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LIVING CLASSROOMS FOUNDATION, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020 AND 2019

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Independent Auditor's Report

To the Board of Directors
Living Classrooms Foundation, Inc. and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Living Classrooms Foundation, Inc. and Affiliates (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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Independent Auditor's Report (Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Living Classrooms Foundation, Inc. and Affiliates as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The report of revenue and expenses by program for the State of Maryland Department of Juvenile Services is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated September 15, 2021, 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 result 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.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
September 15, 2021

LIVING CLASSROOMS FOUNDATION, INC. AND AFFILIATES
Consolidated Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	**$ 5,150,014**	$ 878,262
Investments	**1,031,907**	885,653
Grants receivable	**1,609,472**	1,725,245
Pledges receivable, net of allowance for doubtful accounts (2020 - $-0- and 2019 - $56,250)	**1,123,322**	1,369,697
Accounts receivable, net of allowance for doubtful accounts (2020 and 2019 - $5,000)	**481,964**	843,094
Inventory	**67,838**	68,736
Prepaid expenses	**227,657**	234,676
Total Current Assets	**9,692,174**	6,005,363
Property		
Land	**159,950**	159,950
Building and improvements	**28,775,554**	27,348,347
Vessels and improvements	**7,956,119**	7,586,517
Office and program equipment	**2,004,724**	1,965,708
Vehicles	**520,132**	520,132
Construction in progress	**541,309**	247,500
Exhibits and monuments	**730,817**	730,817
Total Cost	**40,688,605**	38,558,971
Less: Accumulated depreciation	**16,136,683**	16,192,680
Net Property	**24,551,922**	22,366,291
Other Assets		
Cash surrender value of life insurance policies net of loans (2020 - $158,667 and 2019 - $219,095)	**725,114**	609,812
Pledges receivable, net of current portion	**727,217**	1,629,963
Investments restricted to long-term investment	**3,127,921**	2,810,964
Goodwill, net of amortization (2020 - $150,000 and 2019 - $125,000)	**100,000**	125,000
Total Other Assets	**4,680,252**	5,175,739
Total Assets	**$ 38,924,348**	$ 33,547,393

	2020	2019
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	**$ 375,844**	$ 406,054
Accrued expenses	**52,606**	107,973
Payroll and related taxes payable	**1,164,751**	886,414
Deferred revenue	**443,450**	302,167
Current maturities of long-term debt	**226,868**	198,677
Total Current Liabilities	**2,263,519**	1,901,285
Non-Current Liabilities		
Long-term debt, net of current maturities	**5,442,137**	2,508,724
Deferred compensation	**305,000**	290,000
Derivative obligation	**-0-**	38,342
Total Non-Current Liabilities	**5,747,137**	2,837,066
Total Liabilities	**8,010,656**	4,738,351
Commitments (Notes 11, 12 and 13)		
Net Assets		
Without donor restrictions:		
General	**20,453,508**	20,360,539
Board-designated	**100,000**	-0-
With donor restrictions	**10,360,184**	8,448,503
Total Net Assets	**30,913,692**	28,809,042
Total Liabilities and Net Assets	**$ 38,924,348**	$ 33,547,393

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

LIVING CLASSROOMS FOUNDATION, INC. AND AFFILIATES
Consolidated Statements of Activities
Years Ended December 31, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants	$ 6,945,245	$ 2,793,924	$ 9,739,169
Gross special event revenue, net cost of direct benefit to donor ($-0- and $135,408 for 2020 and 2019)	120,280	-0-	120,280
Gross fundraising, sales, and other, net of cost of goods sold ($1,558 and $59,862 for 2020 and 2019)	256,660	-0-	256,660
Contributions	3,524,500	1,488,973	5,013,473
Program fees	254,817	-0-	254,817
Net investment return	127,177	378,206	505,383
Loss on disposal of property	(107,639)	-0-	(107,639)
Unrealized gain on derivative obligations	38,342	-0-	38,342
Total Revenue and Support Before Net Assets Released From Restrictions	11,159,382	4,661,103	15,820,485
Net assets released from restrictions	2,749,422	(2,749,422)	-0-
Total Revenue and Support	13,908,804	1,911,681	15,820,485
Expenses			
Program services	11,528,935	-0-	11,528,935
Administrative services	1,862,368	-0-	1,862,368
Fundraising	324,532	-0-	324,532
Total Expenses	13,715,835	-0-	13,715,835
Change in Net Assets	192,969	1,911,681	2,104,650
Net Assets - Beginning of year	20,360,539	8,448,503	28,809,042
Net Assets - End of year	$ 20,553,508	$ 10,360,184	$ 30,913,692

2019			
Without Donor Unrestricted	With Donor Restrictions	Total	Increase (Decrease)
$ 6,263,937	$ 678,532	$ 6,942,469	$ 2,796,700
1,308,411	-0-	1,308,411	(1,188,131)
2,027,086	-0-	2,027,086	(1,770,426)
3,321,732	2,781,771	6,103,503	(1,090,030)
715,965	-0-	715,965	(461,148)
159,911	449,525	609,436	(104,053)
(390,109)	-0-	(390,109)	282,470
11,361	-0-	11,361	26,981
13,418,294	3,909,828	17,328,122	(1,507,637)
2,526,214	(2,526,214)	-0-	-0-
15,944,508	1,383,614	17,328,122	(1,507,637)
13,833,324	-0-	13,833,324	(2,304,389)
1,783,819	-0-	1,783,819	78,549
772,758	-0-	772,758	(448,226)
16,389,901	-0-	16,389,901	(2,674,066)
(445,393)	1,383,614	938,221	$ 1,166,429
20,805,932	7,064,889	27,870,821	
$ 20,360,539	$ 8,448,503	$ 28,809,042	

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

LIVING CLASSROOMS FOUNDATION, INC. AND AFFILIATES
Consolidated Statement of Functional Expenses
Year Ended December 31, 2020 with Comparative Totals for 2019

