>248,597</u>
Total Investments	\$ <u>469,204</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>469,204</u>

CHESAPEAKE CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31:

	<u>2015</u>	<u>2014</u>
Adopt A Bear	\$ 7,095	\$ 5,474
Animal Welfare League	87,072	34,468
Alice Perry Liptak Scholarship	15,862	10,906
Bayshore Soccer Club	1,422	1,447
Bobbi Smith Cancer Foundation	80	81
Bully Free Community	(2,455)	1,962
Cancer Comfort Angels	25,167	24,316
Cancer Comfort Angels Scholarship	158	960
Caring and Sharing	26,036	23,874
Caroline Veterans Memorial	13,124	9,164
CASA of Queen Anne's and Kent Counties	300	305
CCF	5,861	5,820
Centreville High School Alumni Scholarship-Gen.	156,821	164,075
Centreville Main Street	9,138	---
Character Counts	27,932	16,301
Character Counts – Kent County	33,359	27,886
Check Yourself-Talbot	4,879	---
Chesapeake Public Television	4,375	4,452
Chesapeake Charities, Inc. Endowment	1,010	---
Chesapeake Women's Network-QA	15,731	9,041
Chesterfield Cemetery	6,052	9,586
Child Advocacy Center	10,583	17,675
Clifton Foundation	65,700	---
Corsica River Conservancy	21,971	23,802
Cruise-Safe Foundation	429	199
CSAFE Community Fund	1,475	790
CWN Scholarship Fund-Talbot	2,101	175
Dancing for Dogs	4,285	3,321
Drug Free Caroline Coalition	866	8,600
Early Wars of Queen Anne's County	1,884	1,418
Eastern Shore Police Canine	1,556	2,576
Eastern Shore Sister City International	306	312
Eric and Cara Thorn Memorial Endowment	70,045	72,196
Eric and Cara Thorn Memorial Scholarship	26,691	26,659
Families First	---	68

CHESAPEAKE CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

	<u>2015</u>	<u>2014</u>
Family Center QAC Sports Complex	\$ 4,504	\$ 2,791
Florence S. Buck Scholarship	1,900	1,933
Foundation Family Emergency Fund	2,049	2,049
Friends of Historic Christ Church	8,323	10,384
Friends of Island Dog Park	1,895	2,577
Friends of the QAC Sports Complex	204	208
Galestown Millpond Association	2,280	2,321
Giving the Edge	4,377	5,082
Griefshare Memorial Garden	758	---
Healthy Families	2,653	2,191
Island Bay Day	310	188
Island Football Network	5,975	2,894
Judy Center Partnership	1,717	---
Kent Island Arts and Entertainment District	1,047	1,525
Kent Island Educational Music	1,154	2,210
Kent Narrows Development	9,824	9,489
MAPPA	1,688	1,911
Matapeake Elementary School Mural Fund	118	120
McArdle School for Early Autism	6,761	---
National Capital Radio and TV Museum	5,856	5,397
Partnering for Youth	177,190	220,447
Paso A Paso	10,076	7,368
Price Community Club	5,440	5,536
QA Railroad Society	228	232
QAC Agricultural Land Preservation	10,500	10,686
QAC Community Partnerships	15,093	15,360
QAC Economic Development	4,287	5,755
QAC High School Alumni Association	14,941	14,832
QAC Parks and Recreation Charitable Gift	8,755	8,865
QAC Park and Recreation	4,329	4,406
S. Calvert Environmental Resc.	19,864	---
T. Conrad Monts Memorial	115,697	117,534
Talbot Senior Center Campaign	---	2,022
Team Chesapeake	26,888	20,895
The Ransom Foundation	9,748	9,920
The Rose House	13,138	23,471
Tomcat Solutions	6,054	4,790

CHESAPEAKE CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

	<u>2015</u>	<u>2014</u>
Traffic Safety-Courtesy on the Road	\$ 950	\$ 10,136
Veterans Landing Zone	5,351	---
War of 1812 Commemoration	43	44
Warriors of Tomorrow	1,348	---
Youth Developmental Assets	<u>806</u>	<u>1,128</u>
 Total Temporarily Restricted Net Assets	 \$ <u>1,161,030</u>	 \$ <u>1,044,606</u>

NOTE 6 - OPERATING LEASES

On October 13, 2014, the Organization entered into a facility lease beginning on November 1, 2014 and expiring on October 31, 2017. The lease agreement requires base monthly rental payments of \$1,573; beginning November 1, 2016 monthly payments will increase to \$1,687. The lease allows the Organization to cancel the lease without recourse after the first year.

Future lease payments are as follows for the year ended December 31, 2015:

2016	\$ 19,105
2017	<u>16,874</u>
Total	\$ <u>35,979</u>