

FOUNDATION FOR COMMUNITY  
PARTNERSHIPS, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	3-4
Financial Statements:	
Statements of Financial Position.....	5
Statements of Activities and Changes in Net Assets .....	6
Statements of Functional Expenses.....	7-8
Statements of Cash Flows .....	9
Notes to Financial Statements.....	10-20

**TOAL, GRIFFITH & AYERS, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors  
Foundation for Community Partnerships, Inc.

We have audited the accompanying financial statements of Foundation for Community Partnerships, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, 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 of 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 Foundation for Community Partnerships, Inc. as of December 31, 2012 and 2011, 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.

  
Annapolis, Maryland  
April 5, 2013

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Current Assets:		
Cash:		
Cash - Unrestricted	\$ 83,819	\$ 33,346
Cash - Restricted for Community Foundation Fund	<u>772,440</u>	<u>514,819</u>
Total Cash	856,259	548,165
Certificates of Deposit	475,000	1,150,000
Investments	117,717	340,828
Promises to Give	<u>310</u>	<u>5,810</u>
Total Current Assets	<u>593,027</u>	<u>1,496,638</u>
Total Assets	<u>\$ 1,449,286</u>	<u>\$ 2,044,803</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accrued Expenses	<u>\$ 3,162</u>	<u>\$ 2,849</u>
Total Current Liabilities	<u>3,162</u>	<u>2,849</u>
Total Liabilities	3,162	2,849
Net Assets:		
Unrestricted	80,967	36,307
Temporarily Restricted	<u>1,365,157</u>	<u>2,005,647</u>
Total Net Assets	<u>1,446,124</u>	<u>2,041,954</u>
Total Liabilities and Net Assets	<u>\$ 1,449,286</u>	<u>\$ 2,044,803</u>

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

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012			2011		
	Operating Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>						
Contributions and Grants	\$ 14,738	\$ 1,052,611	\$ 1,067,349	\$ 38,715	\$ 888,357	\$ 927,072
Interest Income	2,411	-	2,411	3,664	16,653	20,317
Realized and Unrealized Gain (Loss)	37,357	(1,547)	35,810	9,581	(53,132)	(43,551)
In-kind Services	8,967	-	8,967	6,580	-	6,580
Program Service Fee Income Released	57,687	(57,687)	-	-	-	-
Fund Administrative Fee Income Released	57,919	(57,919)	-	41,312	(41,312)	-
Net Assets Released	1,575,948	(1,575,948)	-	610,415	(610,415)	-
<b>Total Revenue, Gains, and Other Support</b>	<b>1,755,027</b>	<b>(640,490)</b>	<b>1,114,537</b>	<b>710,267</b>	<b>200,151</b>	<b>910,418</b>
<b>EXPENSES</b>						
General and Administrative	40,286	-	40,286	45,645	-	45,645
Program	1,670,081	-	1,670,081	646,318	-	646,318
<b>Total Expenses</b>	<b>1,710,367</b>	<b>-</b>	<b>1,710,367</b>	<b>691,963</b>	<b>-</b>	<b>691,963</b>
Change in Net Assets	44,660	(640,490)	(595,830)	18,304	200,151	218,455
Net Assets, Beginning of Year	36,307	2,005,647	2,041,954	18,003	1,805,496	1,823,499
Net Assets, End of Year	\$ 80,967	\$ 1,365,157	\$ 1,446,124	\$ 36,307	\$ 2,005,647	\$ 2,041,954

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

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	General and <u>Administrative</u>	<u>Program</u>	<u>Total Expenses</u>
Contract Labor	\$ 1,936	\$ -	\$ 1,936
Direct Service Payments	-	1,523,563	1,523,563
Dues and Subscriptions	1,125	-	1,125
Grants	-	89,835	89,835
Insurance	9,954	-	9,954
Legal and Professional Fees	6,200	8,967	15,167
Payroll and Accrued Salaries	10,329	44,034	54,363
Payroll Taxes and Licenses	864	3,682	4,546
Postage and Shipping	317	-	317
Printing	268	-	268
Rent	6,600	-	6,600
Software Expense	496	-	496
Supplies	472	-	472
Telephone and Fax	1,200	-	1,200
Travel and Entertainment	267	-	267
Website	258	-	258
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ <u>40,286</u>	\$ <u>1,670,081</u>	\$ <u>1,710,367</u>