	Living Classrooms Foundation	Living Classrooms Foundation DC	Historic Ships	Project S.E.R.V.E.	Inner Harbor Paddleboats	Crossroads School
Salaries	$ 3,620,852	$ 513,399	$ 453,337	$ 1,277,906	$ 10,118	$ 89,233
Payroll taxes	282,066	45,868	87,722	109,359	5,682	7,404
Health insurance	168,116	12,267	13,037	26,555	1,250	1,549
Retirement	60,892	1,472	12,572	2,330	306	146
Life insurance	22,454	4,081	3,068	6,600	125	648
Total Salaries and Related Expenses	4,154,380	577,087	569,736	1,422,750	17,481	98,980
Advertising and promotion	44,452	3,608	12,731	2,381	50	-0-
Bad debt	-0-	-0-	-0-	-0-	-0-	-0-
Bank fees	74,811	1,327	31,305	-0-	1,000	-0-
Conferences and training	17,828	-0-	623	893	459	926
Contract services	5,983	540	5,552	-0-	1,531	-0-
Cost of direct benefits to donors	-0-	-0-	-0-	-0-	-0-	-0-
Cost of goods sold	-0-	-0-	1,558	-0-	-0-	-0-
Depreciation and amortization	437,967	8,241	254,366	20,219	78,679	86,687
Drug testing	12,521	1,042	407	7,605	674	114
Food	43,030	6,996	5,683	4,112	41	755
Fuel	2,810	550	27	10,208	7	-0-
In-kind expense	105,763	2,493	-0-	-0-	-0-	-0-
Insurance	305,901	39,437	54,649	101,490	27,054	8,682
Intercompany	(1,029,066)	170,782	348,331	324,999	78,765	53,819
Interest expense	217,749	-0-	15,569	-0-	21,603	-0-
Maintenance	237,926	19,519	19,524	31,986	6,211	61,828
Miscellaneous	79,003	107	7,161	10,254	222	1,608
Office expense	80,045	3,847	10,450	18,513	13,093	41,211
Partners expense	72,209	400	6,710	24,229	-0-	-0-
Postage	5,605	176	1,336	108	-0-	70
Printing	1,023	431	538	-0-	-0-	-0-
Professional fees	149,210	23,476	58,585	340	-0-	-0-
Program supplies	125,833	46,256	2,485	202,854	198	13,035
Rent	135,827	12,178	38,456	25,400	129,854	29,808
Telephone	49,879	18,749	18,104	6,814	1,259	450
Travel and transportation	25,154	(1,735)	1,195	9,618	-0-	1,015
Uniforms	13,992	540	152	3,744	-0-	-0-
Utilities	57,260	8,260	20,214	460	-0-	21,970
Total expenses by function	5,427,095	944,307	1,485,447	2,228,977	378,181	420,958
Less items included within revenue, support and gains						
Cost of product sales	-0-	-0-	(1,558)	-0-	-0-	-0-
Cost of direct benefits to donors	-0-	-0-	-0-	-0-	-0-	-0-
Total expenses as presented on the Statement of Activities	$ 5,427,095	$ 944,307	$ 1,483,889	$ 2,228,977	$ 378,181	$ 420,958

Friends of Fort McHenry	Frederick Douglass-Isaac Meyers Maritime Park	Program Services	Administrative Services	Fundraising Expenses	2020 Total	2019 Total	Increase (Decrease)
$ 93,821	$ 67,614	$ 6,126,280	$ 1,367,905	$ 207,835	$ 7,702,020	$ 8,445,418	$ (743,398)
13,038	4,932	556,071	95,782	12,744	664,597	613,654	50,943
725	670	224,169	64,988	11,705	300,862	320,623	(19,761)
586	-0-	78,304	50,612	5,464	134,380	137,944	(3,564)
140	-0-	37,116	11,020	2,198	50,334	52,737	(2,403)
108,310	73,216	7,021,940	1,590,307	239,946	8,852,193	9,570,376	(718,183)
484	-0-	63,706	978	3,350	68,034	178,009	(109,975)
-0-	-0-	-0-	-0-	-0-	-0-	56,250	(56,250)
994	796	110,233	(50)	3,424	113,607	161,880	(48,273)
75	-0-	20,804	533	365	21,702	51,947	(30,245)
-0-	344	13,950	-0-	-0-	13,950	70,687	(56,737)
-0-	-0-	-0-	-0-	-0-	-0-	135,408	(135,408)
-0-	-0-	1,558	-0-	-0-	1,558	59,862	(58,304)
-0-	263,399	1,149,558	-0-	-0-	1,149,558	1,128,187	21,371
1,429	76	23,868	347	89	24,304	33,232	(8,928)
-0-	-0-	60,617	5,090	344	66,051	229,014	(162,963)
-0-	-0-	13,602	224	-0-	13,826	55,237	(41,411)
-0-	-0-	108,256	5,136	-0-	113,392	282,601	(169,209)
735	19,477	557,425	13,459	658	571,542	707,901	(136,359)
22,263	1,611	(28,496)	-0-	28,496	-0-	-0-	-0-
-0-	-0-	254,921	-0-	-0-	254,921	140,311	114,610
-0-	59,172	436,166	54,317	8,520	499,003	717,361	(218,358)
-0-	450	98,805	6,325	313	105,443	132,732	(27,289)
219	4,521	171,899	32,516	2,524	206,939	220,495	(13,556)
2,375	2,310	108,233	-0-	5,000	113,233	290,976	(177,743)
87	-0-	7,382	1,010	-0-	8,392	22,058	(13,666)
40	-0-	2,032	88	1,431	3,551	13,912	(10,361)
2,500	2,000	236,111	118,208	26,750	381,069	281,927	99,142
10,346	-0-	401,007	7,099	2,122	410,228	928,150	(517,922)
-0-	1,819	373,342	6,780	-0-	380,122	430,430	(50,308)
175	4,444	99,874	8,636	1,200	109,710	87,902	21,808
-0-	-0-	35,247	5,931	-0-	41,178	268,849	(227,671)
-0-	-0-	18,428	-0-	-0-	18,428	40,422	(21,994)
-0-	61,861	170,025	5,434	-0-	175,459	289,055	(113,596)
150,032	495,496	11,530,493	1,862,368	324,532	13,717,393	16,585,171	(2,867,778)
-0-	-0-	(1,558)	-0-	-0-	(1,558)	(59,862)	58,304
-0-	-0-	-0-	-0-	-0-	-0-	(135,408)	135,408
$ 150,032	$ 495,496	$ 11,528,935	$ 1,862,368	$ 324,532	$ 13,715,835	$ 16,389,901	$ (2,674,066)

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

LIVING CLASSROOMS FOUNDATION, INC. AND AFFILIATES
Consolidated Statement of Functional Expenses
Year Ended December 31, 2019

