

MCPS EDUCATIONAL FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

**MCPS EDUCATIONAL FOUNDATION, INC.
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YEARS ENDED JUNE 30, 2023 AND 2022**

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON
THE AUDIT OF THE FINANCIAL STATEMENTS**

Board of Directors
MCPS Educational Foundation, Inc.
Rockville, Maryland

Opinion

We have audited the financial statements of the MCPS Educational Foundation, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statement of the Foundation as of and for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on these statements on October 18, 2022.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundations' ability to continue as a going concern for one year after the date that the financial statements are issue.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Owings Mills, Maryland
September 27, 2023

MCPS EDUCATIONAL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 519,146	\$ 109,513
Investments	9,312,934	6,558,743
Prepaid Expenses	<u>29,082</u>	<u>27,515</u>
Total Assets	<u><u>\$ 9,861,162</u></u>	<u><u>\$ 6,695,771</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 12,473	\$ 41,449
Scholarships Payable	2,275,000	205,000
Deferred Contribution Revenue	542,281	430,305
Due to Montgomery County Public Schools	<u>118,967</u>	<u>257,265</u>
Total Liabilities	<u>2,948,721</u>	<u>934,019</u>
NET ASSETS		
Without Donor Restrictions	2,650,964	2,342,824
With Donor Restrictions:		
Purpose Restrictions	2,311,304	1,537,438
Perpetual in Nature	<u>1,950,173</u>	<u>1,881,490</u>
Total With Donor Restrictions	<u>4,261,477</u>	<u>3,418,928</u>
Total Net Assets	6,912,441	5,761,752
Total Liabilities and Net Assets	<u><u>\$ 9,861,162</u></u>	<u><u>\$ 6,695,771</u></u>

See accompanying Notes to Financial Statements.

MCPS EDUCATIONAL FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Contributions	\$ 11,773	\$ 2,892,065	\$ 2,903,838	\$ 23,652	\$ 712,503	\$ 736,155
Investment Income	31,991	(12,837)	19,154	36,936	33,952	70,888
Escheatments Distributed	-	652,902	652,902	-	30,525	30,525
Net Unrealized Gain (Loss) on Investments	492,914	243,282	736,196	(635,677)	(555,541)	(1,191,218)
Net Assets Released from Restrictions	2,883,230	(2,883,230)	-	1,345,065	(1,345,065)	-
Total Revenues	3,419,908	892,182	4,312,090	769,976	(1,123,626)	(353,650)
EXPENSES						
Program Services:						
Grants Paid to MCPS	694,236	-	694,236	640,987	-	640,987
Scholarships	2,145,500	-	2,145,500	269,500	-	269,500
Total Program Services	2,839,736	-	2,839,736	910,487	-	910,487
Supporting Services:						
Salaries	184,228	-	184,228	170,177	-	170,177
Office Expenses	84,301	-	84,301	104,492	-	104,492
Refund of Escheated Funds	-	49,633	49,633	-	114,563	114,563
Credit Card and Bank Fees	3,503	-	3,503	2,964	-	2,964
Total Supporting Services	272,032	49,633	321,665	277,633	114,563	392,196
Total Expenses	3,111,768	49,633	3,161,401	1,188,120	114,563	1,302,683
CHANGE IN NET ASSETS	308,140	842,549	1,150,689	(418,144)	(1,238,189)	(1,656,333)
Net Assets - Beginning of Year	2,342,824	3,418,928	5,761,752	2,760,968	4,657,117	7,418,085
NET ASSETS - END OF YEAR	\$ 2,650,964	\$ 4,261,477	\$ 6,912,441	\$ 2,342,824	\$ 3,418,928	\$ 5,761,752

See accompanying Notes to Financial Statements.

MCPS EDUCATIONAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,150,689	\$ (1,656,333)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Unrealized (Gain) Loss on Investments	(736,196)	1,191,218
Effects of Changes in Operating Assets and Liabilities:		
Due to Montgomery County Public Schools	(138,298)	(301,774)
Deferred Contribution Revenue	111,976	430,305
Prepaid Expenses	(1,567)	(9,516)
Accounts Payable	(28,976)	(334,979)
Scholarships Payable	2,070,000	205,000
Net Cash Provided (Used) by Operating Activities	2,427,628	(476,079)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(8,714,281)	(3,072,969)
Sales of Investments	6,696,286	3,409,174
Net Cash Provided (Used) by Investing Activities	(2,017,995)	336,205
CASH FLOWS FROM IFINANCING ACTIVITIES		
Repayment of Line of Credit	-	(250,000)
NET INCREASE (DECREASE) IN CASH	409,633	(389,874)
Cash - Beginning of Year	109,513	499,387
CASH - END OF YEAR	\$ 519,146	\$ 109,513