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

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	General and <u>Administrative</u>	<u>Program</u>	<u>Total Expenses</u>
Contract Labor	\$ 1,028	\$ -	\$ 1,028
Direct Service Payments	-	529,999	529,999
Dormant Fund Transfer	-	15,500	15,500
Dues and Subscriptions	825	-	825
Grants	-	71,517	71,517
Insurance	9,275	-	9,275
Legal and Professional Fees	9,181	3,399	12,580
Payroll and Accrued Salaries	17,274	23,854	41,128
Payroll Taxes and Licenses	1,484	2,049	3,533
Postage and Shipping	320	-	320
Printing	230	-	230
Rent	3,850	-	3,850
Software Expense	300	-	300
Supplies	414	-	414
Telephone and Fax	956	-	956
Travel and Entertainment	137	-	137
Website	371	-	371
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ <u>45,645</u>	\$ <u>646,318</u>	\$ <u>691,963</u>

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

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (595,830)	\$ 218,455
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Realized and Unrealized (Gain) Loss	(35,810)	43,551
Change in Assets and Liabilities:		
Decrease in Promises to Give	5,500	2,810
Increase in Accrued Expenses	<u>313</u>	<u>1</u>
Net Cash Provided (Used) by Operating Activities	(625,827)	264,817
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments and Certificates of Deposit	(617,585)	(1,402,621)
Sales of Investments and Certificates of Deposit	<u>1,551,506</u>	<u>1,127,130</u>
Net Cash Provided (Used) by Investing Activities	933,921	(275,491)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	308,094	(10,674)
<b>CASH, BEGINNING OF YEAR</b>	<u>548,165</u>	<u>558,839</u>
<b>CASH, END OF YEAR</b>	<u>\$ 856,259</u>	<u>\$ 548,165</u>
Cash - Unrestricted	\$ 83,819	\$ 33,346
Cash - Restricted	<u>772,440</u>	<u>514,819</u>
Total Cash, End of Year	<u>\$ 856,259</u>	<u>\$ 548,165</u>
<b>SUPPLEMENTAL CASH INFORMATION</b>		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

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

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Foundation for Community Partnerships, 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.

Basis of Accounting

The financial statements of the Foundation for Community Partnerships, 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.

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFIGANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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. In addition, the banks have pledged collateral against certain deposit accounts. At December 31, 2012, the Organization's uninsured cash balances totaled approximately \$494,000. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

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

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.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for Federal or state income taxes.

The Organization's information return filings are subject to audit by the IRS. The Organization's open audit periods are 2009–2012.

Cash and Cash Equivalents

For reporting purposes, Foundation for Community Partnerships, Inc. considers all checking accounts and money market funds to be cash and cash equivalents.

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFIGANT ACCOUNTING POLICIES (CONTINUED)

Accreditation

On February 20, 2008, the Foundation for Community Partnerships, Inc. received notification that it met the nation's highest philanthropic standards for operational quality, integrity and accountability. The notice comes from the Council on Foundations, a national professional association based in Washington, D.C. Accreditation by the Council on Foundations means the Foundation has demonstrated a commitment to operational quality, integrity, and accountability. The National Standards for U.S. Community Foundations Program requires community foundations to document their policies for donor services, investments, grant making, and administration. With over 200 community foundations already confirmed in compliance nationwide, the program is designed to provide quality assurance to donors, as well as to their legal and financial advisors.

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, the Foundation for Community Partnerships, Inc. reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation for Community Partnerships, Inc. reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Direct Services

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

Cash and Investments

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

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFIGANT ACCOUNTING POLICIES (CONTINUED)

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 5, 2013 that would have a material impact on the financial statements.

NOTE 2 - MANAGED FUNDS

The Community Foundation (Fund) shall include 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 the Foundation for Community Partnerships, 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 the Foundation for Community Partnerships, Inc.'s investment portfolio.

The Foundation for Community Partnerships, 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. The Foundation for Community Partnerships, Inc. shall report annually to the Internal Revenue Service regarding the Fund as a component fund within the Foundation for the Community Partnerships, Inc.

In the event of the dissolution of the Beneficiary, the Foundation for Community Partnerships, 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 the Foundation for Community Partnerships, 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 the Foundation for Community Partnerships, 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 the Foundation for Community Partnerships, Inc., most nearly reflect the purposes and objectives of the Beneficiary.