	Living Classrooms Foundation	Living Classrooms Foundation DC	Historic Ships	Project S.E.R.V.E.	Inner Harbor Paddleboats
Salaries	$ 3,240,190	$ 503,802	$ 955,502	$ 1,444,744	$ 181,917
Payroll taxes	244,402	44,124	69,049	109,516	13,422
Health insurance	134,999	19,864	35,982	25,502	3,570
Retirement	52,110	3,403	21,680	3,209	1,224
Life insurance	20,923	2,759	6,047	6,603	327
Total Salaries and Related Expenses	3,692,624	573,952	1,088,260	1,589,574	200,460
Advertising and promotion	104,544	1,997	16,294	1,438	955
Bad debt	56,250	-0-	-0-	-0-	-0-
Bank fees	79,152	926	59,165	44	14,228
Conferences and training	31,681	1,008	1,500	10,186	978
Contract services	14,322	2,108	9,851	-0-	2,161
Cost of direct benefits to donors	-0-	-0-	-0-	-0-	-0-
Cost of goods sold	-0-	-0-	59,862	-0-	-0-
Depreciation and amortization	424,408	6,641	251,338	14,816	80,179
Drug testing	14,821	2,101	2,431	9,180	3,374
Food	98,535	59,350	24,167	5,773	232
Fuel	11,167	3,868	23,651	14,792	1,073
In-kind expense	132,551	1,603	11,379	-0-	-0-
Insurance	375,420	48,377	74,898	100,789	34,454
Intercompany	(908,005)	162,131	238,167	303,846	76,514
Interest expense	104,359	-0-	13,356	-0-	22,596
Maintenance	304,063	30,473	48,259	28,982	44,658
Miscellaneous	58,477	13,231	6,049	11,877	401
Office expense	93,725	27,870	25,042	13,354	22,144
Partners expense	151,429	26,250	21,875	26,391	45,435
Postage	14,718	178	2,279	-0-	29
Printing	6,551	1,428	3,166	131	-0-
Professional fees	139,916	60,637	17,695	7,277	-0-
Program supplies	188,782	74,089	8,751	609,713	4,850
Rent	148,304	65,467	21,523	28,150	126,072
Telephone	44,695	6,971	18,561	7,508	1,910
Travel and transportation	157,277	18,167	3,458	6,884	755
Uniforms	29,434	1,053	3,960	5,000	975
Utilities	76,934	19,708	42,187	-0-	-0-
Total expenses by function	5,646,134	1,209,584	2,097,124	2,795,705	684,433
Less items included within revenue, support and gains					
Cost of product sales	-0-	-0-	(59,862)	-0-	-0-
Cost of direct benefits to donors	-0-	-0-	-0-	-0-	-0-
Total expenses as presented on the Statement of Activities	$ 5,646,134	$ 1,209,584	$ 2,037,262	$ 2,795,705	$ 684,433

Crossroads School	Friends of Fort McHenry	Frederick Douglass-Isaac Meyers Maritime Park	Program Services	Administrative Services	Fundraising Expenses	Total
$ 141,616	$ 132,542	$ 96,581	$ 6,696,894	$ 1,326,058	$ 422,466	$ 8,445,418
11,111	11,032	8,240	510,896	77,165	25,593	613,654
4,709	1,785	7,724	234,135	61,817	24,671	320,623
1,714	1,748	3,954	89,042	41,481	7,421	137,944
1,185	531	742	39,117	10,421	3,199	52,737
160,335	147,638	117,241	7,570,084	1,516,942	483,350	9,570,376
11,844	231	870	138,173	12,808	27,028	178,009
-0-	-0-	-0-	56,250	-0-	-0-	56,250
-0-	1,992	445	155,952	(73)	6,001	161,880
3,395	190	-0-	48,938	3,009	-0-	51,947
-0-	-0-	1,933	30,375	19,648	20,664	70,687
-0-	-0-	-0-	-0-	-0-	135,408	135,408
-0-	-0-	-0-	59,862	-0-	-0-	59,862
86,687	-0-	264,118	1,128,187	-0-	-0-	1,128,187
70	904	48	32,929	256	47	33,232
15,223	5,036	423	208,739	15,561	4,714	229,014
100	-0-	-0-	54,651	586	-0-	55,237
19,131	3,713	-0-	168,377	-0-	114,224	282,601
9,680	1,891	17,815	663,324	34,433	10,144	707,901
56,323	30,455	2,200	(38,369)	-0-	38,369	-0-
-0-	-0-	-0-	140,311	-0-	-0-	140,311
55,066	-0-	118,112	629,613	82,494	5,254	717,361
10,516	170	945	101,666	26,341	4,725	132,732
5,481	1,075	8,751	197,442	21,769	1,284	220,495
4,584	5,264	9,368	290,596	380	-0-	290,976
16	845	-0-	18,065	138	3,855	22,058
146	20	-0-	11,442	260	2,210	13,912
15,068	4,930	-0-	245,523	6,737	29,667	281,927
19,720	5,182	819	911,906	3,860	12,384	928,150
24,553	18	2,195	416,282	10,378	3,770	430,430
600	761	-0-	81,006	5,696	1,200	87,902
71,250	206	-0-	257,997	6,984	3,868	268,849
-0-	-0-	-0-	40,422	-0-	-0-	40,422
48,756	-0-	85,858	273,443	15,612	-0-	289,055
618,544	210,521	631,141	13,893,186	1,783,819	908,166	16,585,171
-0-	-0-	-0-	(59,862)	-0-	-0-	(59,862)
-0-	-0-	-0-	-0-	-0-	(135,408)	(135,408)
$ 618,544	$ 210,521	$ 631,141	$ 13,833,324	$ 1,783,819	$ 772,758	$ 16,389,901

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

LIVING CLASSROOMS FOUNDATION, INC. AND AFFILIATES
Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	$ 2,104,650	$ 938,221
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for bad debts	-0-	56,250
Net realized and unrealized gain on investments	(471,878)	(566,274)
In-kind donations of investments	(55,996)	(19,003)
Depreciation and amortization	1,177,176	1,130,965
Loss on disposal of property	107,639	390,109
In-kind donations of property	(48,375)	(241,000)
Deferred compensation	15,000	15,000
Unrealized gain on derivative instruments	(38,342)	(11,361)
Effects of changes in operating assets and liabilities:		
Grants and pledges receivable	1,264,894	(1,292,593)
Accounts receivable	361,130	(156,576)
Inventory and prepaid expenses	7,917	(127,912)
Accounts payable, accrued expenses and payroll and related taxes payable	178,445	(7,484)
Deferred revenue	141,283	(98,779)
Net Cash Provided by Operating Activities	4,743,543	9,563
Cash Flows from Investing Activities		
Purchase of investments	(69,681)	(57,089)
Proceeds from the sale of investments	134,344	27,805
Proceeds from sale of property	-0-	5,899
Purchase of property	(800,152)	(291,215)
Premiums paid on life insurance policies	(48,044)	(70,988)
Loan paid on life insurance policies	(67,258)	-0-
Net Cash Used in Investing Activities	(850,791)	(385,588)
Cash Flow from Financing Activities		
Principal payments on short-term debt	-0-	(200,000)
Borrowings on long-term debt	2,985,612	-0-
Principal payments on long-term debt	(2,606,612)	(198,115)
Net Cash Provided by (Used in) Financing Activities	379,000	(398,115)
Net Increase (Decrease) in Cash and Cash Equivalents	4,271,752	(774,140)
Cash and Cash Equivalents at Beginning of Year	878,262	1,652,402
Cash and Cash Equivalents at End of Year	$ 5,150,014	$ 878,262

	2020	2019
Supplemental Disclosure of Cash Flow Information:		
Interest paid	**$ 252,009**	$ 137,534
Non-Cash Investing and Financing Activities:		
Donated investments	**$ 55,996**	$ 19,003
Acquisition of property	**$ 3,369,454**	$ 361,842
Less: Notes payable for property acquired	**(2,554,987)**	-0-
Less: Property acquired through accounts payable	**(14,315)**	(70,627)
Net cash paid for property	**$ 800,152**	$ 291,215