MCPS EDUCATIONAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The MCPS Educational Foundation, Inc. (“the Foundation”), a Maryland nonprofit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation’s general purpose is to support and enhance the educational goals established by the Board of Education of Montgomery County.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during their reporting period. Actual results could differ from those estimates.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting which requires the Foundation to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

MCPS EDUCATIONAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions to the Foundation are received from private foundations, business organizations, individuals, and escheated funds from the unclaimed proceeds of the estates of deceased individuals as provided for by the Annotated Code of Maryland. Investment income is reported as increases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Distributions

Distributions made to Montgomery County Public Schools (MCPS) and to others are recorded as expenses at the time the commitments to give are made and all conditions have been met. All other expenses are recognized when incurred. Expenses are reported as decreases in net assets without donor restrictions.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. In addition, the Statements of Activities present the natural classification detail of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. Expenses are allocated on the basis of estimates of time and effort.

Investments

Investments are reported at fair value, or at cost when cost approximates fair value, and any unrealized gains, losses, and investment income are reflected in the Statements of Activities as a change in net assets without donor restrictions, unless their use is restricted by explicit donor-imposed stipulations or by law. Dividends, interest, and net gains on investments of endowments and similar funds are reported as follows:

- As increases net assets with donor restrictions net assets if the terms of the gift or relevant state law impose restrictions that require the income or net gains to be retained permanently;
- As increases in net assets without donor restrictions in all other cases.

Income Tax Exemption

The Foundation is organized as a Maryland nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in Internal Revenue Code (IRC) Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation may be subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the Foundation is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

MCPS EDUCATIONAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and treasury security holdings with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Investments performance is monitored by us and the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Subsequent Events

We have evaluated subsequent events through September 27, 2023, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash	\$ 519,146	\$ 109,513
Investments	9,312,934	6,558,743
Less donor-restricted amount	<u>(4,261,477)</u>	<u>(3,418,928)</u>
Total	<u>\$ 5,570,603</u>	<u>\$ 3,249,328</u>

MCPS EDUCATIONAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

Our endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures. As of June 30, 2023 and 2022, \$1,950,173 and \$1,881,491, respectively, was not available for general expenditures.

NOTE 3 RELATED PARTY TRANSACTIONS

The Foundation is a legally separate entity from MCPS, but is considered to be a component unit of MCPS because of the significance of their financial relationship.

During the years ended June 30, 2023 and 2022, the Foundation made pledges to MCPS of \$500,000 and \$500,000, respectively, and made other contributions indirectly benefiting the MCPS educational program of \$2,339,736 and \$410,487, respectively. At June 30, 2023 and 2022, the Foundation owed MCPS \$118,967 and \$257,265, respectively, for unpaid contributions.

In addition, MCPS provides various administrative services and space to the Foundation.

NOTE 4 INVESTMENTS

Investments as of June 30 are summarized as follows:

	2023		2022	
	Cost	Market	Cost	Market
Montgomery County Investment Pool	\$ 147,626	\$ 147,626	\$ 142,678	\$ 142,678
Northern Trust Securities	7,047,642	7,112,918	7,085,468	6,416,065
M&T Financial Services	2,052,390	2,052,390	-	-
Total Investments	<u>\$ 9,247,658</u>	<u>\$ 9,312,934</u>	<u>\$ 7,228,146</u>	<u>\$ 6,558,743</u>

MCPS EDUCATIONAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining fair value, the Foundation uses various valuation approaches within the accounting codification guidance for the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The accounting codification guidance, *Fair Value Measurements*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The accounting codification guidance defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- 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 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

As of June 30, 2023 and 2022, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments in the Montgomery County Investment Pool, Northern Trust, and M&T Financial Services.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

MCPS EDUCATIONAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents investments measured at fair value by classification within the fair value hierarchy as of June 30:

ASSETS:	Fair Value Measurements at June 30, 2023			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	(Level 3)
Operating Investments:				
Equity in Investment Pool				
Montgomery County	\$ 147,626	\$ -	\$ 147,626	\$ -
Mutual Fund by Type:				
Equities	4,240,455	4,240,455	-	-
Fixed Income	2,410,593	2,410,593	-	-
Commodities	140,566	140,566	-	-
Treasury Securities	1,519,132	1,519,132	-	-
Total	<u>\$ 8,458,372</u>	<u>\$ 8,310,746</u>	<u>\$ 147,626</u>	<u>\$ -</u>
Cash and cash equivalents	321,304			
Money Market funds	533,258			
Total Investments - Note 5	<u>\$ 9,312,934</u>			

ASSETS:	Fair Value Measurements at June 30, 2022			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	(Level 3)
Operating Investments:				
Equity in Investment Pool				
Montgomery County	\$ 142,678	\$ -	\$ 142,678	\$ -
Mutual Fund by Type:				
Equities	4,238,420	4,238,420	-	-
Fixed Income	1,767,630	1,767,630	-	-
Real Estate	66,616	66,616	-	-
Commodities	303,634	303,634	-	-
Total	<u>\$ 6,518,978</u>	<u>\$ 6,376,300</u>	<u>\$ 142,678</u>	<u>\$ -</u>
Cash and cash equivalents	39,765			
Total Investments	<u>\$ 6,558,743</u>			

MCPS EDUCATIONAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The Montgomery County Investment Pool invests in short-term U.S. Treasury obligations, bankers' acceptances, commercial paper, repurchase agreements and money market funds. Such securities are classified as Level 2 of the valuation hierarchy.