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 2 - MANAGED FUNDS (CONTINUED)

The Fund's assets shall be the property of the Foundation for the Community Partnerships, 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 community foundation and that nothing in the donor agreement shall affect the status of the Foundation for Community Partnerships, 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 the Foundation for Community Partnerships, Inc., including the variance power contained therein permitting the governing board of the Foundation for Community Partnerships, 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 the Foundation for Community Partnerships, Inc. Such administrative costs shall be charged annually against income from the Fund and shall at all times be reasonable and in accordance with Foundation for the Community Partnerships, 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.

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

NOTE 3 - CERTIFICATES OF DEPOSIT

The Organization has the following certificates of deposits as of December 31, 2012:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Sovereign Bank	January 2013	0.39922%	\$ 225,000
Business First Bank	January 2014	0.59822%	19,138
The Park National Bank	January 2014	0.59822%	105,862
EverBank	January 2013	2.12728%	250
BankFIRST	January 2013	2.12728%	<u>124,750</u>
Total			\$ <u>475,000</u>

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 3 - CERTIFICATES OF DEPOSIT (CONTINUED)

The Organization has the following certificates of deposits as of December 31, 2011:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Marquette Bank	January 2012	0.6479%	\$ 225,000
The PrivateBank and Trust Company	January 2012	0.69757%	225,000
The Huntington National Bank	January 2012	0.6479%	125,000
Banco Popular de Puerto Rico	April 2012	0.6479%	215,500
EverBank	April 2012	0.6479%	225,000
The PrivateBank and Trust Company	April 2012	0.6479%	9,500
EverBank	January 2013	2.12728%	250
BankFIRST	January 2013	2.12728%	<u>124,750</u>
Total			\$ <u>1,150,000</u>

NOTE 4 - INVESTMENTS

The Foundation for Community Partnerships, Inc. has determined the fair value of certain assets and liabilities through application of U.S. 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.

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012:

<u>2012</u>	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	<u>Total</u>
Mutual Funds:				
Domestic Index Funds	\$ 20,223	\$ ---	\$ ---	\$ 20,223
Latin American Index Funds	9,856	---	---	9,856
Asian Index Funds	<u>18,286</u>	<u>---</u>	<u>---</u>	<u>18,286</u>
Total Mutual Funds	48,365	---	---	48,365
Certificates of Deposit	---	475,000	---	475,000
Common Stock:				
International Telecommunications	<u>1,018</u>	<u>---</u>	<u>---</u>	<u>1,018</u>
Total Common Stock	1,018	---	---	1,018
Cash	<u>68,334</u>	<u>---</u>	<u>---</u>	<u>68,334</u>
Total Investments	\$ <u>117,717</u>	\$ <u>475,000</u>	\$ <u>---</u>	\$ <u>592,717</u>

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2011:

<u>2011</u>	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	<u>Total</u>
Mutual Funds:				
Domestic Index Funds	\$ 98,353	\$ ---	\$ ---	\$ 98,353
Global Technology	28,481	---	---	28,481
Latin American Index Funds	94,727	---	---	94,727
Asian Index Funds	79,763	---	---	79,763
Other International Index Funds	<u>29,872</u>	<u>---</u>	<u>---</u>	<u>29,872</u>
Total Mutual Funds	331,196	---	---	331,196
Certificates of Deposit	---	1,150,000	---	1,150,000
Common Stock:				
Domestic Industrial Products	<u>3,552</u>	<u>---</u>	<u>---</u>	<u>3,552</u>
Total Common Stock	3,552	---	---	3,552
Cash	<u>6,080</u>	<u>---</u>	<u>---</u>	<u>6,080</u>
Total Investments	\$ <u>340,828</u>	\$ <u>1,150,000</u>	\$ <u>---</u>	\$ <u>1,490,828</u>

NOTE 5 - PROMISES TO GIVE

Promises to give as of December 31 are as follows:

Promises to give:	<u>2012</u>	<u>2011</u>
Expected to be paid in:		
One year	\$ 1,000	\$ 6,000
One to five years	<u>---</u>	<u>500</u>
Total	1,000	6,500
Allowance	<u>(690)</u>	<u>(690)</u>
Net	\$ <u>310</u>	\$ <u>5,810</u>

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 5 - PROMISES TO GIVE (CONTINUED)