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

Note 1: Nature of Organization and Summary of Significant Accounting Policies

Living Classrooms Foundation, Inc. (The Foundation) was formed under the laws of Maryland in 1984 and was created for the purpose of providing educational programs for schools and civic organizations. In addition, the Foundation provides management and maintenance services for several museums and supporting organizations in the Baltimore Metropolitan area. The Foundation is supported through program fees, grants, and contributions. The accounting and reporting policies of the Foundation conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

Use of Estimates: The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Basis of Accounting and Principles of Consolidation: The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. The consolidated financial statements include the accounts of Living Classrooms Foundation, Inc. and Affiliates: Living Classrooms of National Capital Region, Inc. (DC), Historic Ships in Baltimore, Inc., Project S.E.R.V.E., Inc., Discovery Creek Children's Museum, Inner Harbor Paddleboats, Inc., the Crossroads School, Inc., Friends of Fort McHenry, Inc., LCF Believe in Music, LLC, Frederick Douglass - Isaac Meyers Maritime Park, Inc., Ferndale Fence and Awning Co.,Inc. and Living Classrooms Foundation, Inc., and Affiliates are related by common control and economic interests; therefore, consolidation is the preferred presentation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Revenue and Expense Recognition: Government and private grants are recognized based on the terms of the specific grant document. Grant revenue received in advance of the grant period is recorded as deferred revenue. Contributions are recognized when the donor makes an unconditional promise to give. Additionally, recognition of contributions is evaluated based on historical trends of collection by specific type of promise to give.

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. An unconditional pledge to give support is recognized as a receivable and contribution in the year the pledge is made. Conditional pledges to give, which depend on the occurrence of a specified future and uncertain event, are not recognized as revenue until the condition has been met.

Contributions which are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the same year in which the contributions are recognized. All other donor-imposed restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net Assets: Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restriction, net assets for capital projects.

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Net Assets with Donor Restrictions: Net assets subject to donor-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.

Functional Allocation of Expenses: The costs of providing various programs and other support activities have been summarized on a functional basis in the statements of activities and by natural classification in the statements of functional expenses. Costs that can be identified with specific programs or support services are allocated directly. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated based on estimates of the time expended on various functions or by physical measures such as square footage.

Cash and Cash Equivalents: The Foundation considers all highly liquid instruments with a maturity of three months or less when purchased as cash equivalents, except for those held for long-term investment purposes.

Investments: Investments with readily determinable fair market values are reported at fair value in the consolidated statements of financial position. Investments whose fair market values are not readily determined are recorded at cost. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses on investments are reported in the consolidated statements of activities as part of net investment return.

Grants Receivable and Deferred Revenue: Unconditional grants are recognized when awarded. Conditional grants are recognized as the condition is satisfied. If funds are received prior to satisfying the condition they are recorded as deferred revenue.

Pledges Receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are expected to be received. Amortization of the discounts is included in contribution revenue. Estimated losses are generally determined from historical collection experience and a review of outstanding contributions receivable. Pledges receivable are written off by management when, in their determination, all appropriate collection efforts have been taken. The Foundation has established an allowance for uncollectible pledges of $-0- and $56,250 as of December 31, 2020 and 2019, respectively.

Accounts Receivable: Accounts receivable, which are from program services, are carried at cost less an allowance for doubtful accounts, if applicable. The Foundation provides for doubtful accounts based on anticipated collection losses. The estimated losses are determined from historical collection experience and a review of outstanding receivables. Delinquent receivables are written off by management when, in their determination, all collection efforts have been exhausted. The Foundation has established an allowance for uncollectible accounts receivable of $5,000 as of December 31, 2020 and 2019.

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Inventory: Inventory consists of donated materials and other retail merchandise located in several gift shops. Donated materials are valued at net realizable value. Retail merchandise is valued at the lower of cost, using the first-in, first-out method, or market.

Property and Depreciation: Property is stated at cost, or, if donated, at fair value at the date of the gift, less accumulated depreciation. Expenditures for maintenance and routine repairs are charged to expense as incurred. Expenditures for improvements and major repairs that materially extend the useful lives of assets are capitalized. Depreciation expense for the years ended December 31, 2020 and 2019 was $1,124,557 and $1,103,187, respectively. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5-40 years
Vessels and improvements	7-25 years
Office and program equipment	3-10 years
Vehicles	5 years
Exhibits and monuments	10-40 years

Goodwill: Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in connection with the purchase of Trident Boats, LTD. For years prior to 2015, goodwill was not amortized but instead was evaluated on an annual basis.

Beginning January 1, 2015, management elected to early-adopt an accounting alternative for goodwill. For 2015 and later years, the Foundation amortizes goodwill using the straight-line method over 10 years unless facts and circumstances warrant a shorter life. Amortization expense for the years ended December 31, 2020 and 2019 was $25,000 in each year.

The adoption of this new accounting alternative also changes the method the Foundation uses for goodwill impairment testing and the timing and frequency of those tests. As of January 1, 2015, the Foundation no longer tests goodwill for impairment annually but, instead, will test goodwill upon the occurrence of a triggering event or change in circumstances that indicates that the fair value of a reporting unit may be less than its carrying amount. An impairment loss, should it occur, would represent the excess of the carrying amount of the reporting unit over its fair value.

Donated Materials and Services: Donated materials are reflected in the accompanying consolidated financial statements at their estimated fair value at date of receipt. Donated services are recorded only if the services provided require specialized skills provided by individuals possessing those skills, or if the services create or enhance a nonfinancial asset. Various individuals and businesses have donated goods and services to the Foundation. The total fair value of these items was $161,767 and $523,601 for the years ended December 31, 2020 and 2019, respectively.

The fair value of donated services that enhanced the Foundation's property was $48,375 and $241,000, respectively, and have been capitalized and included in the consolidated statements of financial position as of December 31, 2020 and 2019.

The fair value of donated goods and services for programming, administrative and fundraising services was $113,392 and $282,601, respectively and are included in the consolidated statements of activities for the years ended December 31, 2020 and 2019, respectively.

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Advertising Expense: Advertising costs are expensed as incurred. The Foundation had no significant direct-response advertising. For the years ended December 31, 2020 and 2019, the Foundation incurred expenses of $68,034 and $178,009, respectively, to promote various programs.

Debt Issuance Costs: Debt issuance costs represent the costs incurred to obtain financing. The financing costs are being amortized on a straight-line basis over the term of the applicable debt obligation and charged to interest expense. Accounting principles generally accepted in the United States of America (GAAP) require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

GAAP requires that debt issuance costs related to recognized debt liability be presented in the consolidated statements of financial position as a direct reduction from the carrying amount of the debt liability. For the years ended December 31, 2020 and 2019, the amortization of deferred financing costs was $2,912 and $2,778, respectively.