The Foundation invests in open ended publicly traded mutual funds held at Northern Trust as well as US Treasury securities held at M&T Financial Services. Such securities are classified as Level 1 in the valuation hierarchy.

NOTE 6 ENDOWMENTS

The Foundation includes 18 donor-restricted endowments established to provide scholarships (12 funds), grants (six funds) and awards (two funds) for MCPS students. In addition, the Foundation maintains one board-designated endowment fund that was established to provide scholarships. The original corpus of the board-designated endowment fund is \$190,955. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The corpus must be used as an investment in perpetuity. The investment income can be used to fulfill the endowments' purpose.

Interpretation of Relevant Law

The Foundation has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA), enacted April 14, 2009, 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. Consequently, the Foundation classifies net assets with restrictions as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund is classified as net assets with restrictions until those amounts are committed for expenditure by the Foundation. In accordance with MUPMIFA, the Foundation considers the following factors in making a determination to expend or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce a market rate of return while maintaining a low level of investment risk.

MCPS EDUCATIONAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 ENDOWMENTS (CONTINUED)

Spending Policy

Annually, the Foundation reviews the available appreciation in the value of endowment funds and the expected future returns on endowment investments to determine the amounts of new scholarships that it may award in the current year. The Foundation expects that the current spending policy will allow its endowments to retain the original fair value of the gifts.

Strategies Employed for Achieving Objectives

The Foundation relies on an investment strategy in which investment returns are achieved principally through current interest income. Asset allocation emphasizes fixed income investments.

Endowment Net Assets Composition as of June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
Board-Designated Endowment Funds	\$ 190,955	\$ -	\$ 190,955
Donor-Restricted Endowment Funds			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,888,840	1,888,840
Contributions held in perpetuity	-	61,333	61,333
Total Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,950,173	1,950,173
Accumulated Investment Gains, less Expenditures & Fees	-	585,095	585,095
	\$ 190,955	\$ 2,535,268	\$ 2,726,223

Changes in Endowment Assets for the Fiscal Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets - Beginning of Year	\$ 190,955	\$ 2,444,759	\$ 2,635,714
Investment Return, Net	-	227,579	227,579
Contributions	-	61,333	61,333
Expenditures	-	(184,805)	(184,805)
Management Fees	-	(13,598)	(13,598)
Endowment Net Assets - End of Year	\$ 190,955	\$ 2,535,268	\$ 2,726,223

MCPS EDUCATIONAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 ENDOWMENTS (CONTINUED)

Endowment Net Assets Composition as of June 30, 2022			
	Without Donor Restriction	With Donor Restriction	Total
Board-Designated Endowment Funds	\$ 190,955	\$ -	\$ 190,955
Donor-Restricted Endowment Funds			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,810,229	1,810,229
Contributions held in perpetuity	-	71,261	71,261
Total Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,881,490	1,881,490
Accumulated Investment Gains	-	563,269	563,269
	\$ 190,955	\$ 2,444,759	\$ 2,635,714

Changes in Endowment Assets for the Fiscal Year Ended June 30, 2022			
	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets - Beginning of Year	\$ 190,955	\$ 2,893,349	\$ 3,084,304
Investment Return, Net	-	(519,851)	(519,851)
Contributions	-	71,261	\$ 71,261
Endowment Net Assets - End of Year	\$ 190,955	\$ 2,444,759	\$ 2,635,714

NOTE 7 NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Science and General Education	\$ 2,311,304	\$ 1,537,438
Endowments:		
Subject to Appropriation and Expenditure When a Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor:		
Scholarships and Special Needs	1,950,173	1,881,490
Total Net Assets With Donor Restrictions	\$ 4,261,477	\$ 3,418,928

MCPS EDUCATIONAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors. Certain Net Assets were released from restrictions by meeting time restrictions set forth in the Annotated Code of Maryland as to refund of escheated funds to located heirs. The net assets were released as follows for the years ended June 30:

	2023	2022
Grants Paid to MCPS	<u>\$ (2,883,230)</u>	<u>\$ (1,345,064)</u>

NOTE 8 UNCERTAINTY IN INCOME TAXES

The Foundation has adopted the FASB requirements for accounting for uncertain tax positions and has determined that it is not required to record a liability related to uncertain tax positions.

NOTE 9 FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.