The allowance was determined based upon a discount of 6% per year. As of December 31, 2012 and 2011, the Organization had \$0 and \$2,500, respectively, in conditional promises to give for which the conditions were not yet met.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2012</u>	<u>2011</u>
A Place to Play	\$ ---	\$ 1,525
Adopt A Bear	18,037	13,334
Bayshore Soccer Club	394	173
Bobbi Smith Cancer Foundation	84	86
Buck Family Fund	85,421	100,095
Cancer Comfort Angels	34,779	29,272
Caring and Sharing	21,765	22,037
Caroline Veterans Memorial	4,122	1,457
CASA of Queen Anne's and Kent Counties	115	37,211
CCF	3,245	3,302
Centreville High School Alumni Scholarship-Gen.	6,294	2,820
Character Counts	9,640	7,567
Chesapeake Public Television	4,611	4,693
Chesapeake Women's Network-QA	8,640	7,103
Chesterfield Cemetery	2,215	2,254
Child Advocacy Center	22,985	17,220
Community Initiatives Grant of the CCHSC	---	307,528
Corsica River Conservancy	25,996	7,974
CRF	193,460	195,649
CSAFE Community Fund	31	449
CWN Scholarship Fund-Talbot	230	829
Dorchester County LMB	---	247,223
Drug Free Caroline Coalition	2,289	1,655
Early Wars of Queen Anne's County	20,615	6,462
Cancer Comfort Angels Scholarship	650	---
Eastern Shore Police Canine	3,694	4,068
Eastern Shore Sister City International	323	---
Educare	2,839	4,614
Families First	71	72
Florence S. Buck Scholarship	2,002	44
Friends of Historic Christ Church	4,078	6,383

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

	<u>2012</u>	<u>2011</u>
Friends of Island Dog Park	\$ 587	\$ 5,996
Friends of the QAC Sports Complex	216	219
Galestown Millpond Association	2,404	2,447
Healthy Families	1,005	756
Island Bay Day	301	---
Island Football Network	4,688	1,416
Judy Center Partnership	4,086	3,297
Kent Island Arts and Entertainment District	1,955	1,542
Matapeake Elementary School Mural Fund	124	671
Mid-Shore Network	---	510
Partnering for Youth	342,792	299,412
Paso A Paso	646	1,590
Price Community Club	11,605	9,289
QA Railroad Society	9,856	8,546
QAC Agricultural Land Preservation	11,068	11,264
QAC Community Partnerships	15,909	12,582
QAC Economic Development	11,116	19,240
QAC High School Alumni Association	11,340	9,962
QAC LMB Returned Reinvestment	---	357,442
QAC Parks and Recreation Charitable Gift	5,111	12,089
QAC Park and Recreation	4,564	4,975
T. Conrad Monts Memorial	199,700	---
Talbot Senior Center Campaign	2,094	2,131
Team Chesapeake	13,334	---
The Ransom Foundation	14,986	15,251
The Rose House	24,837	25,153
Tomcat Solutions	3,334	12,071
Traffic Safety-Courtesy on the Road	21,622	25,405
War of 1812 Commemoration	46	1,176
Youth Developmental Assets	1,598	1,626
Foundation Family Emergency Fund	2,049	2,049
Centreville High School Alumni Scholarship	12,059	11,220
Dr. Elizabeth Hagen Scholarship-Endowment	151,190	150,901
Time Restricted	310	3,215
Unallocated Losses on Investments Related to Restricted Funds	<u>---</u>	<u>(41,122)</u>
Total Temporarily Restricted Net Assets	\$ <u>1,365,157</u>	\$ <u>2,005,647</u>

FOUNDATION FOR COMMUNITY PARTNERSHIPS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 7 - DONATED SERVICES AND FACILITIES

The value of donated services and facilities included as contributions in the financial statements and the corresponding expenses for the years ended December 31, 2012 and 2011 are as follows:

<u>2012</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Legal and Professional Fees	\$ <u>8,967</u>	\$ <u>---</u>	\$ <u>8,967</u>
<u>2011</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Legal and Professional Fees	\$ <u>3,181</u>	\$ <u>3,399</u>	\$ <u>6,580</u>

NOTE 8 - OPERATING LEASE

The Organization entered into a one year lease agreement on July 1, 2012 for office space with a business owned by a member of the Board of Directors. The lease is for a term of one year with an option to renew for an additional twelve months. Monthly payments are \$550. Future minimal rental payments, all of which are due during the year ended December 31, 2013, are \$6,600.

Total rent expense for the years ended December 31, 2012 and 2011 was \$6,600 and \$3,850, respectively. No amounts are due to or from the Organization at December 31, 2012 and 2011.