Derivative Instrument: The Foundation uses an interest rate swap agreement to modify a variable rate obligation to a fixed rate obligation, thereby reducing the exposure to market fluctuations in interest rates. The agreement involves the exchange of amounts based on variable interest rates for amounts based on fixed interest rates over the life of the agreement. The Foundation has entered into a swap agreement with PNC Bank (see Note 6). Accounting and reporting standards require that all derivative instruments be recorded in the consolidated statements of financial position as either assets or liabilities measured at fair value. It also requires that changes in the fair value of a derivative instrument be recognized currently in earnings unless specific hedge accounting criteria are met. Changes in the fair value of the contract are reflected in the consolidated statements of activities.

Income Taxes: The Foundation is a charitable organization under Section 501(c)(3) of the Internal Revenue Code and, as such, is exempt from federal and state income taxes. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Foundation had no unrelated business income for the years ended December 31, 2020 and 2019. Accordingly, no provision for income taxes is reflected in these statements. The Foundation's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for a period of three years after the returns are filed.

Reclassifications: Certain amounts in the consolidated financial statements for the year ended December 31, 2019 have been reclassified to conform to the consolidated financial statement presentation for the year ended December 31, 2020.

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements: FASB issued Accounting Standard Update 2016-02, *Leases* which will be effective for fiscal years beginning after December 15, 2021. The distinction between finance leases and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous leases guidance. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-to-use asset and a liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. Management has elected not to early adopt the standard and will assess the future impact on any leases.

Subsequent Events: In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 15, 2021, the date the consolidated financial statements were available to be issued. During the period from January 1, 2021 to September 15, 2021, the Foundation did not have any material recognizable subsequent events.

Note 2: Liquidity

A summary of the 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:

	2020	2019
Cash and cash equivalents	$ 5,150,014	$ 878,262
Operating investments	1,031,907	885,653
Grants receivable	1,609,472	1,725,245
Pledges receivable, current	1,123,322	1,369,697
Accounts receivable, net	481,964	843,094
Financial assets available to meet cash needs for general expenditures within one year	$ 9,396,679	$ 5,701,951

The Foundation manages its liquidity following two guiding principles: operating within a prudent range of financial soundness, stability, and maintaining adequate liquid assets to fund near-term operating needs. In the event of an unanticipated liquidity need, the Foundation also could draw upon an operating line of credit, which is maintained in the amount of approximately $750,000.

Note 3: Investments and Fair Value Measurement

Generally accepted accounting principles establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

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 value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2020 and 2019.

The valuation techniques used by the Foundation include the following:

<u>Money Market Funds</u>: Valued at the account balance which is the cash balance of the account.

<u>Mutual Funds and Bond Mutual Funds</u>: Valued at the last sales price reported on the active market in which the individual fund is traded.

<u>Interest Rate Swap Agreement</u>: The fair value of the interest rate swap is the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates and current credit worthiness of the swap counter parties.

In determining the appropriate levels, the Foundation performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

Note 3: Investments and Fair Value Measurement (Continued)

The table below presents the balances of investments and liabilities which are measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2020 and 2019:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Money market	$ 185,944	$ -0-	$ -0-	$ 185,944
Equity mutual funds:				
Large Blend	637,529	-0-	-0-	637,529
Large Growth	1,110,720	-0-	-0-	1,110,720
Other	958,736	-0-	-0-	958,736
Bond mutual funds:				
Intermediate-Term	1,266,899	-0-	-0-	1,266,899
	$ 4,159,828	$ -0-	$ -0-	$ 4,159,828

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Money market	$ 200,507	$ -0-	$ -0-	$ 200,507
Equity mutual funds:				
Large Blend	591,121	-0-	-0-	591,121
Large Growth	892,449	-0-	-0-	892,449
Other	845,333	-0-	-0-	845,333
Bond mutual funds:				
Intermediate-Term	1,167,207	-0-	-0-	1,167,207
Derivative obligation (liability)	-0-	(38,342)	-0-	(38,342)
	$ 3,696,617	$ (38,342)	$ -0-	$ 3,658,275

Investments are allocated on the consolidated statements of financial position as follows as of December 31, 2020 and 2019:

	2020	2019
Investments in current assets	$ 1,031,907	$ 885,653
Investments restricted for long-term investment	3,127,921	2,810,964
Total Investments	$ 4,159,828	$ 3,696,617

Earnings on investments are as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and dividends	$ 47,312	$ 57,077
Net realized gain	108,766	89,555
Unrealized gain (loss)	363,112	476,719
	519,190	623,351
Less: Investment fees	13,807	13,915
Net investment return	$ 505,383	$ 609,436

Note 4: Pledges Receivable

Pledges receivable consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Unrestricted Operating	$ 583,322	$ 1,863,447
Restricted After School Programs	660,000	-0-
Restricted Ferndale Building	450,000	900,000
Restricted Target Investment Zone Programs	150,000	-0-
Restricted Safe Streets Program	40,000	-0-
Restricted Education Programs	-0-	120,000
Restricted for Musical Education	-0-	100,000
Restricted Dent House Community Center	-0-	75,000
Restricted Patterson Park House Community Programming	-0-	30,000
Restricted to Support Leveraging Eager Park	-0-	25,000
Restricted Project SERVE	-0-	25,000
	1,883,322	3,138,447
Less: Allowance for doubtful pledges receivable	-0-	56,250
	1,883,322	3,082,197
Less: Present value discount at 3%	32,783	82,537
Unconditional pledges receivable, net	1,850,539	2,999,660
Less: Current portion	1,123,322	1,369,697
Pledges receivable net of current portion	$ 727,217	$ 1,629,963
Gross amounts due in:		
Less than one year	$ 1,123,322	$ 1,369,697
One to five years	760,000	1,687,500
More than five years	-0-	25,000
Total unconditional pledges receivable	$ 1,883,322	$ 3,082,197

Note 5: Short-Term Borrowings

The Foundation had a $700,000 line of credit facility with a financial institution that was closed in December 2019. In 2020, the Foundation executed a $750,000 line of credit facility with another financial institution. As of December 31, 2020 and 2019, the outstanding balance was $-0-, respectively. During the years ended December 31, 2020 and 2019, any outstanding principal bore interest at the rate of 2% and 4.5%, respectively and was collateralized by the assets of the Foundation.

Note 6: Long-Term Debt

Long-term debt consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Notes payable with financial institutions:		
Original loan of $2,150,000 with an interest rate of 3.49%. Principal and interest payments of $10,811 began June 2020 continuing through April 2030, the final maturity date at which time a balloon payment equal to the remaining principal is to be paid.	$ 2,114,209	$ -0-
Original loan of $382,500 with an interest rate equal to the one month London Interbank Offered Rate (LIBOR) plus 200 basis points. For the years ended December 31, 2020 and 2019, the interest rate was 2.11% and 0%, respectively. Payments of $6,375 began on June 2020 continuing through April 2025.	331,500	-0-
Original loan of $481,000 with an interest rate equal to the one month London Interbank Offered Rate (LIBOR) plus 200 basis points. For the years ended December 31, 2020 and 2019, the interest rate was 2.11% and 0%, respectively. Payments of $5,726 began on August 2020 continuing through April 2027.	469,499	-0-
Acquisition notes payable - interest at 3.49%, interest only through April 2023. Beginning May 2023, payments of combined principal and interest in the amount of $18,604 are required through April 2033, at which time a balloon payment equal to the remaining balance is to be paid.	2,579,335	-0-
Convertible line of credit, original proceeds amount to $125,000 of the allowed $510,000 with an interest rate equal to the Daily LIBOR plus 200 basis points (2%). It was fully utilized by April 2018 when it was converted into a term loan with interest based on the one month London Interbank Offered Rate (LIBOR) plus 200 basis points, payable in 84 monthly installments of $6,071 beginning in May 2018. For the years ended December 31, 2020 and 2019, the interest rate was 2.16% and 3.76%, respectively. The note payable was paid in full during the year 2020.	-0-	388,571
Other long term debt:		
Mayor and City Council of Baltimore term loan, original loan was $600,000 with an interest rate of 8%, refinanced in 1994 at an interest rate of 5.625% and a new principal balance of $833,595. Payments of $3,751 began in August 1995 continuing through July 2023, collateralized by the Maritime Institute building and fixed assets having a cost of $697,658. During 2013, the note was restated and modified to reduce principal to $400,000 and forgive $75,420. The interest rate was reduced to 2% and payable in monthly of $2,574 beginning November 2013 continuing through October 2028.	223,786	249,915

Note 6: Long-Term Debt (Continued)

	2020	2019
Bond payable - Maryland Economic Development Corporation, $2,250,708 Series 2010A Revenue Bonds. Funds are for the purpose of refinancing the cost of the acquisition, construction, installation, renovation and equipping of a portion of the Borrower's headquarters building located at 1417 Thames Street, Baltimore, Maryland, and the acquisition, installation, renovation and equipping of certain of the Borrower's facilities in Montgomery County, Maryland and Baltimore City, Maryland. The trustee for the bonds is PNC Bank, N.A. The note is secured by a deed of trust on the Foundation's facility and personal property located in Baltimore City, Maryland, and requires compliance with certain financial covenants as described in the note agreement. Under the terms of the agreement, the Foundation is to draw upon the bonds on an as needed basis for the project. The Foundation received bond proceeds totaling $2,019,989 as of December 31, 2020 and 2019. The interest rate for the Series 2010A bonds payable is based on 65% of the sum of one month London Interbank Offered Rate (LIBOR), plus 200 basis points and an additional 18 basis points. For the years ended December 31, 2020 and 2019, the interest was 2.16% and 2.58%, respectively. The bond payable amount was paid off in full in the year 2020.	-0-	2,019,989
Bond payable - Maryland Economic Development Corporation $749,292 Series 2010B Revenue Bonds. Funds are for the purpose of refinancing a portion of the construction, acquisition, equipping, installation and renovation of the Borrower's headquarters building located at 1417 Thames Street, Baltimore, Maryland and refinancing of the acquisition of the certain aquatic vessels located in Baltimore City. The trustee for the bonds is PNC Bank, N.A. The note is secured by a deed of trust on the Foundation's facility and personal property located in Baltimore City, Maryland, and requires compliance with certain financial covenants as described in the note agreement. Under the terms of the agreement, the Foundation is to draw upon the bonds on an as needed basis for the project. The Foundation received total bond proceeds totaling $749,292. Payments will vary based upon the variable interest rate plus scheduled principal payments. The interest rate for the Series 2010B bonds payable is based on the one month London Interbank Offered Rate (LIBOR) plus 200 basis points. For the years ended December 31, 2020 and 2019, the interest was 2.16% and 3.69%, respectively. The bond payable amount was paid off in full during the year 2020.	-0-	73,631
Total Long-Term Debt	5,718,329	2,732,106
Less: Unamortized debt issuance costs	49,324	24,705
Total Long-Term Debt, Less Debt Issuance Costs	5,669,005	2,707,401
Less: Current maturities	226,868	198,677
Long-Term Debt Less Current Maturities and Debt Issuance Costs	$ 5,442,137	$ 2,508,724

Note 6: Long-Term Debt (Continued)

In April 2020, the Foundation secured financing from a financial institution in the form of two loans totaling $3,700,000 to acquire a real estate entity and renovate the related property. As of December 31, 2020, $2,579,445 had been drawn on these loans. The loans are collateralized by real estate and the real estate entity stock acquired by the Foundation.

Total interest expense, including interest on short-term bank borrowings, for the years ended December 31, 2020 and 2019 was $254,921 and $140,311, respectively.

Aggregate annual maturities of long-term debt for each of the years subsequent to December 31, 2020 are as follows:

Year ending December 31,	
2021	$ 226,868
2022	229,414
2023	293,125
2024	328,890
2025	284,225
Thereafter	4,355,807
	$ 5,718,329

Note 7: Interest Rate Swap Agreement

The Economic Development Revenue Bonds issued by Maryland Economic Development Corporation bears interest at a variable rate. To minimize the effect of changes in the variable rate, the Foundation entered into an interest rate swap agreement (a derivative obligation) with PNC Bank, N.A., which was set to expire on January 1, 2021. The swap agreement, which became active on January 19, 2011, is stated at its fair value in the consolidated statements of financial position. The swap agreement requires the Foundation to pay a fixed rate of interest of 2.72% on a notional amount of $2,250,982 (then declining as the bond is amortized) and receive a floating rate based on USD-LIBOR-BBA-Bloomberg rate (measurement is determined daily and settlement occurs monthly). Changes in the fair value of the swap agreement are reflected in the consolidated statements of activities. This agreement was terminated as of April 24, 2020 and the swap value as of December 31, 2020 was $-0-.

Note 8: Net Assets with Donor Restrictions

Net assets with donor restrictions that are restricted for time or the following purposes consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Education Programs	$ 3,496,627	$ 1,946,231
Workforce Development	1,423,055	1,522,828
Fleetweek Management	390,324	-0-
Youth Center Program	285,766	427,433
Capital Projects	255,495	-0-
Fresh Start Program	247,965	241,523
Board Members	199,551	167,772
Target Investment Zone Expansion	191,496	191,496
Teen Program	149,324	174,324
Heritage Center Capital Project	131,304	143,412
Safe Streets Program	125,000	5,000
Crossroads School	93,266	327,447
GEM Program	68,615	37,360
Trash Cage Capital Project	37,704	26,828
NCR Environmental Education	28,737	25,457
Project Serve	26,702	78,409
Kingman Island Environmental Center	17,325	10,000
NCR Workforce Development	16,544	2,826
Financial Literacy	14,990	-0-
HS General Support	10,000	-0-
Lighthouse capital project	9,601	-0-
Kellogg Foundation	5,504	5,504
Friends of Fort McHenry	3,068	5,231
Signage Project	2,500	2,500
Masonville Program	1,800	1,800
NCR Dent House	-0-	50,000
Taney Dry Dock Project	-0-	49,806
Patterson Park Program	-0-	30,000
Music Program	-0-	100,000
Education App Project	-0-	13,750
Total Purpose and Time Restriction	$ 7,232,263	$ 5,586,937

	2020	2019
Baltimore Ravens (Bisciotti) Fund	$ 500,000	$ 500,000
Rouse Flick Tower	462,437	457,349
Weinberg Foundation	300,000	300,000
Kevin Hall	60,000	60,000
Middendorf Fund - Lady Maryland Maintenance	50,000	50,000
Pastore Fund	20,000	20,000
Total Endowments in Perpetuity	$ 1,392,437	$ 1,387,349

Note 8: Net Assets with Donor Restrictions (Continued)

	2020	2019
USS Constellation Maintenance	$ 1,040,438	$ 975,461
Flick Tower Maintenance	343,090	249,763
LCF Endowment	314,290	221,335
Middendorf Fund - Lady Maryland Maintenance	37,666	27,658
Total Endowments not in Perpetuity	$ 1,735,484	$ 1,474,217
Purpose and time restriction	$ 7,232,263	$ 5,586,937
Endowments in perpetuity	1,392,437	1,387,349
Endowments not in perpetuity	1,735,484	1,474,217
Total Net Assets with Donor Restrictions	$ 10,360,184	$ 8,448,503

Net assets were released from donor restrictions for the years ended December 31, 2020 and 2019 by incurring expenses satisfying the restricted purposes, by occurrence of other events, or by satisfaction of time restrictions. Below are the details of these net assets that were released from restriction.

	2020	2019
Education programs	$ 805,102	$ 496,669
Workforce Development	624,772	77,172
Crossroads School	311,955	374,320
Youth Center Program	141,667	160,251
Capital Projects	113,505	-0-
Fleetweek Management	109,676	72,944
Project Serve	104,103	243,519
Music Program	100,000	100,000
Fresh Start Program	88,302	151,198
USS Constellation Maintenance	64,571	-0-
Taney Dry Dock project	52,673	-0-
Kingman Island Environmental Center	50,671	55,212
NCR Dent House	50,000	50,000
Patterson Park program	30,000	30,000
Trash Cage Capital project	27,779	44,262
Teen Program	25,000	13,862
Education App project	13,750	-0-
Heritage Center capital project	12,108	113,689
Financial Literacy	10,010	32,733
Flick Tower Maintenance	7,570	6,751
Friends of Fort McHenry	4,926	15,074
NCR Workforce Development	1,282	44,174
Target Investment Zone Expansion	-0-	300,000
Safe Streets Program	-0-	89,916
GEM Program	-0-	27,958
Early Childhood Program	-0-	7,000
LCF Headquarters Improvements	-0-	19,510
	$ 2,749,422	$ 2,526,214

Note 9: Endowments

The Foundation's endowment consists of ten individual funds established for a variety of purposes. The endowment includes only donor-restricted funds. 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 income earned on the endowments are restricted for use for future maritime education programs, maintenance of the Frederick Douglass - Isaac Meyers Park, maintenance of the Rouse/Flick Tower, maintenance of the Lady Maryland, and general operations and maintenance of the USS Constellation Museum.

The Financial Accounting Standards Board (FASB) has issued guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The FASB guidance also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Maryland enacted UPMIFA effective April 14, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors has determined that the majority of the Foundation's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

In accordance with the Maryland Prudent Management of Institutional Funds Act (MUPMIFA), the Foundation preserves 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. The Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Foundation considers these net assets with donor restrictions to be endowment funds. In accordance with MUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of no more than 50% of the annual income generated, while growing the funds if possible.

The Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Note 9: Endowments (Continued)

Spending Policy

The Foundation has a policy of appropriating for distribution each year whatever is needed to fund the required maintenance or other purpose of the endowment. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets during the year ended December 31, 2020 are as follows:

	Purpose and Time Restricted	Endowed in Perpetuity	Total
Endowment net assets, beginning of year	$ 1,474,217	$ 1,387,349	$ 2,861,566
Net investment income	330,404	-0-	330,404
Released from restriction	(72,141)	-0-	(72,141)
Contributions	3,004	5,088	8,092
Donor restricted endowment funds	$ 1,735,484	$ 1,392,437	$ 3,127,921

Changes in endowment net assets during the year ended December 31, 2019 are as follows:

	Purpose and Time Restricted	Endowed in Perpetuity	Total
Endowment net assets, beginning of year	$ 1,088,148	$ 1,377,349	$ 2,465,497
Net investment loss	392,820	-0-	392,820
Released from restriction	(6,751)	-0-	(6,751)
Contributions	-0-	10,000	10,000
Donor restricted endowment funds	$ 1,474,217	$ 1,387,349	$ 2,861,566

Note 10: Retirement Plan

The Living Classrooms Foundation, Inc. has a defined contribution pension plan organized under Internal Revenue Code Section 403(b) covering all full-time employees. Employer contributions are at the discretion of the Foundation. Employer contributions totaled $134,380 and $137,944 for 2020 and 2019, respectively.

Note 11: Management Agreements and Lease Commitments

The Foundation leases various offices, programs and other facilities used in their operations under non-cancellable leases that expire through September 2023. As of December 31, 2020, future minimum lease payments under the operating leases, summarized by year, are as follows:

2021	$ 229,000
2022	54,000
2023	3,300
	$ 286,300

Rent expense for the years ended December 31, 2020 and 2019 totaled $380,122 and $430,430, respectively.

The Foundation signed an agreement in 1999 with the City of Baltimore to manage and operate the USS Constellation as a museum for the public. The agreement expired in July 2009 and renews automatically for ten-year periods until either party provides notice of their intent not to renew ninety days prior to expiration of the term. The Foundation is required under this agreement to grow the Constellation restoration and maintenance fund by contributing $0.25 from every adult ticket sold. For the years ended December 31, 2020 and 2019, the Foundation contributed $736 and $10,576, respectively, to the maintenance fund.

The Foundation has an agreement with the City of Baltimore to care for and operate three vessels known as the USS Torsk, Lightship Chesapeake and the USCGC WHEC-37; and the Seven-Foot Knoll Lighthouse that expires December 2023.

The Foundation has an agreement with the City of Baltimore to manage and lease the property at the Foundation’s South Caroline Street location. The agreement does not expire due to automatic renewals but is subject to termination if certain events occur or if notice is given from either party for cause. The Foundation is required under this agreement to pay the city one dollar in compensation for this property. The Foundation estimated the fair value of this lease to be $80,000 and is presented as an in-kind donation and expense.

The Foundation receives boats as donations and then offers these boats for sale. No sales occurred during 2020 and 2019.

The Foundation has an agreement with FC Yards Marina, LLC to manage and operate a marina on the Anacostia River that expired July 2019 and automatically renewed for two more years, after which time the agreement will be year to year.

Note 12: Deferred Compensation

The Foundation has a deferred compensation plan for an officer whereby the employer shall accrue annually $15,000 (adjusted for cost of living adjustments) to a deferral account. The agreement stipulates the employer may invest the account balance in life insurance contracts on the life of the officer.

The officer shall be entitled to receive a benefit equal to the deferred account balance payable in twenty annual installments after the later of the officer’s termination date for any reason other than death or the date the officer attains age 65. The account balance at December 31, 2020 and 2019 was $305,000 and $290,000, respectively.

Note 13: Other Matters

Uninsured Balances: The Foundation maintains its cash balances at various financial institutions. Periodically during the year, the Foundation's cash balances may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash balances.

Risks on Investments: The Foundation invests in a portfolio that may at times contain United States bonds and securities, mutual funds, and common shares of publicly traded companies. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the accompanying consolidated financial statements.

National Health Emergency: In March 2020, the President of the United States declared a national emergency due to a viral pandemic. The declaration of the national emergency and similar declarations made by various states, and the outbreak of the virus itself, have had far reaching social, economic, and financial impacts on the United States going forward. The pandemic continues, and at this time, the impact on the operations and financial status of the Foundation cannot be determined.

Program Review: In connection with various federal, state and city grants, the Foundation and affiliates agree to operate in accordance with various grant requirements, and compliance with those requirements is subject to audit by the respective granting agencies. In cases of noncompliance, the granting agency involved may require the Foundation and affiliates to refund program funds.

Commitments: The Foundation applied for and received funds in the amount of $1,782,400 under the Paycheck Protection Program (PPP), which was created because of the coronavirus pandemic. The proceeds are considered a forgivable loan, assuming certain qualified expenses, primarily payroll related expenses, are incurred during a 24-week period, commencing on the date of the loan agreement (April 7, 2020). Any portion of this loan that does not qualify for forgiveness is subject to an interest rate of 1%. Generally, the repayment of the principal period has been extended until 10 months after the end of the 24-week period. Accounting standards allow for the funds to be treated as a loan until it is forgiven or recognized as income as expenditures are incurred. Management has opted to recognize income as expenditures are incurred. As of the year ended December 31, 2020, the full amount of the loan has been recognized in income.

LIVING CLASSROOMS FOUNDATION, INC. AND AFFILIATES

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020 AND 2019

LIVING CLASSROOMS FOUNDATION, INC.
Report of Revenue and Expense by Program
For the State of Maryland Department of Juvenile Services (DJS)
Year Ended December 31, 2020

Contract #14-PD-006

	January 1, 2020 to June 30, 2020	July 1, 2020 to December 31, 2020
Sources of Revenues and Support		
State Governments:		
State of Maryland:		
Department of Juvenile Services	$ 144,559	$ 178,456
Personnel Expenditures		
Salaries and wages	122,580	127,707
Payroll taxes and employee benefits	20,152	26,826
Total Personnel Expenditures	142,732	154,533
Administrative Costs	29,719	30,948
Other Expenditures		
Transportation	1,141	-0-
Program supplies	1,207	1,753
Insurance	4,176	4,176
Rent	11,463	11,463
Utilities	7,353	2,847
Partner expense	-0-	-0-
Telephone	1,220	1,278
Food and kitchen supplies	250	-0-
Miscellaneous	527	46
Fuel	50	70
Total Other Expenditures	27,387	21,633
Total Expenditures	199,838	207,114
Excess Expense	$ (55,279)	$ (28,658)
Service Days Provided	1,467	1,811
Service Rate Per Day (Weighted average)	$ 98.54	$ 98.54
Total Earned Revenue	$ 144,559	$ 178,456

LIVING CLASSROOMS FOUNDATION, INC. AND AFFILIATES
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Numbers	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
CDBG - Entitlement Grants Cluster:				
Passed through from the City of Baltimore		39186		
		39187		
Community Development Block Grants/Entitlement Grants	14.218	39188	$ -0-	$ 518,743
U.S. Department of the Interior				
Conservation Activities by Youth Service Organizations	15.931			
(National Park Service - Cultural Landscapes Program)			-0-	121,125
U.S. Department of Labor				
Reentry Employment Opportunities	17.270			
(Project S.E.R.V.E.)			-0-	348,842
U.S. Environmental Protection Agency				
Passed through from the District of Columbia		2019-1922-WPD		
Department of Energy and Environment				
Chesapeake Bay Program	66.466			
(Trash - Focused Watershed Educational Experiences)			-0-	10,000
Environmental Education Grants	66.951		10,000	40,588
Total U.S. Environmental Protection Agency			10,000	50,588
U.S. Department of Education				
Passed through from the Maryland State		200870		
Department of Education		201579		
		210859		
21st Century Community Learning Centers	84.287	211343	-0-	305,269
Total Expenditures of Federal Awards			$ 10,000	$ 1,344,567

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Foundation under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Foundation.

Note 2: Summary of Significant Accounting Policies

(A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(B) Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Rate

Living Classrooms Foundation, Inc. has elected not to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control over Consolidated Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Living Classrooms Foundation, Inc. and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Living Classrooms Foundation, Inc. and Affiliates (the "Foundation"), (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditor's Report on Internal Control over Consolidated Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards (Continued)*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
September 15, 2021

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Living Classrooms Foundation, Inc. and Affiliates

Report on Compliance for Each Major Federal Program

We have audited Living Classrooms Foundation, Inc. and Affiliates' (the "Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2020. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained *in Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal* Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit included examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and a material effect on each of its major federal programs for the year ended December 31, 2020.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance (Continued)

Report on Internal Control over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management of employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
September 15, 2021

Summary of Auditor's Results

1) The auditor's report expresses an unmodified opinion on whether the consolidated financial statements of Living Classrooms Foundation, Inc. were prepared in accordance with GAAP.

2) No significant deficiencies or material weaknesses relating to the audit of the consolidated financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3) No instances of noncompliance material to the consolidated financial statements of Living Classrooms Foundation, Inc. and Affiliates which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4) No significant deficiencies or material weaknesses related to internal control over major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

5) The auditor's report on compliance for the major federal award programs of Living Classrooms Foundation, Inc. and Affiliates expresses an unmodified opinion on all major federal programs.

6) There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).

7) Conservation Activities by Youth Service Organizations (CFDA 15.931), Reentry Employment Opportunities (CFDA 17.270), and Trash - Focused Watershed Educational Experiences (CFDA 66.466) were tested as the major programs.

8) The threshold used for distinguishing between Type A and B programs was $750,000.

9) Living Classrooms Foundation, Inc. and Affiliates qualified as a low-risk auditee as defined by the Uniform Guidance.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None

Summary Schedule of Prior Audit Findings

None

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